

ALPINE TOTAL DYNAMIC DIVIDEND FUND  
Form N-CSRS  
July 09, 2012

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

## FORM N-CSR

### CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

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## Alpine Total Dynamic Dividend Fund

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(Exact name of registrant as specified in charter)

**Alpine Woods Capital Investors, LLC**  
**2500 Westchester Avenue, Suite 215**  
**Purchase, New York, 10577**

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(Address of principal executive offices)(Zip code)

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Date of fiscal year end: October 31

Date of reporting period: November 1, 2011 - April 30, 2012

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**Item 1: Shareholder Report**

Total Dynamic Dividend Fund

April 30,

2012

Semi-Annual Report

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## Alpine View

April 30, 2012 (Unaudited)

Dear Investor:

Beneath the day-to-day noise of news and data, there is a dialogue playing out in the capital markets which questions (a) whether an effective fiscal European Union (EU) can emerge from the current stresses brought on by a decade of imprudent fiscal laxity, and (b) what are the broader global economic implications whether or not the EU succeeds. Complicating these scenarios are the ongoing after effects of the financial crisis of 2008, which have highlighted the constraints on how countries provide a broad array of health, education and social services when the population is aging or even declining and productivity growth slows. Most of the developed economies have known such issues for years, but this ongoing slowdown may force a restructuring of revenue collection and the availability of those services. This issue is not about big vs. limited government, or socialist vs. laissez-faire ideologies. Rather, it should be about how much of a base shall a country provide and how best to pay for it. Revenues from gambling, tolls, asset sales, licenses, fees, consumption taxes, asset taxes as well as income and transaction taxes are, globally, all part of the possible sources which have varying economic and societal impacts.

### Where is the Train Heading?

Much of the fear and uncertainty in the market revolves around who is conducting the course and pace of response to today's economic dilemmas. Europe's leaders have fallen behind the pace of events. The markets have lost patience with EU politicians and bankers who failed to achieve much in the way of labor and business reforms, economic restructuring, or balance sheet recapitalizations between 2008 through this summer. Potential scenarios range from the hopeful implementation of constructive reforms, which may take a long time to implement, to the uncertain implications of Greece's potential exit from the Euro. Perhaps the most benign scenario would be a decisive U.S. election followed by minimal political brinkmanship regarding budget/tax reform while, at the same time, sovereign debt burdens stabilize and confidence improves that Europe can muddle through their problems. Further comfort could be derived if China would achieve a soft landing before resuming growth, and the risk of war in the Middle East and/or potential disruption of oil flows would lessen as a factor. This scenario assumes a rational world motivated by mutual interest, and more than a little good luck. On the other hand, misfortune, combined with a panicked and protectionist environment motivated by self preservation could also emerge.

The most pessimistic scenarios depict a world where confidence in institutions and societal or economic structures which worked for over sixty years fail to perform. Bank runs, margin calls, credit withdrawals, currency collapses, all reflect the sort of contagion that could be imagined to spring from a worst case collapse of the Euro. Such fears are reminiscent of late 2008, when the genuine dysfunction and lack of tools to address the structural problems contributed to the crisis at that time. Now, fears of societal unrest or further external conflicts in the Middle East, Asia or Africa, could create another desperate dimension in extreme circumstances.

Unfortunately, investors can only model scenarios of what might happen along each route as the journey unfolds over time, and then weigh the probabilities as we evaluate portfolio positioning in terms of potential risk or reward. Potential reward can be measured in terms of growth and value metrics. Current valuations vary by country or industry, but many individual stocks are priced at valuations similar to early 2009. Yet economic measures of demand, financial stability and overall integrity are far better than 2008 or 2009, so if the political and economic concerns begin to align into action, then equity valuations could prove compelling.

We believe the market has already discounted some percentage of both best and worst scenarios, with a higher likelihood that a messy, muddled, mix of positive actions, fearful reactions and modicum of inaction will carry the day. Since the collapse of Lehman Brothers, the fear and loathing trade has over-emphasized the negative risk scenarios, by inducing the withdrawal of equity capital into bonds and alternative investments. The subsequent reduction in both breadth and depth of market participation and liquidity has aggravated volatility, both on the downsizing and on the rebound. Compounding this has been the so called risk on, risk off trades driven by quantitative algorithms which tend to exacerbate shifts in market sentiment.

Outside of big picture news flow, the important factors driving underlying business performance and, hence, the fundamental drivers of equity performance have been pretty spotty but generally solid in the U.S., and selectively stronger in Asia and Latin America, although the Euro area slowdown is affecting these economies as well. While liquidity is still difficult in some markets and for certain industries, the flow of capital has improved over the past fifteen months, although European credit is understandably more difficult to come by. That said, large private equity funds have been raised to participate in potential European

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recapitalizations or mergers and acquisitions (M&A), which we believe could play a significant role over the next 12 to 24 months. In general, high commodity prices have also declined with the ongoing slowdown of marginal global demand, which should have a positive effect upon corporate profitability around the world, mitigating the top line impact of an economic slowdown.

### **Signals Say Proceed Cautiously Avoid Congestion**

For the U.S., the trend in costs is particularly positive for ongoing economic activity given the abundance of natural gas and our existing infrastructure to distribute it and cut back on coal and oil. However, after a six month run of good economic data through April, the latest (May) reviews of purchasing managers orders books, consumer confidence, industrial production and, notably, leading indicators reveal a weakening trend is emerging. Admittedly, while job growth is positive, it is diminishing and far below a desirable 300+ thousand per month. Improvement in the housing statistics is also supportive as new home sales begins to rise off a very low base and, barring any significant downturn, should enhance economic activity and job growth after over five years of negative contribution. Even Fannie Mae

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produced positive earnings in the first quarter of this year after eighteen negative quarters suggesting that the poor performing financial underpinnings of the past have worked their way through the system and that even the system itself is healing without having been significantly restructured. Combine this with the current strong balance sheet strength of large public companies and historically strong profit margins, and it suggests that it is a matter of time before America's private sector increases capital spending and starts adding jobs.

Given the continued support of the Federal Reserve, it appears clear that a cheap monetary policy will continue to keep the flame of economic potential burning. In this context it is encouraging to see that Central Banks around the world, from Beijing to Oslo, and Bangkok to Brasília, continue to provide low cost liquidity to their domestic sectors. Given the global output gap, it is reasonable to assume that the potential creation of an inflation bubble is still a long way off, and certainly not a foregone conclusion. Thus, we remain confident in our belief that given this global cyclical upturn, albeit slow and narrow so far, and constrained by fragile confidence, that growth can continue in many countries. Notably, global growth and demand is staggered by region with projections that emerging economies will create 80% of global growth over the next few years. That said, there are many companies in the already developed economies that produce much of their revenue from growing countries.

### **Mind the Gap, Before Boarding the Train**

The gap between demand and productive capability may change the trend of globalization which previously emphasized cheap exports. Production may become more focused on the domestic needs of individual countries. While this may prove inflationary for specific goods in certain countries or regions, the output gap will likely have a moderating effect on global inflation for several years.

We should also be mindful that a gap still exists between the traditional sources of economic growth. Typically, the manufacturing or private sector and the government or public sector have evolved in most economies to either supplement or offset each other during weak phases of the business cycle. However, during a protracted downturn, such as we are currently experiencing, resources can be exhausted or stretched beyond comfortable norms. In the U.S., for example, corporate spending, while improving, has yet to recover from the downdraft of 2008. The balance sheets for large corporations are in great shape, because many smaller firms are still constrained, allowing big or public companies to grow market share at low cost. However, this period of improving margins and low cost growth may begin to fade. Meanwhile, the Government's spending on transfer payments, including unemployment benefits and municipal support has offset the impact of reduced corporate capex and employment declines since 2008. Significant supplemental spending packages have made up for revenue shortfalls at both the state and municipal levels of government and minimized the potential for further layoffs and service reductions brought on by diminished local tax receipts. Alas, this is not just an American

problem. After four years with total Federal government outlays far exceeding tax receipts already diminished by slower economic activity, governments around the world have fallen into excessive fiscal deficits which have overloaded debt burdens. This has been especially prevalent in most developed countries with established social services covering health, education and welfare.

Significantly, these fiscal deficiencies cannot be fixed by just raising taxes and cutting spending without creating other problems. Now the gap between corporate capital spending on plant equipment and employment must shift back to the corporate sector if these countries hope to maintain economic momentum. Recent increases in corporate spending, with the U.S. leading European companies, has been primarily limited to technology, marketing and sales, as opposed to new production, but this may not be enough to stimulate employment gains before the stimulus gap begins to widen. The rapid expansion of shale and coal seam gas extraction, initially in the U.S., to be followed by Australia and China, could lower fuel costs in many countries, stimulating large infrastructure spending and supporting further business activity. We think investors will have to watch the gap between corporate and Federal spending trends as a precursor to our getting the global economy back on track.

Even though so called Emerging Market (EM) economies have maintained fiscal capacity through both lower debt levels and superior economic growth, those with export oriented economies such as China, Taiwan and Korea are not immune to falling or stagnant demand from Europe, Japan and, possibly, the U.S.A. While this has reduced EM Gross Domestic Product (GDP) growth potential, economic forecasts still remain well ahead of those for developed economies. The combination of population growth, expanding proportion of middle class people, aggregate wealth accumulation and continued corporate expansion would likely lead

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to extending the rising trends in income and consumption. Nonetheless, we believe the prospect of the emerging middle class consumer in EM s fully offsetting the decline in buying power of developed economies is unlikely for the next decade or so, until median incomes begin to approach ours and the number of people included is far in excess. Thus, the U.S. and Europe must take rational steps to stabilize the balance sheets of both the public and private sectors of their economies.

While Europe s troubles and the U.S. fiscal cliff have received the most attention, perhaps of greater importance to the global economy is the transition of the Chinese economy from an export-led, low cost production model towards a broader focus on services and capabilities to meet the demands of a growing middle class. We are seeing a similar effort take place in Brazil where the middle class has grown from the ranks of impoverished masses. As incomes and standards of living rise, people in these countries will likely aspire to lifestyles similar to those which we have enjoyed for decades. This is the direction in which the global locomotive of growth will be traveling. As Alpine s analysts and managers annually participate in over 1,000 company meetings, and visits, we will continue to assess whether different countries, companies or industries are positioned at the front of the train or towards the caboose. Over time, perhaps

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the biggest risk to investors during these volatile times of economic transition would be staying put when the train leaves the station.

