

# ALPINE SELECT

ANNUAL  
REPORT  
2015

## Investors' Information

### Board of Directors

Raymond J. Baer	Chairman
Thomas Amstutz	Member
Walter Berchtold	Member
Dieter Dubs	Member

### Management

Claudia Habermacher	Chief Executive Officer
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### Auditors

KPMG Ltd.  
Badenerstrasse 172  
8026 Zurich / Switzerland

### Alpine Facts

Incorporation date	18 September 1997
Listing	SIX Swiss Exchange
Stock Exchange Symbol	ALPN
Swiss Security Number	1.919.955
ISIN Code	CH0019199550
Reuters	ALPN.S
Bloomberg	ALPN SW EQUITY
Type of Shares	Registered shares
Outstanding Shares	14,316,232
Custodian	Bank Julius Baer
Management Fees	None
Advisory Fees	CHF 0.7m/annually
Performance Fees	None
Distributions	Out of reserves from capital contributions

### Corporate Calendar

<http://www.alpine-select.ch/investors/corporate-calendar.aspx>

### Contact

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<http://www.alpine-select.ch/>

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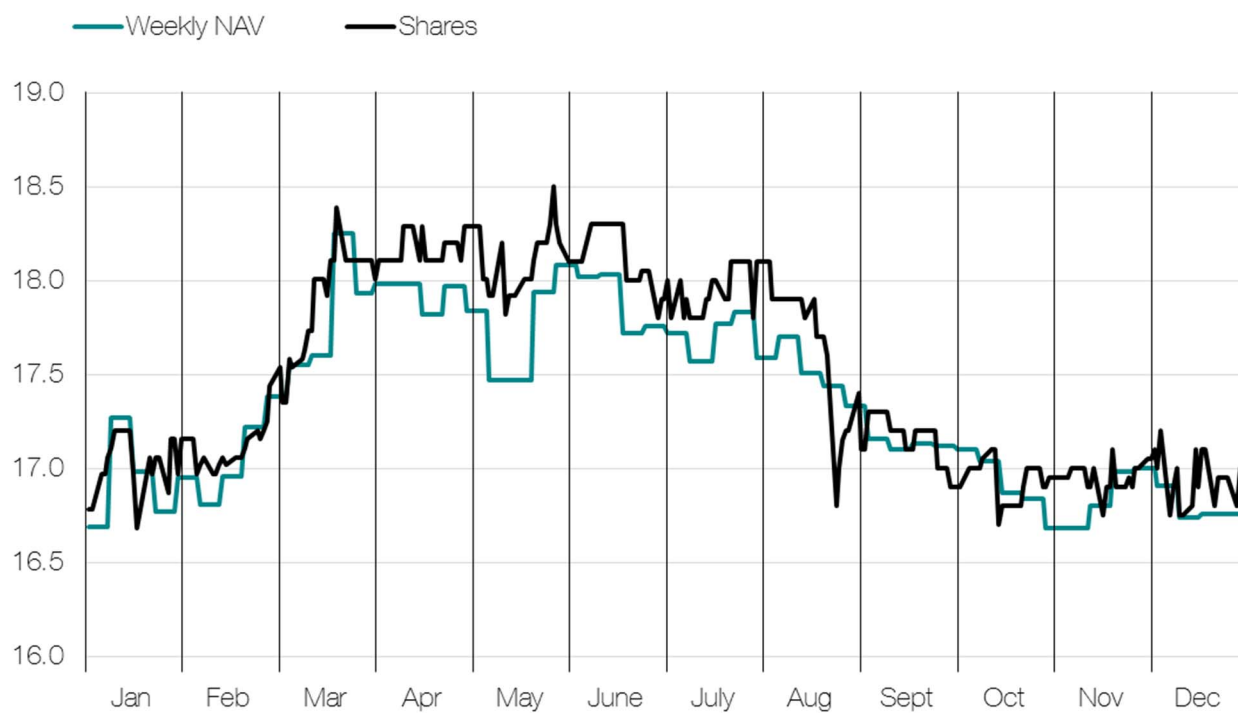
### Performance Table

	31 Dec 2015	31 Dec 2014
Share price	16.90	16.78
NAV	16.72	16.93

	High 2015	Low 2015
Share price	18.50	16.68
Premium / (Discount) to NAV	3.81%	-4.01%
NAV	18.25	16.68

