ALPINE TOTAL DYNAMIC DIVIDEND FUND
Form N-CSR
January 08, 2015
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act File number: 811-21980

Alpine Total Dynamic Dividend Fund

(Exact name of registrant as specified in charter)

Alpine Woods Capital Investors, LLC

2500 Westchester Avenue, Suite 215

Purchase, New York, 10577

(Address of principal executive offices)(Zip code)

(Name and Address of Agent for Service) Copy to:

Samuel A. Lieber
Alpine Woods Capital Investors, LLC
2500 Westchester Avenue, Suite 215
Purchase, New York, 10577
(914) 251-0880

Rose DiMartino
Willkie Farr & Gallagher, LLP
787 7th Avenue, 40th Floor
New York, New York 10019

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

Date of fiscal year end: October 31, 2014

Date of reporting period: November 1, 2013 – October 31, 2014

Item 1. Shareholder Report.

Total Dynamic Dividend Fund

October 31,

2014

Annual Report

TABLE of CONTENTS

Alpine View
October 31, 2014

Dear Shareholder:

"INTEREST RATES: HOW LOW, FOR HOW LONG?"

Alpine believes that over the next year, investors will be rewarded if they focus on long-term trends. This strategy has worked well for the extended period since the Great Financial Collapse of 2008. Despite news of distressing events, traumas, coups and even wars which have had short lived impacts, the positive long-term trend of capital markets around the world has been sustained by low interest rates and modest economic growth. Another factor has been the U.S. dollar, which reversed a nine and one-half year decline in mid-2011, with notable appreciation from August of 2014. The principle factor underpinning these trends has been Central Bank monetary policy, led by the U.S. Federal Reserve. In October of 2014, the Fed concluded its quantitative easing program while other countries have adopted similar supportive policies. On top of these measures, the price of oil and most raw material commodities have seen notable declines, lowering many production costs and enhancing potential profitability.

One can argue that Central Bank policy has been the primary force for economic recovery and growth in the absence of fiscal stimulus from most governments. Indeed, many believe that fiscal austerity around the world, most notably in Europe, has limited opportunities for job creation and reduced economic growth. Increasingly, the world's central banks are adopting tools to increase money supply, but instead of boosting bank lending, much of the liquidity has flowed into capital markets. The Federal Reserve has completed its tapering of quantitative easing by phasing out the purchase of financial securities, making the U.S. the leader in normalizing this cycle. It should be noted that the Fed has accumulated a $4 trillion balance sheet which will not dramatically decline over the near term, so stimulus will not yet be reduced. Add to this expanded Japanese quantitative easing and the prospect of some form of European quantitative easing next year should more than make up for our Fed's reduced level of monetary support. After the close of the fiscal year in October, the financial markets received an early Thanksgiving gift from China via a reduction in China's mortgage loan rates and a likely follow up of decreased reserve requirements for some of its banks, which should push increased liquidity into the capital markets. However, since China is not as open an economy (unlike other major nations), the flow of funds into the global liquidity pool will be more gradual. Nonetheless, the trend is clear, "do not fear, your friendly central banker will be here".

Europe faces a prospect of continued GDP growth of less than 1% with inflation at similar low levels. This suggests that the possibility of a long-term (i.e., secular) period of minimal growth or possibly even stagnation could occur. Thus, the current Eurozone unemployment rate of 11.5% (Spain and Greece are more than two times that number) may not improve materially for some time. The International Monetary Fund (IMF) has suggested that countries should adopt more stimulative fiscal policies, such as significant infrastructure spending, but we think that is not enough. Indeed, outgoing European Council President Von Rompuy stated that "without jobs and growth, the European idea itself is in danger".

Clearly the political consequences of stagnant or even deflationary economies can create social upheavals, as Europe itself has witnessed over the past several hundred years. Just two years ago, the so called "Jasmine Revolution" spread political upheaval throughout the Arab world. This was largely the product of high unemployment rates and disenfranchised populations.

Japan is currently the only major country utilizing both monetary and fiscal stimulus. Indeed, their so called ‘three arrows’ approach of aggressive monetary policy, expansionary fiscal stimulus combined with structural reforms to the economy are key products of the political situation in Japan, brought on by over 20 years of substandard economic performance. In addition to Japan, there are a few emerging market economies, most notably India, which are in a position to reduce interest rates and expand domestic demand as well as utilize appropriate fiscal spending and structural reforms to spur growth. However, most countries are taking the politically more expedient path of devaluing their currency in order to make exports cheaper and, hence, more competitive. Such currency devaluation can create inflation over time and cause long term problems if growth in output and wages does not increase materially.