Sincerely,

Samuel A. Lieber  
President

**Past performance is not a guarantee of future results. The specific market, sector or investment conditions that contribute to a Fund's performance may not be replicated in future periods.**

**Mutual fund investing involves risk. Principal loss is possible. Please refer to the individual fund letter for risks specific to the fund.**

This letter and the letter that follow represent the opinion of Alpine Funds' management and are subject to change, are not guaranteed, and should not be considered investment advice.

*This is a Closed-end fund and does not continuously offer shares.*



## Manager Commentary

April 30, 2012 (Unaudited)

### Performance

The Alpine Total Dynamic Dividend Fund ( AOD ) completed first half of fiscal 2012 with a total return of 4.54% on the Fund's Net Asset Value ( NAV ) and a 1.57% return on the market price of AOD including dividend reinvestments. The Fund paid a regular monthly distribution of \$0.055 per share, or \$0.66 per share annualized. The comparative returns of broad-based global indices for the same time period were 12.77% for the S&P 500 TR Total Return Index, 2.26% for the STOXX Europe 600 Index, and 7.66% return for the MSCI All Country World ex-Japan Index in U.S. dollar terms.

Our U.S. based holdings provided a solid return of 9.88% during the six months ended April 30, 2012. Our worst performing country was Germany with a small 2.2% average weighting in the Fund but with a negative return of 19.84% return during the period. With our international weightings representing more than 50% of our holdings, the correction in March and April in these Markets has been deep and detrimental to the Fund.

### Drivers of Performance

The performance of AOD during the first half of fiscal 2012 is attributed primarily to strong overall appreciation in our U.S. based assets but continued challenging performance in our investment positions in international markets. In comparison to the S&P 500 Index, AOD has a large portion of its assets invested overseas to help achieve our goal of high dividends and capital appreciation since the U.S. is one of the lowest yielding global equity markets. 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. This bottom-up approach has historically taken a portion of our holdings to Europe, as the dividend payout ratios remain higher than any other region, in addition to finding what we believe are numerous compelling growth and income stories that have led us to invest in Asia and Latin America.

The U.S. and international markets reached the lows of the semi-annual reporting period in late November 2011 on fears of a global double dip recession and an escalation of the European sovereign debt crisis. The European Central Bank stepped in to prevent a worsening crisis by providing inexpensive financing to European banks on December 21, 2011 and again on February 29, 2012, known as the Long Term Refinancing Operation, or ( LTRO ). This buoyed the international markets during that time period and stocks rallied. However, renewed concerns about the longer term structural problems in Europe following the second LTRO payment plus the slowdown in economic growth in countries like China and Brazil led to overall negative performance in many of the international and cyclical holdings in the portfolio in the months of March and April, 2012, with the U.S. being viewed as a safe haven. From March 1, 2012, the day after the last LTRO payment, through the end of the first fiscal half of 2012 on April 30, 2012, the S&P 500 Index increased 2.01% versus the Brazilian Bovespa Index which

declined 16.29%, the STOXX Euro 600 Index decreased by 3.25%, and the Hang Seng Index was down by 1.01%. This particularly impacted the portfolio because of our long term emphasis on the search for high yielding, high quality securities overseas that were sold off despite what we believe were attractive fundamentals and positive longer term growth and income opportunities.

We responded to the volatility in the markets and the outlook for subdued global economic growth by bringing more assets back to the U.S. We believe that many U.S. companies will continue to report strong earnings and cash flow in the months ahead and the U.S. will likely maintain its safe haven status. We ended the fiscal first half 2012 with a 46.4% weight of assets in U.S. based companies and 50.1% in companies based in 13 different countries, with 3.5% in cash and equivalents. Following the U.S., our top five countries by weight on April 30, 2012 were the United Kingdom (17.2%), Sweden (9.1%), Brazil (5.6%), Switzerland (4.0%), and Norway (3.5%). In addition, we shifted to larger capitalization stocks, reviewed our economically sensitive stocks to look for growth based more on secular forces or innovation and less economic growth, and searched for companies we believe will continue to have strong margin improvements and productivity initiatives.

Given the continued uncertain outlook that still remains for the Euro region, we have strived to diversify our exposure in the region by moving away from companies with Euro denominated currencies. On April 30, 2012, 36.1% of the Fund's assets were invested in Europe due to the dividend capture season in Europe, but only 1.4% in Euro denominated currencies, with the rest being in Norway, Sweden, Switzerland, and the UK. Our dividend capture strategy tends to be seasonally focused in Europe in the spring and we hedged the currency exposure related to our dividend capture trades in Europe during this time. We have also continued to employ leverage at times in the execution of the Fund's strategy. The Fund's sector exposures and stock selection were also a

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driver of returns during the reporting period. We had eight sectors that provided positive total returns in the portfolio with the top two being Consumer Staples and Technology, with two sectors having negative performance Materials and Consumer Discretionary.

### **Top Five Contributors**

The top five contributors to the Fund's total return performance during the reporting period based on contribution to total return were Petrofac Ltd. (24.97%), JPMorgan Chase (25.43%), Sara Lee Corp. (25.28%), Wells Fargo (30.57%), and Yum! Brands (36.71%):

Petrofac Ltd. (average weight 1.64%) is a UK based oil services company that provides outsourced production of oil fields. The stock performed well in first half fiscal 2012 as oil prices increased and the company experienced high demand for their services in the more challenging areas of oil production. In addition, the company has structured favorable contracts that offer upside from production and profit sharing contracts.

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JPMorgan Chase (average weight 2.01%) and Wells Fargo (average weight 1.66%) are two of the largest banks in the U.S. that both benefited in first half fiscal 2012 from a rebound in financial stocks following the European Central Bank's LTRO. Also, better economic data in the U.S. and a stabilization of the housing market also helped propel these financial stocks from the fears of a double dip recession in late 2011.

Sara Lee Corp. (average weight 2.03%) is a global food manufacturer that has plans to split into two companies on June 30, 2012—a faster growing coffee business and a more mature meats business—and will pay shareholders a \$3 special dividend at the time of the split. The stock has appreciated into the split as investors realize the potential value that will be unlocked by the action. In addition, we have a favorable view on the growth potential for the coffee business and the cost cutting potential at the meat company.

Wells Fargo (average weight 1.66%) is one of the largest banks in the U.S. that benefited in the first half fiscal 2012 from a rebound in financial stocks following the European Central Bank's LTRO. Also, better economic data in the U.S. and a stabilization of the housing market also helped propel these financial stocks from the fears of a double dip recession in late 2011.

Yum! Brands (average weight 1.46%) operates a worldwide system of over 36,000 quick serve restaurants with their main brands being Taco Bell, Pizza Hut, and KFC. With about 75% of profits generated from international markets and substantial growth opportunities in countries like China, we believe YUM offers attractive access to the emerging consumer growth markets.

### Bottom Five Contributors

The bottom five contributors that had the largest adverse impact on the Fund's performance during the reporting period were PDG Realty (-46.76%), Wynn Resorts (-13.38%), LVMH Moët Hennessy Louis Vuitton (-14.02%), Potash Corp. (-17.45%), and Baker Hughes (-18.46%):

PDG (average weight 1.14%) is one of Brazil's largest home builders. We believe the home building sector in Brazil is an attractive high growth market due to rising discretionary income and subsidized government financing. However, PDG experienced weak share performance in first half 2012 due to fears of rising interest rates and cost overruns which impacted profitability. We believe PDG will have a turnaround in profitability in second half 2012 and we continue to hold the position.

Wynn Resorts (average weight 0.20%) operates casinos and resorts in Las Vegas and Macau. We purchased the stock following its announcement of a special dividend payment of \$5 per share, or about 4% of the stock price, in November 2011. However, WYNN has a higher percentage of VIP versus mass

gaming exposure that was slower than expected in first half 2012 on the economic slowdown in China and there was more competitive pressure than anticipated. We no longer hold the shares.

LVMH (average weight 0.49%) is one of the world's leading producers of luxury products such as champagne, cosmetics, luggage, and watches. The company is benefiting from strong demand for its luxury brands in emerging markets, but the stock sold off in first half fiscal 2012 on the rising fears of a hard landing in China, which is one of its major growth regions. We no longer hold the shares.

Potash (average weight 0.81%) is the largest producer of potash fertilizer in the world that we believe had favorable demand fundamentals entering 2012 with historically high grain prices, healthy farmer balance sheets, and low interest rates, plus constrained supply. Due to a confluence of negative external shocks (Indian budget crisis leading to fertilizer subsidy cuts, Chinese slowdown leading to inventory destocking, European macro fears leading to cautious buying patterns) and Potash's own execution issues, we sold the stock as risk/reward deteriorated.

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Baker Hughes (average weight 0.44%) is a leading provider of oil services to the global oil and gas industry, with a key focus being developing technologies and services that increase the production efficiency of wells while minimizing costs. Early in the year, we began to see signs that the pressure pumping market in North America was stalling, and Baker Hughes was especially ill-prepared as its logistics were stretched due to the integration of its BJ Services acquisition and it was having difficulties gaining access to materials. We sold the position as these issues became apparent in early 2012.

### **Summary & Outlook for the Market and Economy**

We remain cautious as we enter second half 2012 based on uncertainty surrounding global economic growth and European financial risks, but we believe that the longer term outlook for dividend paying equities remains positive especially in the U.S. We expect continued volatility in the near term in equity markets as four of the main pillars of global economic growth – the U.S., Europe, China, and Latin America – face significant challenges. We do see a number of positives offsetting these challenges, such as a decline in commodity and energy prices versus the first half of fiscal 2012 which should be a benefit for consumer spending and business input costs. In addition, the housing market in the U.S., which has been a drag on the economy for several years, appears to be stabilizing. And while sovereign nations are struggling with large debt burdens, corporate balance sheet quality is high and many companies are sitting on record amounts of cash which should support capital growth initiatives, mergers and acquisitions, and the return of cash to shareholders via share buybacks and dividend increases, if we can see some clarity coming out of Europe and volatility declines.

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Over the long term, we continue to remain optimistic that dividend stocks will attract increasing amounts of capital as investors around the world search for income. Global demographics point to an aging population in the industrialized world and these millions of savers are facing zero to low interest rates for quarters or potentially years to come. For example, the U.S. in the 1930's and Japan in the past 20 years have shown that when interest rates go close to zero they can stay there for extended periods of time until structural economic issues are resolved. Since the year 2000, dividends (including the reinvestment of those dividends), not stock price appreciation, are the reason for the S&P 500's positive return. Without these dividends, the price of the S&P 500 Index declined by -4.86% but with reinvested dividends the total return for the S&P 500 is +19.47%.