### 12 Months Price-History in CHF for the Year 2015

Daily closing share price and weekly NAV



## Positions as a Percentage of Net Asset Value (NAV) on 31 December 2015

Altin Ltd.	25.57%
HBM Healthcare Investments Ltd.	7.04%
Cheyne New Europe Fund L.P.	7.00%
CQS Directional Opp. Feeder Fund Ltd.	4.24%
Sparx Japan Value Impact Fund	3.90%
Other Long Positions	26.49%
Other Hedge Fund Positions	7.46%
Cash and other assets/(liabilities), net	18.30%

## Monthly NAV Performance in %

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
<b>2011</b>	3.5	2.0	0.6	3.0	4.2	-1.2	-1.2	-4.5	-2.0	1.7	-1.4	-0.5	<b>3.8</b>
<b>2012</b>	1.5	3.1	0.0	1.8	-2.7	2.6	0.3	1.4	1.4	-4.9	-2.8	7.2	<b>8.7</b>
<b>2013</b>	1.8	0.2	0.5	-0.7	3.9	-2.1	1.0	-1.2	3.9	3.5	-0.1	1.0	<b>12.2</b>
<b>2014</b>	2.3	1.4	-1.8	-0.8	5.8	1.2	-1.1	0.6	-2.2	2.9	0.9	1.6	<b>11.1</b>
<b>2015</b>	0.6	3.2	2.8	-0.8	0.2	-0.8	-1.0	-1.8	-1.8	-1.7	1.8	-1.2	<b>-0.6</b>

The monthly NAV performance as disclosed in above performance table is based on the estimated monthly NAV as published by the Company. The NAV effect of the acquisition and consolidation of Absolute Invest Ltd. is considered from April 2014 on. Published NAVs are not adjusted except for the effect of dividend distributions of Alpine Select Ltd. Estimated and effective monthly NAVs may differ. Effective performance for the year 2015 was -1.25% (2014: 11.5%). Change to publication of consolidated NAV as of April 2014.

## Monthly Share Price Performance in %

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
<b>2011</b>	4.2	3.5	-0.8	3.6	3.7	-0.3	-1.8	-3.9	-0.9	0.0	-1.9	0.3	<b>5.3</b>
<b>2012</b>	1.0	2.9	4.1	0.6	0.0	0.6	0.9	0.3	-0.6	-0.6	-1.9	1.3	<b>8.8</b>
<b>2013</b>	1.9	-0.3	0.6	0.3	2.0	-1.9	1.6	-1.0	2.9	5.1	0.3	0.0	<b>12.0</b>
<b>2014</b>	4.2	1.2	-0.6	-0.6	5.2	1.2	-0.6	0.3	-1.4	1.8	0.6	1.1	<b>12.8</b>
<b>2015</b>	2.3	1.7	3.8	1.0	-0.5	-1.6	1.1	-3.9	-2.9	0.3	0.6	-0.9	<b>0.7</b>

\* All figures are adjusted for the dividend payment in May 2015 out of reserves from capital contributions.

## Chairman's Statement and Review of Operations

Dear Shareholders

For the Swiss investor, 2015 started with a shock when the Swiss National Bank abandoned the minimal exchange rate of CHF 1.20 per Euro on 15 January. The reason for this measure was the extreme expansionary easing of the monetary policy of the ECB. This led to a significant lower Euro and a multiple increase in the valuation of European stock markets that peaked in May 2015 at a 25% increase.

Soon thereafter, various geopolitical worries brought increasing uncertainties into the market. The summer was dominated by a tragic back and forth around the Greek debt issues. In August, the Chinese Stock Market collapsed after having risen over 100% since January 2014. While this event in itself had no direct influence on capital flows, it was seen as a precursor of a slowing Chinese Economy. This slowdown caused the oil price to collapse from USD 60 to below USD 30. For oil export oriented countries and for the commodity sector this meant a massive cutback of investments and caused recessionary fears in Europe and in the USA. The resulting deficits in the GDPs of those countries had to be covered by massive sell orders by their sovereign wealth funds which led to significant corrections in the overall markets in the fall of 2015.

At year-end 2015, the market indices showed roughly similar levels as at the end of 2014.