The one country that is not in this position, of course, is the U.S.A. Indeed, the U.S. currency has been ascending over the past year, the U.S. banking sector is in a better position than those of most other countries, and larger companies are generally well capitalized by both the equity and debt markets. However, small companies in this country are not fully enjoying the benefits of the modest economic recovery we have enjoyed over the past few years. This is holding back the U.S. recovery, sustaining only moderate job growth over time. Thus, median real wages are in fact lower today than they were in 2007. Nonetheless, the prospects for small U.S. businesses are improving. However, Alpine believes productivity enhancements created by investments in new technology, production capabilities, and communication and physical infrastructure are still required for economic growth to accelerate.

In addition to the push for greater global liquidity, the other major driver of economic prospects and, hence, the markets, has been the continued expansion of U.S. oil and gas reserves. This has helped to bring about lower oil and gas prices at a time when global economic activity and demand for energy is slowing. Fundamentally, cheaper energy means the cost of economic activity has not only declined, but the transfer of economic wealth from goods producers and transporters to energy producers has also shifted. Countries whose economies are dependent on high oil prices, notably Russia and Iran, and to a lesser degree, Brazil, Canada, Mexico and Norway, may be hurt by an extended decline. On the other hand, Japan and much of Europe could be big beneficiaries. The resultant increase in many industries’ profitability due to lower fuel prices provides the possibility that some of the enhanced margins might be distributed to workers and some of the savings may also be distributed to consumers in the form of price stability. In other words, a major inflationary input has been limited, and this may stimulate economic activity. Alpine believes there will be minimal inflationary impulses globally over the next year or two until global aggregate demand starts to rise.

Alpine View (Continued)
October 31, 2014

For 2015, Alpine believes that the prospects for modest economic growth supported by abundant cheap global liquidity, combined with lower energy costs, will continue to favor capital markets and global equities more broadly. We still expect significant regional differences in terms of growth, and individual companies may see their prospects and share prices rise or decline based on management's ability to utilize the capital markets during this period. This suggests continued expansion of mergers and acquisitions activities on a global basis. It could also lead to an increased number of IPOs in different industries, seeking both to capitalize on high historic valuations as well as position themselves to utilize capital markets for future growth.

Just as the U.S. stock market outperformed much of the world during 2014 as a result of the combination of cheap money and improving economic fundamentals, we believe that 2015 will see a global broadening of market performance to include small cap stocks in the U.S. as well as increased international opportunities. Finally, we should note that the extended period of low volatility, including 2013 and much of 2014, may not be fully over, but political and economic risks remain, as few of this year's conflicts have resolved and more may surface. The market appears to be increasingly open to more risk if returns are commensurate. Fundamentally, the Fed is still our friend, even though many market participants have been waiting over a year for the proverbial 'punch bowl' to be removed and the party to end. Markets may well continue to climb a "wall of worry" as we enter 2015.

We appreciate your interest and support as we enter what appears to be a seventh year of economic and equity market recoveries.

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.

Investing involves risk. Principal loss is possible. Please refer to individual fund letters for risks specific to that fund.

This letter and the letter that follows represent the opinions of the Funds' management and are subject to change, are not guaranteed and should not be considered recommendations to buy or sell any security. The information provided is not intended to be, and is not, a forecast of future events, a guarantee of future results, or investment advice.

Quasar Distributors, LLC provides filing administration for Alpine's closed-end funds. The Funds are not bought or sold through Quasar Distributors; the Alpine closed-end funds are bought and sold through non-affiliated broker/dealers and trade on nationally recognized stock exchanges.

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

Manager Commentary
October 31, 2014

Dear Investor:

For the fiscal year ended October 31, 2014, the Alpine Total Dynamic Dividend Fund ("AOD") generated a total return of 9.26% and a 12.44% return on the market price of AOD, versus the MSCI All Country World Daily TR Index (Net Div), which had a total return of 7.77%. All returns include the reinvestment of all distributions. The Fund distributed $0.673 per share during the fiscal year.