Our goals remain clear. We intend to continue to seek to provide high current income and to grow our Net Asset Value over the long term and we want to achieve that goal with lower volatility than we have seen over the past several years as we strive to be the dividend income fund of choice for investors. Thank you for your support of the Alpine Total Dynamic Dividend Fund and we look forward to more prosperous years in 2012 and beyond.

Sincerely,

Jill K. Evans and Kevin Shacknofsky  
Co-Portfolio Managers

### **Past performance is not a guarantee of future results.**

This letter represents the opinions of the Fund's management and is subject to change, is not guaranteed and should not be considered recommendations to buy or sell any security.

Please refer to the schedule of 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.

The information provided is not intended to be a forecast of future events a guarantee of future results or investment advice. Views expressed may vary from those of the firm as a whole.

All index performance reflects no deduction for direct fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

**Favorable tax treatment of Fund distributions may be adversely affected, changed or repealed by future changes in tax laws. Alpine may not be able to anticipate the level of dividends that companies will pay in any given timeframe.**

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

A portion of the Fund's distributions may be comprised of return of capital or short-term or long-term capital gains. To the extent that the distribution is from a source other than net investment income, a 19a-1 notice will be provided and is available on our website.

**The Fund may include equity-linked securities and various other derivative instruments, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. Leverage may magnify gains or increase losses in the Fund's portfolio.**

**Diversification does not assure a profit or protect against loss in a declining market.**

**Investing in small and mid-cap stocks involves additional risks such as limited liquidity and greater volatility as compared to large cap stocks.**

**Fund investing involves risk. Principal loss is possible. The Fund is subject to the following risks:**

**Credit Risk** Credit risk refers to the possibility that the issuer of a security will not be able to make payments of interest and principal when due. Changes in an issuer's credit rating or the market's perception of an issuer's creditworthiness may also affect the value of the Fund's investment in that issuer. The degree of credit risk depends on both the financial condition of the issuer and the terms of the obligation.

**Dividend Strategy Risk** The Fund's strategy of investing in dividend-paying stocks involves the risk that such stocks may fall out of favor with investors and underperforms the market. Companies that issue dividend paying-stocks are not required to continue to pay dividends on such stocks. Therefore, there is the possibility that such companies could reduce or eliminate the payment of dividends in the future or the anticipated acceleration of dividends could not occur.

**Emerging Market Securities Risk** The risks of investing in foreign securities can be intensified in the case of investments in issuers domiciled or operating in emerging market countries. These risks include lack of liquidity and greater price volatility, greater risks of expropriation, less developed legal systems and less reliable custodial services and settlement practices.

**Equity Securities Risk** The stock or other security of a company may not perform as well as expected, and may decrease in value, because of factors related to the company (such as poorer than expected earnings or certain management decisions) or to the industry in which the company is engaged (such as a reduction in the demand for products or services in a particular industry).

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**Foreign Currency Transactions Risk** Foreign securities are often denominated in foreign currencies. As a result, the value of the Fund's shares is affected by changes in exchange rates. A Fund may enter into foreign currency transactions to try to manage this risk. A Fund's ability to use foreign currency transactions successfully depends on a number of factors, including the foreign currency transactions being available at prices that are not too costly, the availability of liquid markets and the ability of the portfolio managers to accurately predict the direction of changes in currency exchange rates.

**Foreign Securities Risk** Public information available concerning foreign issuers may be more limited than would be with respect to domestic issuers. Different accounting standards may be used by foreign issuers, and foreign trading markets may not be as liquid as U.S. markets. Currency fluctuations could erase investment gains or add to investment losses. Additionally, foreign securities also involve possible imposition of withholding or confiscatory taxes and adverse political or economic developments. These risks may be greater in emerging markets.

**Growth Stock Risk** Growth stocks are stocks of companies believed to have above-average potential for growth in revenue and earnings. Growth stocks typically are very sensitive to market movements because their market prices tend to reflect future expectations. When it appears those expectations will not be met, the prices of growth stocks typically fall. Growth stocks as a group may be out of favor and underperform the overall equity market while the market concentrates on undervalued stocks.

**Leverage Risk** The Fund may use leverage to purchase securities. Increases and decreases in the value of the Fund's portfolio will be magnified when the Fund uses leverage.

**Management Risk** The Adviser's judgment about the quality, relative yield or value of, or market trends affecting, a particular security or sector, or about interest rates generally, may be incorrect. The Adviser's security selections and other investment decisions might produce losses or cause the Fund to underperform when compared to other funds with similar investment objectives and strategies.

**Market Risk** The price of a security held by the Fund may fall due to changing market, economic or political conditions.

**Micro Capitalization Company Risk** Investments in micro-cap companies are associated with similar risks as investments in small and medium capitalization companies, but these risks may be even greater with respect to investments in micro-cap companies.

**Portfolio Turnover Risk** High portfolio turnover necessarily results in greater transaction costs which may reduce Fund performance.

**Qualified Dividend Tax Risk** Favorable U.S. federal tax treatment of Fund distributions may be adversely affected, changed or repealed by future changes in tax laws. Under current law, favorable U.S.

federal tax treatment of Fund distributions as qualified dividend income will expire as of December 31, 2012 unless new legislations extending that deadline is enacted.

**Small and Medium Capitalization Company Risk** Securities of small or medium capitalization companies are more likely to experience sharper swings in market values, less liquid markets, in which it may be more difficult for the Adviser to sell at times and at prices that the Adviser believes appropriate and generally are more volatile than those of larger companies.

**Swaps Risk** Swap agreements are derivative instruments that can be individually negotiated and structured to address exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease a Fund's exposure to long- or short-term interest rates, foreign currency values, mortgage securities, corporate borrowing rates, or other factors such as security prices or inflation rates. A Fund also may enter into swaptions, which are options to enter into a swap agreement. Since these transactions generally do not involve the delivery of securities or other underlying assets or principal, the risk of loss with respect to swap agreements and swaptions generally is limited to the net amount of payments that the Fund is contractually obligated to make. There is also a risk of a default by the other party to a swap agreement or swaption, in which case a Fund may not receive the net amount of payments that such Fund contractually is entitled to receive.

**Undervalued Stock Risk** Undervalued stocks may perform differently from the market as a whole and may continue to be undervalued by the market for long periods of time. Although the Fund will not concentrate its investments in any one industry or industry groups, it may weigh its

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investments towards certain industries, thus increasing its exposure to factors adversely affecting issues within these industries.

The following are definitions of some of the terms used in this report:

**Average Weight** refers to the average weight of the holding in the portfolio during the reporting period.

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

**Dividend Yield:** The yield a company pays out to its shareholders in the form of dividends. It is calculated by taking the amount of dividends paid per share over a specific period of time and dividing by the stock's price.

**LTRO** is long term refinancing operation.

**The MSCI AC World Ex Japan Index Gross USD** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging



## Manager Commentary

April 30, 2012 (Unaudited)

markets, excluding Japan. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI.

**The S&P 500® Index** is float-adjusted market capitalization-weighted index of 500 common stocks chosen for market size, liquidity, and industry group representation to represent U.S. equity performance.

**The STOXX Europe 600 (Price) Index** is a broad based capitalization-weighted index of European stocks designed to provide a broad yet liquid representation of companies in the European region. The equities use free float shares in the index calculation. The index was developed with a base value of 100 as of December 31, 1991. This index uses float shares.

**The Hang Seng Property Index** is a capitalization-weighted index of all the stocks designed to measure the performance of the property sector of the Hang Seng Index.

**BOVESPA (Brazil) Index** is a total return index weighted by traded volume and is comprised of the most liquid stocks traded on the Sao Paulo Stock Exchange.

*This is a Closed-end fund and does not continuously offer shares.*

## Manager Commentary

April 30, 2012 (Unaudited)

**PERFORMANCE**<sup>(1)</sup> *As of April 30, 2012 (unaudited)*

	Ending Value as of 4/30/12	Six Months	1 Year	3 Years	5 Years	Since Inception <sup>(2)(3)(4)</sup>
Alpine Total Dynamic Dividend Fund   NAV	\$5.00	4.54%	(16.25%)	8.24%	(10.57%)	(8.56%)
Alpine Total Dynamic Dividend Fund   Market Price	\$4.64	1.57%	(16.39%)	3.44%	(12.85%)	(10.67%)
S&P 500 TR Index		12.77%	4.76%	19.46%	1.00%	1.82%
MSCI All Country World ex-Japan Index		7.66%	(5.38%)	17.39%	(0.31%)	1.00%
STOXX Europe 600 Index		2.26%	(15.84%)	12.85%	(4.90%)	(2.95%)

<sup>(1)</sup> Performance information calculated after consideration of dividend and distribution reinvestment including returns of capital, if any. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

<sup>(2)</sup> Commenced operations on January 26, 2007.

<sup>(3)</sup> Annualized.

<sup>(4)</sup> 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.

All figures represent past performance and are not a guarantee of future results and investment returns and principal 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.alpinefunds.com](http://www.alpinefunds.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.

The MSCI All Country World ex-Japan Index (MSCI ACWI ex-Japan) is a market capitalization weighted index that is designed to measure performance of stocks throughout the world with the exception of Japan based companies. The MSCI ACWI ex-Japan includes both developed and emerging markets.

The STOXX Europe 600 Index is derived from the STOXX Europe Total Market Index (TMI) and is a subset of the STOXX Global 1800 Index. With a fixed number of 600 components, the STOXX Europe 600 Index represents large, mid and small capitalisation companies across 18 countries of the European region: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

**PORTFOLIO DISTRIBUTIONS\***

**TOP TEN HOLDINGS\***

Nestle SA	2.5%	Switzerland
Seadrill, Ltd.	2.4%	Norway
Sara Lee Corp.	2.3%	United States
International Business Machines Corp.	2.3%	United States
McDonald's Corp.	2.3%	United States
ITC Holdings Corp.	2.2%	United States
JPMorgan Chase & Co.	2.2%	United States
Diageo PLC	2.2%	United Kingdom
Centrica PLC	2.1%	United Kingdom
British American Tobacco PLC	2.1%	United Kingdom
<b>Top 10 Holdings</b>	<b>22.6%</b>	

**TOP 5 COUNTRIES\***

United States	46.4%
United Kingdom	17.2%
Sweden	9.1%
Brazil	5.6%
Switzerland	4.0%

\* Top 10 Holdings do not include short-term investments and percentages are based on total net assets. Portfolio Distributions percentages are based on total investments. Portfolio holdings and sector distributions are as of 4/30/12 and are subject to change. Portfolio holdings are not recommendations to buy or sell any securities.