The performance of the shares of Alpine Select mirrored roughly the stock market indices, however with a much lower volatility. Including the pay-out to shareholders of CHF 1.00 our share price increased by 0.73% (from CHF 16.78 to CHF 16.90) and the Net Asset Value («NAV») closed the year with -1.25% at CHF 16.72 (from CHF 16.93 as per year-end 2014). Even though our long-term performance target of 6 – 8% p.a. was not reached, the board of directors considers this result as acceptable given the challenging market environment. The board therefore proposes to the annual shareholders' meeting on 24 May 2016 again a distribution in the form of a withholding tax-free repayment out of "reserves from capital reserves" of CHF 1.00 per registered share entitled to dividends.

On 20 May 2015, the annual shareholders' meeting re-elected all board members, the members of the compensation committee, the independent proxy advisor as well as the auditors. The members of the board and the management were granted discharge. In addition, the shareholders authorized the board to launch at their discretion a new share buyback program up to a maximum of 10% of the total share capital. The board of directors activated the share buyback program by installing a second trading line on 11 November 2015, which will be sustained until the ordinary shareholders meeting of Alpine Select in 2017 at the latest. After completion of the share buyback program, the board of directors will propose to the General Assembly the capital reduction by cancellation of all shares purchased within this buyback program. The board is entitled to terminate the program at any time and has no obligation to purchase own shares under this program.

The board decided on 13 July 2015 to issue 938,278 new bearer shares as a result of the shareholders' decision on 20 May 2015 to conduct a capital increase. The new shares were placed through an accelerated book building procedure with a share price of CHF 17.60. This share price equaled to a minimal premium of CHF 0.03 to the NAV as of 9 July 2015 of CHF 17.57. Alpine Select received growth profits of CHF 16.3 million through this capital increase.

The most important results of the portfolio of Alpine Select:

- Even though 15 January 2015 will go down in financial history as the day of the Swiss franc shock, our portfolio made a small profit as a result of tactical trading decisions.
- The Hedge Fund sector performed negatively in 2015. Alpine closed the year in this segment with a CHF 5 million loss.
- Our Japan exposure lost a good part of our important gains of the first half year to close the reporting period with a CHF 1.2 million profit.
- Our most important decision was to sell our 40% participation (in percentage of Alpine Select's total net assets) in HBM Healthcare Investments Ltd. («HBM»). This was also our oldest position. In November / December 2015 we sold a 10% participation in HBM for CHF 75 million, thereby realizing a gain of approximately CHF 40 million. At year-end, Alpine held 165,300 HBM shares valued at CHF 17 million and representing 7% of the Alpine portfolio. This much smaller position showed a positive contribution of CHF 7 million to our result.
- With our increased cash position, we could build up our position in Altin Ltd. («Altin»). Our shareholding in 2015 increased from 17.46% as at begin of the year to 27.56% or CHF 57.5 million as at 31 December 2015. In early 2016 we could further increase our holding to over 33%. At Altin's extraordinary shareholder's meeting that we had requested and that was held on 18 March 2016, our representative Thomas Amstutz was elected to the Altin board of directors. All the other motions put forward by Alpine Select (distribution of a substantial dividend and the replacement of three members of the board with appointees nominated by Alpine) were declined. However, it is our intention to pursuing our interest in this particular investment further.

With our defensive portfolio strategy holding roughly 19% in cash we continue to try to identify opportunities in an ever more challenging market environment.

On behalf of the board of directors, we would like to thank you for your continued support and trust in our activities.



Raymond J. Baer

Chairman of the Board of Directors of Alpine Select Ltd.





## Corporate Governance

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### 1. Company structure and shareholders

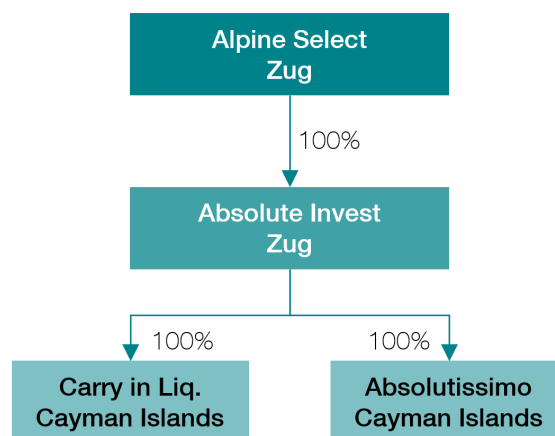
#### 1.1 Business

Alpine Select Ltd. (the «Company», «Alpine») offers institutional and individual investors the opportunity to buy into a broad portfolio with core investment strategies focusing on: discount, risk-arbitrage, tactical exploitation of under-researched companies/situations, short-term opportunities and liquid hedge funds.