During this fiscal year, the Board of Trustees of AOD approved an increase in the monthly distribution from $0.054 per share to $0.0565 per share, and a 1 for 2 reverse stock split, both effective in January 2014. Upon completion of the stock split, each shareholder's account reflected fewer shares with a higher net asset value and market price per share. Each shareholder holds the same percentage of the Fund's outstanding common shares immediately following the reverse stock split as held immediately prior to the split, subject to adjustments for the sale of fractional shares resulting from the transaction. The Fund's monthly distribution was increased based on the Fund's performance since the current team began managing the Fund in December 2012, the Adviser's view of the Fund's long-term return potential, and the level of dividend income the Fund expected to be able to generate over the year. We continue to monitor these and other factors to evaluate the appropriate distribution level.

Performance Drivers

Global equities continued their impressive ascent during the 12-month period ended October 31, 2014, but the dispersion of returns among different geographic regions was striking. The total return of the S&P 500® Index, at 17.26% contrasted sharply with that of the MSCI Europe Index (down 0.52% in U.S. Dollar terms) and the MSCI Emerging Markets Index (up 0.64%). With economic prospects in the U.S. remaining relatively sanguine as compared to most other countries, particularly in Europe, the U.S. trade-weighted Dollar Index rose by about 8% during the period, driven largely by the 8% depreciation in the Euro and the 14% depreciation in the Japanese Yen against the Dollar.

On a sector basis, information technology, health care and industrials had the greatest positive effect on the absolute total return of the Fund. The energy, consumer discretionary and materials sectors had the greatest negative effect on the absolute performance of the Fund. On a relative basis, the industrials sector generated the largest outperformance versus the MSCI All Country World Daily TR Index (Net Div), followed by information technology and materials. The energy, consumer discretionary and financials sectors were the worst relative performers during the period.

Portfolio Analysis

The top five stock contributors to the Fund’s performance for the fiscal year ended October 31, 2014 based on contribution to total return were Avago Technologies, Apple, Inc., Canadian Pacific Railway, The Williams Companies, and Covidien.

Several positive events led to the strong performance of semiconductor manufacturer Avago Technologies. The company’s

purchase of LSI Corp. in Q4 2013 has been well received and was earnings accretive in the second half of 2014. Also in the merger & acquisitions (M&A) realm, two of Avago’s competitors in the wireless space agreed to merge, which we believe bodes well for future pricing trends. Meanwhile, Avago’s core wireless business has benefited from the roll out of next generation (4G LTE) wireless networks.

Apple has enjoyed an impressive turnaround in 2014. The shares began to improve midway through the year as the earnings outlook improved and investors began to anticipate the introduction of the iPhone 6 and 6 Plus. Further gains were fueled by speculation of a new product, in this case the Apple Watch. Earnings estimates and unit projections continue to climb for the company, leading to the continued outperformance of the shares.

Canadian Pacific Railway is a Class 1 transcontinental railway serving Canada and the United States. Canadian Pacific is in the midst of an impressive turnaround, achieving a mid-60s (percent) operating ratio goal. At its analyst day in October 2014, the company positioned itself as a structural growth story, targeting 10% revenue growth, a low 60s operating ratio, and approximately doubling its earnings per share (EPS) growth by 2018. We believe Canadian Pacific should benefit from a number of powerful themes such as the energy renaissance, industrial resurgence, and tight trucking capacity in the U.S.

The Williams Companies is a diversified natural gas company in the United States. In June, the Williams Companies announced a transaction that had the effect of merging Access Midstream L.P. and Williams Partners L.P. The result of the transaction restored financial flexibility at Williams Partners L.P. and also created a higher and more visible distribution growth.

Covidien, a medical device company spun out of Tyco International in 2007, received a takeover offer in June 2014 from competitor Medtronic, filling a void in Covidien’s product line-up with the former’s dominant portfolio of implantable medical devices like pacemakers and stents. Covidien also benefited from the significant stock component of the merger, as Medtronic shares rallied due to the significant earnings accretion of the deal.

The bottom five stock contributors to the Fund’s performance for the fiscal year ended October 31, 2014 based on contribution to total return were Precision Drilling Corp, Pier 1 Imports, Energy XXI Bermuda, Trilogy Energy, and Standard Chartered.

Precision Drilling Corp is the largest contract driller in Canada and a top five onshore driller in the U.S. With declining day rates and utilization rates amidst a declining commodity price environment, the stock underperformed the market as well as its peer group, as investors questioned its earnings growth trajectory. As of the writing of this shareholder letter, the Fund has exited the position.