## Manager Commentary

April 30, 2012 (Unaudited)

### **REGIONAL ALLOCATION\*** *As of April 30, 2012*

*\*As a percentage of net assets, excluding any short-term investments.*

### **NAV AND MARKET PRICE** *As of April 30, 2012*

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## Schedule of Portfolio Investments

April 30, 2012 (Unaudited)

Description	Shares	Value (Note 1)
<b>COMMON STOCKS (97.2%)</b>		
<b>Australia (3.3%)</b>		
Amtcor, Ltd.	1,451,400	\$ 11,372,392
QR National, Ltd.	4,994,712	18,943,433
Whitehaven Coal, Ltd.	1,070,356	5,933,169
		36,248,994
<b>Brazil (5.6%)</b>		
Anhanguera Educacional Participacoes SA	815,296	10,838,392
Arcos Dorados Holdings, Inc.	607,900	10,863,173
BR Malls Participacoes SA	919,800	11,426,626
CCR SA	1,353,100	10,505,931
PDG Realty SA Empreendimentos e Participacoes	2,873,452	6,783,587
Telefonica Brasil SA-ADR	390,500	11,117,535
		61,535,244
<b>Canada (0.5%)</b>		
PetroBakken Energy, Ltd.-Class A	359,739	5,207,539
<b>China (0.2%)</b>		
Perfect World Co., Ltd.-ADR	200,899	2,452,977
<b>Denmark (0.9%)</b>		
TDC A/S	1,423,900	10,210,165
<b>Germany (1.4%)</b>		
Fresenius Medical Care AG & Co.	219,162	15,558,321
<b>Israel (1.0%)</b>		
Bezeq The Israeli Telecommunication Corp., Ltd.	6,300,000	10,542,533
<b>Norway (3.5%)</b>		
Orkla ASA	1,735,500	12,748,743
Seadrill, Ltd.	671,300	25,981,871
		38,730,614
<b>Singapore (2.3%)</b>		
Avago Technologies, Ltd.	375,178	12,936,138
Global Logistic Properties, Ltd.*	5,041,577	8,392,443
SembCorp Marine, Ltd.	840,700	3,451,116
		24,779,697

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**South Korea (1.8%)**

Kia Motors Corp.	270,800	19,984,267
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**Sweden (9.1%)**

Atlas Copco AB-A Shares	560,400	13,340,277
Hennes & Mauritz AB-Class B	319,300	10,969,064
Sandvik AB	703,700	11,150,231
Tele2 AB-B Shares	1,173,400	22,363,611

Description	Shares	Value (Note 1)
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**Sweden (continued)**

Telefonaktiebolaget LM		
Ericsson-B Shares	2,121,500	\$ 21,021,514
TeliaSonera AB	3,187,551	21,307,882

100,152,579

**Switzerland (4.0%)**

Nestle SA	434,200	26,597,830
Novartis AG-ADR	110,290	6,084,699
Roche Holding AG	64,500	11,782,185

44,464,714

**United Kingdom (17.2%)**

BG Group PLC	490,900	11,555,865
British American Tobacco PLC	437,300	22,419,235
Centrica PLC	4,640,400	23,112,345
Diageo PLC	921,400	23,192,721
Ensco PLC-ADR	337,777	18,459,513
GlaxoSmithKline PLC-ADR	480,353	22,206,719
National Grid PLC	1,510,200	16,310,761
Old Mutual PLC	3,828,912	9,184,204
Petrofac, Ltd.	773,600	21,782,496
Vodafone Group PLC-ADR	788,400	21,941,172

190,165,031

**United States (46.4%)**

Abbott Laboratories	173,947	10,795,151
American Electric Power Co., Inc.	73,230	2,844,253
American Tower Corp.-Class A	170,386	11,173,914
Apple, Inc. *	27,209	15,896,586
Ashland, Inc.	83,692	5,512,792
CBS Corp.-Class B	318,234	10,613,104
Chevron Corp.	105,074	11,196,685
Citigroup, Inc.	604,447	19,970,929
Coach, Inc.	147,764	10,810,414
Colgate-Palmolive Co.	181,418	17,949,497
ConocoPhillips	114,278	8,185,733
Cummins, Inc.	61,285	7,098,642
Domino's Pizza, Inc.	162,050	6,127,110
Eli Lilly & Co.	268,823	11,126,584
Exelon Corp.	274,958	10,726,112
Family Dollar Stores, Inc.	276,100	18,650,555
Hewlett-Packard Co.	482,201	11,939,297
Intel Corp.	420,119	11,931,380
International Business Machines Corp.	118,016	24,438,753
ITC Holdings Corp.	311,502	24,128,945
Johnson & Johnson	166,929	10,865,409

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Joy Global, Inc.	74,868	5,298,408
JPMorgan Chase & Co.	547,868	23,547,367
KBR, Inc.	314,700	10,655,742
Kraft Foods, Inc.-Class A	319,023	12,719,447
McDonald's Corp.	248,682	24,234,061
Microchip Technology, Inc.	401,030	14,172,400
Microsoft Corp.	371,811	11,905,388

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## Schedule of Portfolio Investments

April 30, 2012 (Unaudited)

Description	Shares	Value (Note 1)
<b>United States (continued)</b>		
Occidental Petroleum Corp.	109,504	\$ 9,988,955
Oracle Corp.	570,112	16,755,592
Progress Energy, Inc.	62,617	3,332,477
QUALCOMM, Inc.	328,197	20,952,096
Regal Entertainment Group- Class A	590,741	8,039,985
Sara Lee Corp.	1,138,000	25,081,520
Snap-On, Inc.	119,392	7,466,776
The Dow Chemical Co.	78,681	2,665,712
The Southern Co.	119,038	5,468,606
Wal-Mart Stores, Inc.	188,694	11,115,963
Wells Fargo & Co.	610,963	20,424,493
Yum! Brands, Inc.	235,544	17,131,115
		512,937,948
<b>TOTAL COMMON STOCKS</b> (Identified Cost \$936,958,063)		1,072,970,623
<b>PREFERRED STOCKS (0.0%)(<sup>1</sup>)</b>		
<b>Brazil (0.0%)(<sup>1</sup>)</b>		
Cia Brasileira de Distribuicao Grupo Pao de Acucar SA	1,806	83,850
<b>TOTAL PREFERRED STOCKS</b> (Identified Cost \$71,682)		83,850
<b>RIGHTS (0.0%)(<sup>1</sup>)</b>		
<b>Brazil (0.0%)(<sup>1</sup>)</b>		
Cia Brasileira de Distribuicao Grupo Pao de Acucar, expires 5/31/12 *	13	19
<b>TOTAL RIGHTS</b> (Identified Cost \$0)		19
<b>TOTAL INVESTMENTS</b> (Identified Cost \$937,029,745) - (97.2%)( <sup>2</sup> )		1,073,054,492



OTHER ASSETS IN EXCESS OF LIABILITIES - (2.8%)	31,442,921
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NET ASSETS (100.0%)	\$ 1,104,497,413
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\* *Non-income producing security.*

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

(2) *Includes securities pledged as collateral for line of credit outstanding on April 30, 2012.*

**Common Abbreviations**

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

*ADR - American Depositary Receipt*

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

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

*A/S - Aktieselskab is the Danish term for a stock - based corporation.*

*PLC - Public Limited Company*

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

*See Notes to Financial Statements.*

## Statement of Assets and Liabilities

April 30, 2012 (Unaudited)

## ASSETS

Investments, at value (Cost - \$937,029,745)	\$1,073,054,492
Foreign currency, at value (Cost - \$164,333)	163,666
Receivable for investment securities sold	214,143,514
Dividends receivable	27,962,317
Unrealized appreciation on forward currency contracts	572,141
Prepaid and other assets	103,409
<b>Total Assets</b>	<b>1,315,999,539</b>

## LIABILITIES

Loan payable (Note 6)	61,519,862
Payable for investment securities purchased	147,087,931
Unrealized depreciation on forward currency contracts	1,033,541
Interest on loan payable	1,897
Accrued expenses and other liabilities:	
Investment advisory fees	1,001,156
Administrative fees	38,207
Compliance fees	43,877
Other	775,655
<b>Total Liabilities</b>	<b>211,502,126</b>

<b>Net Assets</b>	<b>\$1,104,497,413</b>
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## NET ASSETS REPRESENTED BY

Paid-in-capital in excess of par value	\$4,078,883,629
Undistributed net investment income	21,463,031
Accumulated net realized loss on investments and foreign currency	(3,131,167,780)
Net unrealized appreciation on investments and foreign currency translations	135,318,533

<b>Net Assets</b>	<b>\$1,104,497,413</b>
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Net asset value	
Net assets	\$1,104,497,413
Shares of beneficial interest issued and outstanding	221,030,493
Net asset value per share	\$5.00

*See Notes to Financial Statements.*



## Statement of Operations

For the Six Months Ended April 30, 2012 (Unaudited)

### INVESTMENT INCOME

Interest	\$606
Dividends	95,033,744
Less: Foreign taxes withheld	(5,018,405)
<b>Total Income</b>	<b>90,015,945</b>

### EXPENSES

Investment advisory fee (Note 4)	5,910,308
Printing fees	303,381
Interest on loan (Note 6)	261,275
Administrative fee (Note 4)	113,606
NYSE fees	101,688
Compliance fees	76,411
Legal fees	62,050
Accounting and Custody fees	45,215
Audit and tax fees	40,712
Trustee fees	33,980
Insurance fees	17,298
Miscellaneous fees	149,924
<b>Total Expenses</b>	<b>7,115,848</b>
<b>Net Investment Income</b>	<b>82,900,097</b>

### NET REALIZED AND UNREALIZED GAIN/(LOSS) ON INVESTMENTS AND FOREIGN CURRENCY

Net realized loss on investments:	
Securities transactions*	(112,124,634)
Foreign currency transactions	(944,330)
Net realized loss on investments	(113,068,964)
Change in net unrealized appreciation/(depreciation) from:	
Investments	74,781,760
Foreign currency translations	(1,216,417)
Change in net unrealized appreciation/(depreciation) of investments	73,565,343
<b>Net loss on investments and foreign currency</b>	<b>(39,503,621)</b>
<b>Increase in Net Assets from Operations</b>	<b>\$43,396,476</b>