#### 1.2 Group structure

Alpine, with registered offices at Gotthardstrasse 31, Zug, Switzerland, is a joint stock company incorporated on 17 September 1997 under the laws of Switzerland. The shares of Alpine are listed on the SIX Swiss Exchange under the Stock Exchange symbol ALPN, ISIN Code CH0019199550. As at 31 December 2015, market capitalization stood at CHF 241.94 million (2014: CHF 236.79 million).

Absolute Invest Ltd., Zug («Absolute Invest») the consolidated and only subsidiary of the Company is a joint stock company with registered offices at c/o Alpine Select Ltd., Gotthardstrasse 31, Zug, Switzerland. Absolute Invest holds the subsidiary Absolutissimo Limited («Absolutissimo») and Carry Ltd. («Carry»), both domiciled in the Cayman Islands. Carry was put into liquidation and the Certificate of Dissolution was issued by the Registrar of Companies on 3 November 2015. The company was removed from the Companies Register of the Cayman Islands on 1 February 2016.



#### 1.3 Significant shareholders

The Company received one disclosure notification of shareholders during 2015: On 1 April 2015, Hans Müller, Hergiswil reported to have acquired the shares previously held by Fabrel Ltd., where he is a beneficial owner. Due to this, the disclosed investor group between Hans Müller and Fabrel ceased existing. An update on shareholdings can be obtained from the SIX Swiss Exchange website by selecting 'Alpine Select AG': [www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html](http://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html).

Five management transactions were reported to the SIX Swiss Exchange in 2015. They also can be viewed on the SIX website by selecting 'Alpine Select AG': [www.six-exchange-regulation.com/de/home/publications/management-transactions.html](http://www.six-exchange-regulation.com/de/home/publications/management-transactions.html).

As of 31 December 2015 Alpine had 14,316,232 shares issued and outstanding. The Company has knowledge of the following investors which held 3% or more of the outstanding shares of Alpine:

	2015	2014
<b>Trinsic Ltd.</b> Artherstrasse 21, 6300 Zug <ul style="list-style-type: none"> <li>• Number of shares, including 170,000 shares (2014: 170,000 shares) directly held by the beneficial owners of Trinsic Ltd.</li> <li>• Percentage</li> </ul> Beneficial owners of Trinsic Ltd.: Daniel Sauter, Zug; Regina Barbara Young, Zug; Viktoria Louise Sauter, Zug; Florian Sauter, Zug and, partly indirect through Talpas Ltd., 7502 Bever: Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Bever and Fabienne Vukotic, Zurich	2,160,415 15.09%	2,154,300 16.10%
<b>Hans Müller</b> Seestrasse 50, 6052 Hergiswil <ul style="list-style-type: none"> <li>• Number of shares</li> <li>• Percentage</li> </ul>	1,450,000 10.13%	n/a
<b>Fabrel Ltd. / Hans Müller</b> Seestrasse 50, 6052 Hergiswil <ul style="list-style-type: none"> <li>• Number of shares including 376,140 shares directly held by Hans Müller</li> <li>• Percentage</li> </ul> Beneficial owner of Fabrel Ltd. is Hans Müller, Hergiswil	n/a	1,351,140 10.10%
<b>Raymond J. Baer</b> Bühlstrasse 51, 8700 Küsnacht <ul style="list-style-type: none"> <li>• Number of shares</li> <li>• Percentage</li> </ul>	897,708 6.27%	783,708 5.86%
<b>Hans-Ulrich Rihs</b> Eichstrasse 49, 8712 Stäfa <ul style="list-style-type: none"> <li>• Number of shares</li> <li>• Percentage</li> </ul>	613,000 4.28%	570,000 4.26%
<b>Hans Hornbacher</b> Route de Perreret 3, 1134 Vufflens-le-Château <ul style="list-style-type: none"> <li>• Number of shares</li> <li>• Percentage</li> </ul>	473,637 3.31%	445,637 3.33%

To the Company's best knowledge, there are no shareholder agreements in place.