Pier 1 Imports is a nationwide specialty retailer of a wide variety of furniture, decorative accessories, dining and kitchen products, and bed and bath products. The company was hit by weather-related issues that impacted much of the retail landscape in the first half of the year. As the year progressed, the company’s store traffic lagged

Manager Commentary (Continued)
October 31, 2014

expectations, eclipsing the strong growth in its nascent online business. The Fund has since exited the position.

Energy XXI Bermuda, an exploration and production company offering “pure-play” exposure to the Gulf of Mexico, announced a dilutive acquisition in the spring of EPL Oil and Gas, and issued disappointing fiscal year 2015 production guidance in early August, 2014. The Fund exited the position as we felt the investment thesis was significantly impaired following these events.

Trilogy Energy, an exploration and production company with significant exposure to the emerging Duvernay region in Canada, was another casualty of the declining commodity price environment. Beyond pricing headwinds, the company also faced production-related disappointments and material cost inflation. The Fund has exited the position.

Standard Chartered, an international banking group, underperformed on the heels of multiple profit warnings, with loan loss provisions rising due largely to commodity financing exposures, and asset quality deterioration particularly in China. The company continues its aggressive cost restructuring program, and its strong balance sheet provides good downside protection.

In order to achieve its dividend, the Fund participated in a number of dividend capture strategies including (1) purchasing shares in the stock of a regular dividend payer before an upcoming ex-date and selling after the ex-date, (2) purchasing shares before an anticipated special dividend and selling opportunistically after the ex-date of the dividend, and (3) purchasing additional shares in stocks that the Fund already owns before the ex-date and selling the original shares after the ex-date, thus receiving a dividend on a larger position while still maintaining qualified dividend income eligibility (“QDI”) on its position. Although these strategies have resulted in higher turnover and associated transaction costs for the Fund, overall the Fund’s turnover rate has decreased as we have relied less upon these strategies this year. While there is the potential for market loss on the shares that are held for a short period, we seek to use these strategies to generate additional income with limited impact on the construction of the core portfolio.

We have hedged a portion of our currency exposures to the Euro, the Swiss Franc, the Japanese Yen and the British Pound. The currency hedging mitigated the overall negative impact of currency in the portfolio. We have also used leverage at times in the execution of the strategy of the Fund during the fiscal year.

Summary & Outlook

As we look toward 2015, we see a market environment that remains fairly uncertain. While the U.S. economy appears to be in a sustained growth trajectory, it is challenged by a partisan environment in Washington, D.C. and numerous external headwinds including soft export markets and geopolitical uncertainties relating to key trading partners. The U.S. stock market nonetheless continues to grind higher, supported by a benign macro environment and solid corporate earnings growth, while, at the same time, wrestling with the prospect of the first Federal Funds rate hike in many years.

In Europe, growth continues to be quite sluggish and the specter of recession and/or deflation cannot be overlooked, as ongoing conflicts in Russia/Ukraine add to the numerous risk factors. Indeed, the European Central Bank (ECB) continues to strike a dovish tone with its commitment to accommodative short rates, and is now embarking on a path towards its own version of quantitative easing to combat the deflationary threat.

In Japan, the central bank recently increased the size and scope of its asset purchase program in an effort to steer the economy towards its 2% inflation target. As a result, the Yen has depreciated significantly versus the Dollar and many other currencies, a development that we believe will have global ramifications.

In emerging markets, government elections in Brazil, India, South Africa and Turkey have reached, or are near, resolutions. We believe this may improve the visibility in each country’s respective economic growth outlook and we continue to believe that urbanization will drive growth in emerging markets.

Beyond the macroeconomic environment, the Fund continues to emphasize its focus on what we view as high quality companies with strong balance sheets and a willingness to reward shareholders with dividends. We will continue to adapt our investment approach as economic conditions change and look forward to discussing the portfolio and the prospects for the Fund in future communications.

Sincerely,

Brian Hennessey
Joshua Duitz

Portfolio Managers

Past performance is not a guarantee of future results.

Please refer to the Schedule of Portfolio Investments for fund holdings 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 holdings are subject to risk.

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

The information provided is not intended to be, and is not, 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.

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 may pay in any given timeframe.