\* Net of foreign capital gains taxes \$121,795

*See Notes to Financial Statements.*

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## Statement of Changes in Net Assets

	For the Six Months Ended April 30, 2012 (unaudited)	For the Year Ended October 31, 2011
<b>OPERATIONS</b>		
Net investment income	\$82,900,097	\$146,440,740
Net realized loss on investments:		
Securities transactions	(112,124,634)	(377,932)
Swap contracts		(2,674,510)
Foreign currency transactions	(944,330)	(31,270,517)
Change in net unrealized appreciation/(depreciation) from:		
Investments	74,781,760	(140,286,084)
Foreign currency translations	(1,216,417)	5,350,350
<b>Increase (decrease) in net assets from operations</b>	<b>43,396,476</b>	<b>(22,817,953)</b>
<b>DISTRIBUTIONS TO COMMON SHAREHOLDERS (Note 5)</b>		
From net investment income	(72,940,068)	(148,090,420)
<b>Net decrease in net assets from distributions to shareholders</b>	<b>(72,940,068)</b>	<b>(148,090,420)</b>
<b>Net Decrease in Net Assets</b>	<b>(29,543,592)</b>	<b>(170,908,373)</b>
<b>Net Assets</b>		
Beginning of period	1,134,041,005	1,304,949,378
End of period*	\$1,104,497,413	\$1,134,041,005
<b>TRANSACTIONS IN CAPITAL SHARES</b>		
Common shares outstanding beginning of period	221,030,493	221,030,493
Common shares issued as reinvestment of dividends		
Common shares outstanding end of period	221,030,493	221,030,493
*Includes undistributed net investment income	\$21,463,031	\$11,503,002

*See Notes to Financial Statements.*



## Financial Highlights

	For the Six Months Ended April 30, 2012 (Unaudited)	For the Year Ended October 31, 2011	For the Year Ended October 31, 2010	For the Year Ended October 31, 2009	For the Year Ended October 31, 2008	For the Year Ended October 31, 2007 <sup>(1)</sup>
<b>PER COMMON SHARE OPERATING PERFORMANCE</b>						
Net asset value per share, beginning of period	\$5.13	\$5.90	\$6.68	\$7.85	\$20.23	\$19.10
Income/(loss) from investment operations:						
Net investment income	0.38	0.66	0.76	1.61	2.49	2.14
Net realized and unrealized gain/(loss)	(0.18)	(0.76)	(0.35)	(1.10)	(12.17)	0.46
Total from investment operations	0.20	(0.10)	0.41	0.51	(9.68)	2.60
<b>LESS DISTRIBUTIONS FROM:</b>						
From net investment income	(0.33)	(0.67)	(1.19)	(1.68)	(2.70)	(1.44)
Total distributions	(0.33)	(0.67)	(1.19)	(1.68)	(2.70)	(1.44)
<b>CAPITAL SHARE TRANSACTIONS</b>						
Common share offering costs charged to paid-in-capital						(0.03)
Total capital share transactions						(0.03)
Net asset value per share, end of period	\$5.00	\$5.13	\$5.90	\$6.68	\$7.85	\$20.23
Per share market value, end of period	\$4.64	\$4.90	\$5.63	\$8.47	\$8.15	\$19.90
<b>Total return based on:</b>						
Net Asset Value <sup>(2)</sup>	4.54%	(2.28)%	4.52%	8.71% <sup>(6)</sup>	(52.86)%	14.09%
Market Value <sup>(2)</sup>	1.57%	(2.19)%	(21.34)%	32.76%	(50.25)%	7.01%

## RATIOS/SUPPLEMENTAL DATA



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Net Assets at end of period (000)	\$1,104,497	\$1,134,041	\$1,304,949	\$1,452,683	\$1,660,807	\$4,149,029
Ratio of total expenses to average net assets	1.29% <sup>(3)</sup>	1.35%	1.53%	1.45%	1.35%	1.25% <sup>(3)</sup>
Ratio of total expenses excluding interest expense to average net assets	1.25% <sup>(3)</sup>	1.29%	1.42%	1.41%	1.30%	
Ratio of net investment income to average net assets	15.07% <sup>(3)</sup>	11.00%	12.19%	24.48%	17.06%	14.63% <sup>(3)</sup>
Portfolio turnover rate	149% <sup>(5)</sup>	367% <sup>(4)</sup>	487% <sup>(4)</sup>	653% <sup>(4)</sup>	423%	148% <sup>(5)</sup>

**Borrowings at End of Period**

Aggregate Amount Outstanding (000)	\$61,520	\$46,571	\$179,465	\$75,605	N/A	N/A
Asset Coverage Per \$1,000 (000)	\$18,953	\$25,351	\$8,271	\$20,214	N/A	N/A

<sup>(1)</sup> For the period from January 26, 2007 (inception of the fund) to October 31, 2007.

<sup>(2)</sup> Total investment 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 investment return on net asset value reflects a \$20.00 opening IPO price net of a sales load of \$0.90 per share for the period ended October 31, 2007. Dividends and distributions, if any, are assumed for purposes of this calculation to be reinvested at prices obtained under the Fund's dividend reinvestment plan. Total investment returns do not reflect brokerage commissions paid directly by the Fund's common shareholders. Total investment returns for less than a full year are not annualized. Past performance is not a guarantee of future results.

<sup>(3)</sup> Annualized.

<sup>(4)</sup> Portfolio turnover rate does not reflect total return swap transactions.

<sup>(5)</sup> Not Annualized.

<sup>(6)</sup> In 2009, 0.09% of the Fund's total return consists of a voluntary reimbursement by the Adviser for a realized investment loss, and another 0.07% consists of a loss on an investment not meeting the Fund's investment restriction. Excluding these items, total return would have been 8.55%.

See Notes to Financial Statements.

## Notes to Financial Statements

April 30, 2012 (Unaudited)

### 1. ORGANIZATION:

Alpine Total Dynamic Dividend Fund (the Fund) is a diversified, closed-end management investment company. The Fund was organized as a Delaware statutory trust on October 27, 2006, and had no operating history prior to January 26, 2007. The Board of Trustees authorized an unlimited number of shares with no par value. The Fund has an investment objective to invest in equity securities that provide high current dividend income. The Fund also focuses on long term growth of capital as a secondary investment objective.

The Fund's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. This requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from these estimates.

### 2. SIGNIFICANT ACCOUNTING POLICIES:

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with accounting principles generally accepted in the United States of America (GAAP), which require management to make estimates and assumptions that affect amounts reported herein. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

**Valuation of Securities:** The net asset value (NAV) of shares of the Fund is calculated by dividing the value of the Fund's net assets by the number of outstanding shares. NAV is determined each day the NYSE is open as of the close of regular trading (normally, 4:00 p.m., Eastern time). In computing NAV, portfolio securities of the Fund are valued at their current market values determined on the basis of market quotations. In computing the Fund's net asset value, portfolio securities that are traded on a securities exchange in the United States, except for option securities, are valued at the last reported sale price as of the time of valuation, or lacking any current reported sale at the time of valuation, at the mean between the most recent bid and asked quotations, or if market quotations are not available or determined to be unreliable, through procedures and/or guidelines established by the Board of Trustees. Each option security traded on a securities exchange in the United States is valued at the last current reported sale price as of the time of valuation if the last current reported sale price falls within the consolidated bid/ask quote for the option security. If the last current reported sale price as of the time of valuation does not fall within the consolidated bid/ask quote for the option security, the security is valued at the mid point of the

consolidated bid/ask quote for the option security. Each security traded in the over the counter market and quoted on the NASDAQ National Market System, is valued at the NASDAQ Official Closing Price (NOCP), as determined by NASDAQ, or lacking an NOCP, the last current reported sale price as of the time of valuation by NASDAQ, or lacking any current reported sale on NASDAQ at the time of valuation, at the mean between the most recent bid and asked quotations. Each over the counter option that is not traded through the Options Clearing Corporation is valued by the counterparty, or if the counterparty's price is not readily available then by using the Black Scholes method. Each other security traded over the counter is valued at the mean between the most recent bid and asked quotations. Short term securities with maturities of 60 days or less are valued at amortized cost, which approximates fair value.

Securities that are principally traded in a foreign market are valued at the last current sale price at the time of valuation or lacking any current or reported sale, at the time of valuation, at the mean between the most recent bid and asked quotations as of the close of the appropriate exchange or other designated time. Trading in securities on European and Far Eastern securities exchanges and over the counter markets is normally completed at various times before the close of business on each day on which the NYSE is open. Trading of these securities may not take place on every NYSE business day. In addition, trading may take place in various foreign markets on Saturdays or on other days when the NYSE is not open and on which the Fund's net asset value is not calculated. As stated below, if the market prices are not readily available or are not reflective of the fair value of the security, as of

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the close of the regular trading on the NYSE (normally, 4:00pm Eastern time), the security will be priced at a fair value following procedures approved by the Board of Trustees.

When market quotations are not readily available or when the valuation methods mentioned above are not reflective of a fair value of the security, the security is valued at fair value following procedures and/or guidelines approved by the Board of Trustees. The Fund may also use fair value pricing, if the value of a security it holds is, pursuant to Board of Trustees guidelines, materially affected by events occurring before the Fund's pricing time but after the close of the primary market or exchange on which the security is traded. These procedures may utilize valuations furnished by pricing services approved by the Board of Trustees, which may be based on market transactions for comparable securities and various relationships between securities that are generally recognized by institutional traders, a computerized matrix system, or appraisals derived from information concerning the securities or similar securities received from recognized dealers in those securities. When fair value pricing is employed, the value of the portfolio security used to calculate the Fund's net asset value may differ from quoted or official closing prices.

**Fair Value Measurement:** In accordance with GAAP, the Fund uses a three tier hierarchy to establish classification of fair value

## Notes to Financial Statements

April 30, 2012 (Unaudited)

measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability that are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entities own assumptions about the assumptions market participants would use in pricing the asset or liability that are developed based on the best information available.

Level 1 - Quoted prices in active markets for identical investments.

Level 2 - Other significant observable inputs (including quoted prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, etc.).

Level 3 - Significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the

type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety, is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Various inputs are used in determining the value of the Fund's investments as of the reporting period end. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments. These inputs are categorized in the following hierarchy under applicable financial accounting standards.