## 1.4 Cross-shareholdings

There are no cross-shareholdings.

## 2. Capital structure

### 2.1 Capital

The Company's fully paid-in share capital consists of 14,316,232 registered shares with a nominal value of CHF 0.02 each. The shares are listed in CHF on the SIX Swiss Exchange in Zurich under the Stock Exchange symbol ALPN, ISIN code CH0019199550.

### 2.2 Authorized and conditional share capital

#### Authorized share capital

According to article 4a of the Company's articles of association, the board of directors is authorized to increase the share capital by a maximum amount of CHF 100,000.00 at any time until 27 May 2017 by issuing a maximum of 5,000,000 registered shares with a nominal value of CHF 0.02 each to be fully paid-in.

Increases by way of firm underwriting and partial increases are permitted. The board of directors shall determine the date of issuance of the new shares, their issue price, the method of payment, the conditions for exercising subscription rights and the date of the dividend entitlement. Upon acquisition, the new registered shares are subject to the transfer restrictions set forth in article 6 of the articles of association.

The board of directors is authorized to exclude the subscription rights of the shareholders and to allocate them to third parties, if the new registered shares are used for a merger with a company, an acquisition of enterprises, parts of enterprises or participations in companies by share exchange, for the financing or re-financing of acquisitions of enterprises, parts of enterprises or participations in companies or new investment projects.

Registered shares for which subscription rights have been granted, but not exercised, are to be sold on the market at market conditions or to be used in the interest of the Company.

#### Conditional share capital

As of 31 December 2015, the Company's articles of association (art. 4b) foresee that the share capital may be increased by a maximum amount of CHF 121,779.54 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid-in, through the exercise of option and/or conversion rights granted in connection with bonds or similar debt instruments of the Company or its subsidiary, and/or through the exercise of option rights granted to the shareholders.

The respective owners of option and/or conversion rights are entitled to subscribe the new shares. The subscription right of the current shareholder is excluded for such new shares. The board of directors shall determine the option and/or conversion conditions.

The board of directors is authorized to restrict or exclude the shareholders' preemption rights when issuing bonds or similar debt instruments connected to option and/or conversion rights if these are issued to finance, including refinance, the acquisition of enterprises, parts of enterprises or participations in companies or new investment projects. If the preemption right is excluded by a resolution of the board of directors, the following applies: (1) The bonds or similar debt instruments shall be issued at the respective market conditions and new shares shall be issued at the respective option and/or conversion conditions. (2) The exercise period shall not exceed ten years from the respective date of issuance for conversion rights and five years from the respective date of issuance for option rights. (3) The determination of the option or conversion price or their calculation modalities shall be effected at market conditions; with respect to the shares of the Company, their stock market price is relevant.

The acquisition of shares by exercising conversion and /or option rights as well as each subsequent transfer

of the shares are subject to the restrictions of article 6 of the articles of association.

### **2.3 Changes in share capital**

The description of the changes of the share capital is disclosed in the consolidated financial statements, Note 13.

### **2.4 Shares**

The Company's share capital as at 31 December 2015 amounts to CHF 286,324.64 and consists of 14,316,232 fully paid-in registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. There are two share certificates outstanding for 525 shares in total.

### **2.5 Profit sharing certificates**

There are no profit sharing certificates outstanding.

### **2.6 Limitation on transferability and nominee registration**

Registered shareholders are those recognized as such by a corresponding entry in the Company's share register. Acquirers of registered shares shall be registered in the share register as shareholders with voting rights upon request without limitation provided they explicitly declare that they acquired these registered shares in their own name and on their own account (art. 6 para. 1 and 2 of the articles of association).

In accordance with article 6 paragraph 3 and 4 of the articles of association, persons who do not confirm in their registration application to hold the shares for their own account (hereinafter «Nominees») shall be registered in the share register with voting rights up to a maximum of 9% of the share capital as registered in the commercial register. Nominees who are affiliated by capital or vote, through common management or otherwise, or who coordinate their actions through agreement, syndicate or otherwise in order to avoid the registration restrictions are to be considered as one Nominee. Beyond this limit, Nominees are only registered as shareholders with voting rights if the respective Nominee discloses the names, addresses, nationalities and shareholdings of the persons for whose account the Nominee holds 1% or more of the share capital as registered in the commercial register.