The Fund's monthly distributions may consist of net investment income, net realized capital gains and /or a return of capital. If a distribution includes anything other than net investment income, the Fund will provide a notice of the best estimate of its distribution

Manager Commentary (Continued)
October 31, 2014

sources when distributed, which will be posted on the Fund's website, or can be obtained by calling 1-800-617-7616. A return of capital distribution does not necessarily reflect the Fund's investment performance and should not be confused with "yield" or "income". Final determination of the federal income tax characteristics of distributions paid during calendar year will be provided on U.S. Form 1099-DIV, which will be mailed to shareholders. Over the past five years, the Alpine Total Dynamic Dividend Fund did not pay any distributions through a return of capital as determined at the end of each year. Please consult your tax advisor for further information.

The Fund may invest in equity-linked securities and various other derivative instruments, which may be illiquid, and which may disproportionately increase losses, and have a potentially large impact on Fund performance. Diversification does not assure a profit or protect against loss in a declining market.

Investing involves risk. Principal loss is possible. The Fund is subject to risks, including the following:

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.

Currency Risk – The value of investments in securities denominated in foreign currencies increases or decreases as the rates of exchange between those currencies and the U.S. dollar change. Currency conversion costs and currency fluctuations could erase investment gains or add to investment losses. Currency exchange rates can be volatile, and are affected by factors such as general economic conditions, the actions of the U.S. and foreign governments or central banks, the imposition of currency controls and speculation.

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 underperform 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. The Fund may hold securities for short periods of time related to the dividend payment periods and may experience loss during these periods.

Emerging Market Securities Risk – The risks of foreign investments are heightened when investing in issuers in emerging market countries. Emerging market countries tend to have economic, political and legal systems that are less fully developed and are less stable than those of more developed countries. They are often particularly sensitive to market movements because their market prices tend to reflect speculative expectations. Low trading volumes may result in a lack of liquidity and in extreme price volatility.

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).

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. The Fund may enter into foreign currency transactions to try to manage this risk. The 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 Adviser to accurately predict the direction of changes in currency exchange rates. The Fund may enter into forward foreign currency exchange contracts in order to protect against possible losses on foreign investments resulting from adverse changes in the relationship between the U.S. dollar and foreign currencies. Although this method attempts to protect the value of the Fund's portfolio securities against a decline in the value of a currency, it does not eliminate fluctuations in the underlying prices of the securities and while such contracts tend to minimize the risk of loss due to a decline in the value of the hedged currency, they tend to limit any potential gain which might result should the value of such currency increase.

Foreign Securities Risk – The Fund's investments in securities of foreign issuers or issuers with significant exposure to foreign markets involve additional risk. Foreign countries in which the Fund may invest may have markets that are less liquid, less regulated and more volatile than U.S. markets. The value of the Fund's investments may decline because of factors affecting the particular issuer as well as foreign markets and issuers generally, such as unfavorable government actions, and political or financial instability. Lack of information may also affect the value of these securities. The risks of foreign investment are heightened when investing in issuers of emerging market countries.

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.

Initial Public Offerings and Secondary Offerings Risk – The Fund may invest a portion of its assets in shares of IPOs or secondary offerings of an issuer. IPOs and secondary offerings may have a magnified impact on the performance of a Fund with a small asset base. The impact of IPOs and secondary offerings on a Fund's performance likely will decrease as the Fund's asset size increases, which could reduce a Fund's returns. IPOs and secondary offerings may not be consistently available to the Fund for investing. IPO and secondary offering shares frequently are volatile in price due to the absence of a prior public market, the small number of shares available for trading and limited information about the issuer. Therefore, the

Manager Commentary (Continued)
October 31, 2014

Fund may hold IPO and secondary offering shares for a very short period of time. This may increase the turnover of the Fund and may lead to increased expenses for the Fund, such as commissions and transaction costs. In addition, IPO and secondary offering shares can experience an immediate drop in value if the demand for the securities does not continue to support the offering price.

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 – Stock prices of micro-capitalization companies are significantly more volatile, and more vulnerable to adverse business and economic developments than those of larger companies. Micro-capitalization companies often have narrower markets for their goods and/or services and more limited managerial and financial resources than larger, more established companies, including small- or medium-capitalization 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.

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 the 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. The 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 the Fund may not receive the net amount of payments that the Fund contractually is entitled to receive.

Undervalued Stock Risk – The Fund may pursue strategies that may include investing in securities, which, in the opinion of the Adviser, are undervalued. The identification of investment opportunities in undervalued securities is a difficult task and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued securities offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses.

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

Accretive is the growth or increase by gradual addition.

Earnings Per Share is the portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serves as an indicator of a company's profitability.

MSCI All Country World Daily TR Index (Net Div) is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed and emerging markets.