The following is a summary of the inputs used to value the Fund's net assets as of April 30, 2012:

### Valuation Inputs

Investments in Securities at Value*	Level 1**	Level 2**	Level 3***	Total Value
Common Stocks	\$ 1,072,970,623	\$	\$	\$ 1,072,970,623
Preferred Stocks	83,850			83,850
Rights		19		19
<b>Total</b>	\$ 1,073,054,473	\$	19 \$	\$ 1,073,054,492

### Valuation Inputs

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Other Financial Instruments	Level 1	Level 2	Level 3***	Total Value
<b>Assets</b>				
Forward Currency Contracts	\$	\$ 572,141	\$	\$ 572,141
<b>Liabilities</b>				
Forward Currency Contracts		(1,033,541)		(1,033,541)
<b>Total</b>	\$	\$ (461,400)	\$	\$ (461,400)

\* For detailed country descriptions, see accompanying Schedule of Portfolio Investments

\*\* During the period ended April 30, 2012 there were significant transfers between Level 1 and Level 2 securities. A security's classification as Level 1 or Level 2 within the Fund can move on a daily basis throughout the year depending on whether or not the Fund has determined the value of securities principally traded in foreign markets has become stale between the close of the foreign exchanges and the time the Funds calculates its NAV. If management determines the price has become stale, a fair value adjustment will be made to the impacted securities and these fair value adjusted securities are considered to be priced using Level 2 inputs. As a result, it is not practicable to disclose transfers between Level 1 and Level 2 within the fair value hierarchy for the period ended April 30, 2012.

\*\*\* During the six months ended April 30, 2012, the Fund did not hold any Level 3 securities.

## Notes to Financial Statements

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**Security Transactions and Investment Income:** Security transactions are accounted for on a trade date basis. Realized gains and losses are computed on the identified cost basis. Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums, where applicable. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Fund may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event. Dividend income is recorded on the ex-dividend date or in the case of some foreign securities, on the date thereafter when the Fund is made aware of the dividend. Foreign income may be subject to foreign withholding taxes, which are accrued as applicable. Capital gains realized on some foreign securities are subject to foreign taxes, which are accrued as applicable. Dividends and interest from non U.S. sources received by the Fund are generally subject to non U.S. withholding taxes at rates ranging up to 30%. Such withholding taxes may be reduced or eliminated under the terms of applicable U.S. income tax treaties, and the Fund intends to undertake any procedural steps required to claim the benefits of such treaties.

**Federal and Other Income Taxes:** It is the Fund's policy to comply with the Federal income and excise tax requirement of the Internal Revenue Code of 1986 (the Code), as amended applicable to regulated investment companies and to distribute timely, all of its investment company taxable income and net realized capital gains to shareholders in accordance with timing requirements imposed by the Code. Therefore, no federal income or state tax provision is required in the Fund's financial statements. Under applicable foreign tax laws, a withholding tax may be imposed on interest, dividends, and capital gains earned on foreign investments. Where available, the Fund will file for claims on foreign taxes withheld.

Management has analyzed the Fund's tax positions taken on income tax returns for all open tax years and has concluded that as of April 30, 2012, no provision for income tax is required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by Internal Revenue Service and state departments of revenue.

Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

**Reclassification:** GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share.

**Distributions to Shareholders:** The Fund intends to make a level distribution each month to its shareholders of the net investment income of the Fund after payment of Fund operating expenses. The level distribution rate may be modified by the Board of Trustees from time to time. If, for any monthly distribution, investment company

taxable income, if any (which term includes net short term capital gain) and net tax-exempt income, if any, is less than the amount of the distribution, the difference will generally be a tax free return of capital distributed from the Fund's assets. The Fund's final distribution for each calendar year will include any remaining investment company taxable income and net tax exempt income undistributed during the year, as well as all net capital gains, if any, realized during the year. If the total distributions made in any fiscal year exceed annual investment company taxable income, net tax exempt income and net capital gain, such excess distributed amount would be treated as ordinary dividend income to the extent of the Fund's current and accumulated earnings and profits. Distributions in excess of the accumulated investment company taxable income, net tax-exempt income and net capital gain would first be a tax free return of capital to the extent of the adjusted tax basis in the shares. After such adjusted tax basis is reduced to zero, the distribution would constitute capital gain (assuming the shares are held as capital assets). Distributions to shareholders are recorded by the Fund on the ex dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

**Foreign Currency Translation Transactions:** The Fund may invest a portion of its assets in foreign securities. In the event that the Fund executes a foreign security transaction, the Fund will generally enter into a forward foreign currency contract to settle the foreign security transaction. The books and records of the Fund are maintained in U.S. dollars. Non U.S. denominated amounts are translated into U.S. dollars as follows, with the resultant translation gains and losses recorded in the Statements of Operations:

- i) market value of investment securities and other assets and liabilities at the exchange rate on the valuation date.

- ii) purchases and sales of investment securities, income and expenses at the exchange rate prevailing on the respective date of such transactions.

**Risk Associated With Foreign Securities and Currencies:** Investments in securities of foreign issuers carry certain risks not ordinarily associated with investments in securities of domestic issuers. Such risks include future political and economic developments and the possible imposition of exchange controls or other foreign governmental laws and restrictions. In addition, with respect to certain countries, there is a possibility of expropriation of assets, confiscatory taxation, political or social instability or diplomatic developments, which could adversely affect investments in those countries. Certain countries may also impose substantial restrictions on investments in their capital markets by foreign entities, including restrictions on investments in issuers or industries deemed sensitive to relevant national interests. These factors may limit the investment opportunities available to the Fund or result in a lack of liquidity and high price volatility with respect to securities of issuers from developing countries.

## Notes to Financial Statements

April 30, 2012 (Unaudited)

**Forward Currency Contracts:** The Fund is subject to foreign currency exchange rate risk in the normal course of pursuing its investment objective. The Fund may use forward currency contracts to gain exposure to or hedge against changes in the value of foreign currencies. A forward currency contract ( forward ) is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of the forward contract fluctuates with changes in forward currency exchange rates. The forward contract is marked to market daily and the change in market value is recorded by the Fund as unrealized appreciation or depreciation. When the forward contract is closed, the Fund records a realized gain or loss

equal to the fluctuation in value during the period the forward contract was open. The Fund could be exposed to risk if a counterparty is unable to meet the terms of a forward or if the value of the currency changes unfavorably. The Fund held 18 forward currency contracts as of April 30, 2012.

During the six months ended April 30, 2012, the Fund entered into approximately 18 forward currency contracts and recorded a net unrealized loss of \$461,400 on the Statement of Operations related to investments in forward currency contracts.

The Fund held the following forward currency contracts at April 30, 2012:

Description	Expiration Date	Contracts to Deliver/Receive	Settlement Value	Current Value	Unrealized Gain/(Loss)	
<b>Contracts Bought:</b>						
British Pound	06/29/12	6,250,300 (GBP)	\$ 9,968,300	\$ 10,140,040	\$ 171,740	
Euro	06/29/12	25,258,200 (EUR)	33,269,066	33,443,119	174,053	
Swedish Krona	06/29/12	152,076,700 (SEK)	22,516,705	22,574,602	57,897	
				<b>Total \$</b>	<b>66,157,761 \$</b>	<b>403,690</b>

**Contracts Sold:**

British Pound	06/29/12	17,754,500 (GBP)	\$ 28,022,438	\$ 28,803,633	\$ (781,195)	
Euro	06/29/12	3,426,000 (EUR)	4,552,160	4,536,195	15,965	
Euro	06/29/12	26,915,900 (EUR)	35,421,522	35,637,997	(216,475)	
Swedish Krona	06/29/12	177,502,000 (SEK)	26,501,275	26,348,789	152,486	
Swedish Krona	06/29/12	185,028,400 (SEK)	27,430,154	27,466,025	(35,871)	
				<b>Total \$</b>	<b>122,792,639 \$</b>	<b>(865,090)</b>

**Derivative instruments and hedging activities:** Financial Accounting Standards Board Codification Topic 815 requires enhanced disclosure about an entity's derivative and hedging activities.

The following tables provide information about the effect of derivatives and hedging activities on the Fund's Statement of Operations for the six months ended April 30, 2012. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the period. The second table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the period.



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The effect of derivative instruments on the Statement of Assets and Liabilities for the six months ended April 30, 2012:

<b>Asset Derivatives</b>		
<b>Derivatives not accounted for as hedging instruments</b>	<b>Statement of Assets and Liabilities Location</b>	<b>Fair Value</b>
Foreign currency contracts	Unrealized appreciation on forward currency contracts	\$572,141
Total		\$572,141

<b>Liability Derivatives</b>		
<b>Derivatives not accounted for as hedging instruments</b>	<b>Statement of Assets and Liabilities Location</b>	<b>Fair Value</b>
Foreign currency contracts	Unrealized depreciation on forward currency contracts	\$1,033,541
Total		\$1,033,541

The effect of derivative instruments on the Statement of Operations for the six months ended April 30, 2012:

<b>Derivatives</b>	<b>Statement of Operations Location</b>	<b>Realized Gain/(Loss) On Derivatives</b>	<b>Change in Unrealized Gain/(Loss) On Derivatives</b>
Foreign exchange contracts	Net realized loss on investments: Foreign currency transactions/Change in net unrealized depreciation of: Foreign currency translations	\$	\$(461,400)
Total		\$	\$(461,400)

## Notes to Financial Statements

April 30, 2012 (Unaudited)

**3. PURCHASES AND SALES OF SECURITIES:**

Purchases and sales of securities (excluding short term securities) for the six months ended April 30, 2012 are as follows:

Purchases	Sales
\$1,678,799,170	\$1,728,938,799

The Fund did not have purchases and sales of U.S. Government obligations for the six months ended April 30, 2012.

**4. INVESTMENT ADVISORY AGREEMENT AND ADMINISTRATION AGREEMENT:**

Alpine Woods Capital Investors LLC serves as the Fund's investment adviser pursuant to an Investment Advisory Agreement with the Fund. As compensation for its services to the Fund, Alpine Woods receives an annual investment advisory fee of 1.00% based on the Fund's average daily Total Assets, computed daily and payable monthly.

State Street Bank and Trust Company (SSBT) serves as the Fund's administrator pursuant to an Administration, Bookkeeping and Pricing Services Agreement with the Fund. As compensation for its services to the Fund, SSBT receives an annual administration fee of 0.02% of total net assets on the first \$5 billion and 0.015% on total net assets exceeding \$5 billion, computed daily and payable monthly.

**5. INCOME TAX INFORMATION:**

**Classification of Distributions:** Net investment income (loss) and net realized gain (loss) may differ for financial statement and tax purposes. The character of distributions made during the year from net investment income or net realized gains may differ from its ultimate characterization for federal income tax purposes.

The tax character of the distributions paid by the Fund during the year ended October 31, 2011 was as follows:

<b>Distributions paid from:</b>	
Ordinary Income	\$148,090,420
Total	\$148,090,420

Tax components of distributable earnings are determined in accordance with income tax regulations which may differ from the composition of net assets reported under accounting principles generally accepted in the United States. Accordingly, for the year ended October 31, 2011, the effects of certain differences were reclassified. The fund decreased accumulated net investment income by \$2,762,779 and decreased accumulated net realized loss by \$2,762,779. These differences were primarily due to the differing tax treatment of foreign currency and certain other investments. Net assets of the portfolio were unaffected by the reclassifications and the calculation of net investment income per share in the Financial Highlights excludes these adjustments.

At October 31, 2011, the Fund had available for tax purposes unused capital loss carryovers of \$164,214,963, expiring October 31, 2015, unused capital loss carryovers of \$1,575,094,244, expiring October 31, 2016, unused capital loss carryovers of \$896,144,160, expiring October 31, 2017, unused capital loss carryovers of \$342,916,726, expiring October 31, 2018 and unused

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capital loss carryovers of \$24,489,359, expiring October 31, 2019.

As of October 31, 2011, the components of distributable earnings on a tax basis were as follows:

Undistributed Ordinary Income	\$ 11,503,002
Accumulated Capital Loss	(3,002,859,452)
Unrealized Appreciation	46,513,826
 Total	 \$ (2,944,842,624)

As of April 30, 2012, net unrealized appreciation/(depreciation) of investments based on federal tax costs was as follows:

Gross appreciation on investments (excess of value over tax cost)	\$ 163,434,202
Gross depreciation on investments (excess of tax cost over value)	(27,409,455)
Net depreciation on foreign currency	(706,214)
 Net unrealized appreciation	 135,318,533
 Cost of investments for income tax purposes	 \$ 937,029,745

The differences between book and tax net unrealized appreciation and cost were primarily due to deferral of losses from wash sales and to the different tax treatment of certain other investments.

The Regulated Investment Company ( RIC ) Modernization Act of 2010 (the Modernization Act ) modernizes several of the federal income and excise tax provisions related to RICs. The Modernization Act contains simplification provisions effective for taxable years beginning after December 22, 2010, which are aimed at preventing disqualification of a RIC for inadvertent failures of the asset diversification and/or qualifying income tests. Additionally, the Modernization Act allows capital losses to be carried forward indefinitely, and retain the character of the original loss, exempts RICs from the preferential dividend rule and repealed the 60-day designation requirement for certain types of pay-through income and gains.

### 6. LINE OF CREDIT:

On December 1, 2010, the Fund executed a Prime Brokerage Agreement with BNP Paribas Prime Brokerage International Ltd and also executed a Committed Facility Agreement which allows the Fund to borrow on a secured and committed basis. The maximum commitment amounts were (i) \$300,000,000 USD between December 1, 2010 and February 28, 2011; (ii) \$700,000,000 USD between March 1, 2011 and May 31, 2011; and (iii) \$300,000,000 USD after May 31, 2011. The facility is a rolling six month facility. The

## Notes to Financial Statements

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maximum commitment of \$300,000,000 USD increased to \$700,000,000 USD between March 1, 2012 and May 31, 2012, thereafter the maximum commitment will revert to \$300,000,000 USD until the earlier of six months from a notice of termination or until increased to \$700,000,000 USD on March 1, 2013. During the six months ended April 30, 2012, the average borrowing by the Fund was \$48,529,739 with an average rate on borrowings of 1.06%. Interest expense related to the loan for the six months ended April 30, 2012 was \$261,275. At April 30, 2012 the outstanding loan for the fund was \$61,519,862.

### 7. SUBSEQUENT EVENTS:

**Distributions:** The Fund paid a distribution of \$12,156,677 or \$0.055 per common share on May 31, 2012 to common shareholders of record on May 21, 2012.

The Fund also declared a distribution of \$0.055 payable on June 29, 2012 to common shareholders of record on June 22, 2012.

### 8. NEW ACCOUNTING PRONOUNCEMENT:

In May 2011, the FASB issued ASU No. 2011-04, Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS (ASU 2011-04), modifying ASC 820. At the same time, the International Accounting Standards Board (IASB) issued International Financial Reporting Standard (IFRS) 13, Fair Value Measurement. The objective by the FASB and IASB is convergence of their guidance on fair value measurements and disclosures. Specifically, ASU 2011-04 requires reporting entities to disclose: (1) the amounts and reasons for any transfers between Level 1 and Level 2, and (2) for Level 3 fair value measurements: (a) quantitative information about significant unobservable inputs used, (b) a description of the valuation procedures used by the reporting entity, and (c) a narrative description of the sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs might result in a significantly higher or lower fair value measurement. The effective date of ASU 2011-04 is for interim and annual periods beginning after December 15, 2011. At this time, management is evaluating the implications of this requirement and the impact it will have to the Fund's financial statement disclosures.

## Additional Information

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### DIVIDEND REINVESTMENT PLAN

Unless the registered owner of common shares elects to receive cash by contacting Boston Financial Data Services, Inc. ( Plan Administrator ), all dividends or other distributions (together, Dividends and each, a Dividend ) declared on common shares will be automatically reinvested by the Plan Administrator for shareholders in the Fund's Dividend Reinvestment Plan (the Plan ), in additional common shares of the Fund. Shareholders that are not permitted to participate through their broker or nominee or who elect not to participate in the Plan will receive all Dividends in cash paid by check mailed directly to the shareholder of record (or, if the common shares are held in street or other nominee name, then to such nominee) by the Plan Administrator, as dividend disbursing agent. You may elect not to participate in the Plan and to receive all Dividends in cash by contacting the Plan Administrator, as dividend disbursing agent, at the address set forth below. Participation in the Plan is completely voluntary and may be terminated or resumed at any time without penalty by notice if received and processed by the Plan Administrator prior to the dividend record date; otherwise such termination or resumption will be effective with respect to any subsequently declared Dividend. If you hold your shares through a broker, and you wish for all Dividends declared on your common shares to be automatically reinvested pursuant to the Plan, please contact your broker.

The Plan Administrator will open an account for each shareholder under the Plan in the same name in which such shareholder's common shares are registered. Whenever the Fund declares a Dividend payable in cash, non-participants in the Plan will receive cash and participants in the Plan will receive the equivalent in common shares. The common shares will be acquired by the Plan Administrator for the participants' accounts, depending upon the circumstances described below, either (i) through receipt of additional unissued but authorized common shares from the Fund ( Newly Issued common shares ) or (ii) by purchase of outstanding common shares on the open market ( Open-Market Purchases ) on the NYSE or elsewhere. If, on the payment date for any Dividend, the closing market price plus estimated brokerage commissions per share is equal to or greater than the NAV per share, the Plan Administrator will invest the Dividend amount in Newly Issued common shares on behalf of the participants. The number of Newly Issued common shares to be credited to each participant's account will be determined by dividing the dollar amount of the Dividend by the NAV per share on the payment date; provided that, if the NAV is less than or equal to 95% of the closing market value on the payment date, the dollar amount of the Dividend will be divided by 95% of the closing market price per share on the payment date. If, on the payment date for any Dividend, the NAV per share is greater than the closing market value plus estimated brokerage commissions, the Plan Administrator will invest the Dividend amount in common shares acquired on behalf of the participants in Open-Market Purchases.

In the event of a market discount on the payment date for any Dividend, the Plan Administrator will have until the last business day before the next date on which the common shares trade on an ex-dividend basis or 30 days after the payment date for such

Dividend, whichever is sooner (the Last Purchase Date ), to invest the Dividend amount in common shares acquired in Open-Market Purchases. If, before the Plan Administrator has completed its Open-Market Purchases, the market price per share exceeds the NAV per share, the average per share purchase price paid by the Plan Administrator may exceed the NAV of the common shares, resulting in the acquisition of fewer common shares than if the Dividend had been paid in Newly Issued common shares on the Dividend payment date. Because of the foregoing difficulty with respect to Open-Market Purchases, the Plan provides that if the Plan Administrator is unable to invest the full Dividend amount in Open-Market Purchases during the purchase period or if the market discount shifts to a market premium during the purchase period, the Plan Administrator may cease making Open-Market Purchases and may invest the uninvested portion of the Dividend amount in Newly Issued common shares at the NAV per share at the close of business on the Last Purchase Date provided that, if the NAV is less than or equal to 95% of the then current market price per share, the dollar amount of the Dividend will be divided by 95% of the market price on the payment date for purposes of determining the number of shares issuable under the Plan.

The Plan Administrator maintains all shareholders' accounts in the Plan and furnishes written confirmation of all transactions in the accounts, including information needed by shareholders for tax records. Common shares in the account of each Plan participant will be held by the Plan Administrator on behalf of the Plan participant, and each shareholder proxy will include those shares purchased or received pursuant to the Plan. The Plan Administrator will forward all proxy solicitation materials to participants and vote proxies for shares held under the Plan in accordance with the instructions of the participants.

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In the case of the Fund's shareholders such as banks, brokers or nominees which hold shares for others who are the beneficial owners, the Plan Administrator will administer the Plan on the basis of the number of common shares certified from time to time by the record shareholder's name and held for the account of beneficial owners who participate in the Plan.

There will be no brokerage charges with respect to common shares issued directly by the Fund. However, each participant will pay a pro rata share of brokerage commissions incurred in connection with Open-Market Purchases. The automatic reinvestment of Dividends will not relieve participants of any U.S. federal, state or local income tax that may be payable (or required to be withheld) on such Dividends. See U.S. Federal Income Tax Matters. Participants that request a sale of common shares through the Plan Administrator are subject to brokerage commissions.

Shareholders participating in the Plan may receive benefits not available to shareholders not participating in the Plan. If the market price plus commissions of the Fund's shares is higher than the NAV, participants in the Plan will receive shares of the Fund for less than they could otherwise purchase them and will have shares with a cash value greater than the value of any cash distribution they would have

## Additional Information

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received on their shares. If the market price plus commissions is below the net asset value, participants receive distributions of shares with a NAV greater than the value of any cash distribution they would have received on their shares. However, there may be insufficient shares available in the market to make distributions in shares at prices below the NAV. Also, because the Fund does not redeem its shares, the price on resale may be more or less than the NAV.