MSCI Emerging Markets Index USD is a free float-adjusted market cap weighted index that is designed to measure equity market performance in the global emerging markets.

MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. Source: MSCI. MSCI data may not be reproduced or used for any other purpose. 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.

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.

An investor cannot invest directly in an index.

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

Manager Commentary (Continued)
October 31, 2014 (Unaudited)

PERFORMANCE[1] *As of October 31, 2014 (Unaudited)*

	Ending Value as of 10/31/14	1 Year	3 Years	5 Years	Since Inception[2]
Alpine Total Dynamic Dividend Fund | NAV[3][4]	$9.92	9.26 %	10.15%	6.42 %	-2.87 %
Alpine Total Dynamic Dividend Fund | Market Price[4]	$8.67	12.44%	6.93 %	-1.22 %	-5.12 %
MSCI All Country World Daily Total Return Index (Net Div)		7.77 %	12.98%	10.57%	3.85 %
S&P 500® Index		17.26%	19.77%	16.69%	6.87 %

(1) Performance information calculated assuming reinvestment of dividends and distributions including returns of capital, if any.
(2) Commenced operations on January 26, 2007. IPO split adjusted price of $40 used in calculating performance information for the market price.
(3) Performance at NAV includes fees and expenses.
(4) On January 21, 2014, the Fund implemented a 1 for 2 reverse stock split. Shareholders received 1 share for every 2 shares owned and net asset value and market price per share increased correspondingly.

To the extent that the Fund's historical performance resulted from gains derived from participation in Initial Public Offerings ("IPOs") and/or Secondary Offerings, 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/Secondary Offerings in the future.

All figures represent past performance and are not a guarantee of future results. 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 for current month-end performance.

The **MSCI All Country World Daily Total Return Index (Net Div)** is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets and emerging markets. 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.

PORTFOLIO DISTRIBUTIONS* (Unaudited)

TOP 10 HOLDINGS* (Unaudited)			
Apple, Inc.	2.06	%	United States
Avago Technologies, Ltd.	1.67	%	Singapore
Canadian Pacific Railway, Ltd.	1.58	%	Canada
Covidien PLC	1.57	%	Ireland
Novartis AG-ADR	1.51	%	Switzerland
McKesson Corp.	1.50	%	United States
Roche Holding AG	1.40	%	Switzerland
Invesco, Ltd.	1.35	%	United States
Vodafone Group PLC-ADR	1.33	%	United Kingdom
HCA Holdings, Inc.	1.33	%	United States
Top 10 Holdings	15.30	%	

TOP 5 COUNTRIES* (Unaudited)		
United States	53.2	%
United Kingdom	9.3	%
Switzerland	6.9	%
France	5.6	%
Canada	3.5	%

* *Portfolio Distributions percentages are based on total investments. The Top 10 Holdings and Top 5 Countries do not include short-term investments and percentages are based on total net assets. Portfolio holdings and sector distributions are as of 10/31/14 and are subject to change. Portfolio holdings are not recommendations to buy or sell any securities.*

Manager Commentary (Continued)
October 31, 2014

REGIONAL ALLOCATION** *As of October 31, 2014 (Unaudited)*

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

NAV AND MARKET PRICE *As of October 31, 2014 (Unaudited)*

8

Report of Independent Registered Public Accounting Firm
October 31, 2014

To the Shareholders and Board of Trustees of
Alpine Total Dynamic Dividend Fund:

We have audited the accompanying statement of assets and liabilities, including the schedule of portfolio investments, of Alpine Total Dynamic Dividend Fund (the "Fund"), as of October 31, 2014, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of October 31, 2014, by correspondence with the custodian and brokers; where replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Alpine Total Dynamic Dividend Fund as of October 31, 2014, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Princeton, New Jersey
December 29, 2014

Schedule of Portfolio Investments
October 31, 2014

Shares	**Security Description**	**Value**
Common Stocks-97.5%		
Aerospace & Defense-1.9%		
156,000	Airbus Group NV	$9,305,391
54,500	Raytheon Co.	5,661,460
51,500	United Technologies Corp.	5,510,500
		20,477,351
Air Freight & Logistics-1.1%		
68,000	FedEx Corp.	11,383,200
Airlines-0.5%		
200,000	Japan Airlines Co., Ltd.	5,320,276
Auto Components-1.5%		
84,000	Delphi Automotive PLC	5,794,320
2,101,000	GKN PLC	10,687,887