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan; however, the Fund reserves the right to amend the Plan to include a service charge payable by the participants.

All correspondence or questions concerning the Plan should be directed to the Plan Administrator, Boston Financial Data Services Inc. c/o Alpine Closed-End Funds, PO Box 8128, Boston, MA 02266-8128 or by calling toll-free 1 (800) 617.7616.

### **BOARD APPROVAL OF INVESTMENT MANAGEMENT AGREEMENT**

In the weeks leading up to the Meeting, of the Board on March 28th, 2012, the Board Members reviewed materials specifically relating to the Advisory Contracts provided by the Adviser. The Board members had the opportunity to, and did, ask specific questions of the Adviser relating to the materials provided. In deciding whether to renew the Agreements, the Independent Trustees considered various factors, including (i) the nature, extent and quality of the services provided by Adviser under the Agreements, (ii) the investment performance of the Funds, (iii) the costs to the Adviser of its services and the profits realized by the Adviser, from its relationship with the Funds, and (iv) the extent to which economies of scale would be realized if and as a Fund grows and whether the fee levels in the Agreements reflect these economies of scale.

In considering the nature, extent and quality of the services provided by Adviser, the Independent Trustees relied on their prior experience as Independent Trustees of the Funds as well as on the materials provided at and prior to the meeting. They noted that under the Agreements, the Adviser is responsible for managing the Funds' investments in accordance with the Fund's investment objectives and policies, applicable legal and regulatory requirements, and the instructions of the Independent Trustees, for providing necessary and appropriate reports and information to the Independent Trustees, and for furnishing the Funds with the assistance, cooperation, and information necessary for the Funds to meet various legal requirements regarding registration and reporting. They also noted the experience and expertise of the Adviser as appropriate as an adviser to the Funds.

The Independent Trustees reviewed the background and experience of the Adviser's senior management, including those individuals responsible for the investment and compliance operations with respect to the Funds' investments, and the responsibilities of the investment and compliance personnel with respect to the Fund. They also considered the resources, operational structures and practices

of the Adviser in managing the Funds' portfolios, in monitoring and securing the Funds' compliance with investment objectives and policies and with applicable laws and regulations, and in seeking best execution of portfolio transactions. Drawing upon the materials provided and their general knowledge of the business of the Adviser, the Independent Trustees took into account that the Adviser's experience, resources and strength in these areas are deep, extensive and of high quality. On the basis of this review, the Independent Trustees determined that the nature and extent of the services provided by the Adviser to the Fund were appropriate, had been of high quality, and could be expected to remain so.

The Independent Trustees discussed the Fund performance metrics compiled from Morningstar data and those internally generated by Alpine. It was observed that the last quarter of performance had been strong for several of the Funds. In assessing the quality of the portfolio management delivered by the Adviser, the Independent Trustees also compared the short-term and long-term performance of each Fund on both an absolute basis and in comparison to its peer group, as constructed by data provided by independent rating agencies. The Independent Trustees noted that the performance of a number of the Funds was strong. Of importance to the Independent Trustees was the extent to which the Funds achieved their objectives. They further concluded that the expense ratios of the Funds were appropriate and in line with competitors. Accordingly, the Independent Trustees concluded that the performance of the Funds was satisfactory.

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The Independent Trustees considered the profitability of the advisory arrangement with the Adviser. The Independent Trustees had been provided with general data on the Funds' profitability with respect to the advisory arrangement with the Adviser. The Independent Trustees also examined the level of profits that could be expected to accrue to the Adviser from the fees payable under the Agreements and any expense subsidization undertaken by the Adviser, as well as each Funds' brokerage and commissions. After discussion and analysis, they concluded that, to the extent that the Adviser's relationship with the Funds had been profitable, the profitability was in no case such as to render the advisory fee excessive.

The Independent Trustees discussed the other materials provided by Alpine, including expense information, organization charts, advisory fee breakpoints and profitability data. In reviewing breakpoints, the Independent Trustees recognized that breakpoints were more relevant for open-end funds, where assets could continue to grow over time.

In considering whether the Adviser benefits in other ways from its relationship with the Funds, the Independent Trustees concluded that, to the extent that Adviser derives other benefits from its relationship with the Funds, those benefits are not so significant as to render the Adviser's fees excessive.

On the basis of their discussions with management and their analysis of information provided at the meeting, the Independent Trustees determined that the nature of the Funds and their operations is such



## Alpine View

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that the Adviser may realize economies of scale in the management of certain Funds as they grow in size.

The Independent Trustees approved the continuance of the Funds' Agreements with Adviser after weighing the foregoing factors. They reasoned that the nature and extent of the services provided by the Adviser were appropriate, that the performance of the Funds had been satisfactory, and that Adviser could be expected to provide services of high quality. As to the Adviser's fees for the Funds, the Independent Trustees determined that the fees, considered in relation to the services provided, were fair and reasonable, that the Funds' relationship with the Adviser was not so profitable as to render the fees excessive, that any additional benefits to the Adviser were not of a magnitude that materially affected the Independent Trustees' deliberations, and that the fees adequately reflected shared economies of scale with the Funds.

After reconvening, the Trustees, including a majority of the Independent Trustees, agreed to approve the continuation of the Agreements for one year.

### FUND PROXY VOTING POLICIES & PROCEDURES

Policies and procedures used in determining how to vote proxies relating to portfolio securities and a summary of proxies voted by the Fund are available without a charge, upon request, by contacting the Fund at 1(800) 617.7616 and on the Securities and Exchange Commission's ( Commission ) web site at <http://www.sec.gov>.

### PORTFOLIO HOLDINGS

The Fund files its complete schedule of portfolio holdings with the Commission for the first and third quarters of each fiscal year on Form N-Q within 60 days after the end of the period. Copies of the Fund's Forms N-Q are available without a charge, upon request, by contacting the Fund at 1(800)617.7616 and on the Commission's web site at <http://www.sec.gov>. You may also review and copy Form N-Q at the Commission's Public Reference Room in Washington, D.C. For more information about the operation of the Public Reference Room, please call the Commission at 1(800)SEC.0330.

### DESIGNATION REQUIREMENTS

Of the distributions paid by the Fund from ordinary income for the year ended October 31, 2011, the following percentages met the requirements to be treated as qualifying for the corporate dividends received deduction and qualified dividend income, respectively.

Dividends Received Deduction	8.29%
Qualified Dividend Income	41.47%

### SHAREHOLDER MEETING

On June 8, 2012, the Fund held its Annual Meeting of Shareholders (the Meeting ) for the purpose of voting on a proposal to re-elect one trustee of the Fund and to conduct other business. The results of the proposals below reflect the percentage of shares voted at the meeting and are as follows:

**Proposal 1:** To elect Samuel A. Lieber as Trustee to the Board of Trustees for a term of three years to expire at the 2015 Annual Meeting and until his successor has been duly elected and qualified.

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**Samuel A. Lieber**

For 94.07%  
Withheld 5.93%

**Proposal 2:** To transact such other business as may properly come before the meeting or any adjournments or postponements thereof.

For	93.69%
Against	7.45%
Abstain	1.62%

**NOTICE**

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940 that the Fund may purchase at market prices from time to time its common shares in the open market.

**I**NVESTOR  
**I**NFORMATION

1(800) 617.7616 | [www.alpinefunds.com](http://www.alpinefunds.com)

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Investment Adviser

Alpine Woods Capital Investors, LLC

2500 Westchester Ave., Suite 215

Purchase, NY 10577

Administrator &

Custodian

State Street Bank & Trust Company

One Lincoln Street

Boston, MA 02111

Transfer Agent

Boston Financial Data Services, Inc.

Two Heritage Drive

North Quincy, MA 02171

INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

Deloitte & Touche LLP

555 East Wells Street

Milwaukee, WI 53202

Fund Counsel

Willkie Farr & Gallagher

787 7th Ave.

New York, NY 10019

INVESTOR INFORMATION

1(800) 617.7616



**Item 2. Code of Ethics**

Not applicable to semi-annual report.

**Item 3. Audit Committee Financial Expert**

Not applicable to semi-annual report.

**Item 4. Principal Accountant Fees and Services**

Not applicable to semi-annual report.

**Item 5. Audit Committee of Listed Registrants**

Not applicable to semi-annual report.

**Item 6. Schedule of Investments**

(a) Schedule of Investments is included as part of Item 1 of the Form N-CSR.

(b) Not applicable.

**Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.**

Not applicable to semi-annual report.

**Item 8. Portfolio Managers of Closed-End Management Investment Companies.**

(a) Not applicable to semi-annual report.

(b) Not applicable.

**Item 9. Purchases of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.**

No such purchases were made by or on behalf of the Registrant during the period covered by the report.

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**Item 10. Submission of Matters to a Vote of Security Holders.**

There were no material changes to the procedures by which shareholders may recommend nominees to the Registrant's Board of Trustees.

**Item 11. Controls and Procedures.**

- (a) The Registrant's principal executive officer and principal financial officer have evaluated the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended) within 90 days of this filing and have concluded that the Registrant's disclosure controls and procedures were effective, as of that date.
- (b) There was no change in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940, as amended) during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

**Item 12. Exhibits**

- (a)(1) Not applicable to semi-annual report.
  - (a)(2) The certifications required by Rule 30a-2(a) of the Investment Company Act of 1940, as amended, and Section 302 of the Sarbanes-Oxley Act of 2002 are attached hereto as Ex99.Cert.
  - (a)(3) No such written solicitations were sent or given during the period covered by the report by or on behalf of the Registrant.
  - (b) The certifications by the Registrant's Principal Executive Officer and Principal Financial Officer, as required by Rule 30a-2(b) of the Investment Company Act of 1940, as amended, and Section 906 of the Sarbanes-Oxley Act of 2002 are attached hereto as Ex99.906Cert.
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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Alpine Total Dynamic Dividend Fund

By: /s/ Samuel A. Lieber

\_\_\_\_\_  
Samuel A. Lieber  
Chief Executive Officer (Principal Executive Officer)

Date: July 9, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Samuel A. Lieber

\_\_\_\_\_  
Samuel A. Lieber  
Chief Executive Officer (Principal Executive Officer)

By: /s/ Ronald G. Palmer, Jr.

\_\_\_\_\_  
Ronald G. Palmer, Jr.  
Chief Financial Officer (Principal Financial Officer)

Date: July 9, 2012

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