After hearing the person affected, the board of directors may cancel entries in the share register, if these were based on wrong information provided by the acquirer. The acquirer shall immediately be informed about the cancellation. The board of directors shall take the measures necessary to ensure the compliance with the aforementioned provisions. It is authorized to conclude agreements with Nominees regarding their notification duties (art. 6 para. 5 and 6 of the articles of association).

With the reservation of article 653c paragraph 3 of the Swiss Code of Obligations («CO»), these restrictions also apply in case of the acquisition of registered shares by exercising subscription, option and conversion rights (art. 6 para. 7 of the articles of association).

The alleviation or suspension of the restriction regarding the transfer of registered shares requires a resolution of the shareholders' meeting passed by at least two thirds of the voting shares represented and the absolute majority of the par values of the shares represented (art. 12 of the articles of association).

### 2.7 Convertible bonds and/or warrants or options

The Company does not have convertible bonds and/or warrants or options outstanding.

## 3. Board of directors

### 3.1 Members of the board of directors

All members of the Board of Directors of Alpine are non-executive members.

**Raymond J. Baer**, born 1959, Swiss citizen

Raymond J. Baer holds a law degree (lic.iur.) from the University of St. Gallen (1984) and a Master of Laws (LL.M.) from the Columbia Law School, New York (1985).

From 1988 to 2003, he held various executive positions within the Julius Baer Group Ltd. abroad and in Switzerland, lastly as head of Private Banking Business Line and member of the group executive board. From 2003 to 2012, he was the Chairman of the Board of Directors of the Julius Baer Group and board member as well as member of the Committee of the Governing Board of the Swiss Bankers Association (1999 – 2012). Raymond J. Baer was president of the Association of Swiss Commercial & Investment Banks (2003 – 2012) and member of the Regulatory Board of SIX Swiss Exchange (1999 - 2010).

Since December 2013, Raymond J. Baer is also the Chairman and non-executive member of the Board of Directors of Absolute Invest. He has no significant business relationship with Alpine or its subsidiary.

**Thomas Amstutz**, born 1962, Swiss citizen

Thomas Amstutz completed his bank apprenticeship at Credit Suisse and graduated from the Commercial School of Business Administration, Zurich in 1981.

Between 1987 and 2004, he held various management positions at different entities of the Credit Suisse Group, based in Geneva, Frankfurt and Zurich. From 2005 to 2013, he acted as the Chairman and chief executive officer of Absolute Investment Services Ltd., Zurich. Since 2014, he is partner and director of JAAM AG, Zurich.

Since December 2013, Thomas Amstutz is also a non-executive member of the Board of Directors of Absolute Invest (from 2000 to 2013 he acted as the Chairman of the board). JAAM AG provides consultancy services to Alpine (for more see Note 5.5 below).

**Walter Berchtold**, born 1962, Swiss citizen

Walter Berchtold holds a commercial diploma from Neue Schule Zurich.

Walter Berchtold was a member of the Executive Board of Credit Suisse Group AG and Credit Suisse AG from 2003 until 2012. From 2006 until 2011 he was CEO Private Banking and subsequently until 2012 Chairman Private Banking of Credit Suisse. Prior to this role, Walter Berchtold served as CEO Credit Suisse from 2004 until the merger with Credit Suisse First Boston and before that, he held numerous senior positions within Credit Suisse First Boston, Credit Suisse Financial Services and Credit Suisse AG – amongst others – head of Trading & Sales. In addition, Walter Berchtold was the Chairman of the Board of Directors

of Clariden Leu Ltd. and its predecessor entities until 2012 and over many years, Walter Berchtold served on the boards of various bodies like the Swiss Bankers Association, SWX Swiss Exchange, Eurex, virt-x as well as on several non-profit foundations.

Since May 2014, he is a non-executive member of the Board of Directors of Absolute Invest. He has no significant business relationship with Alpine or its subsidiary.

**Dieter Dubs**, born 1965, Swiss citizen

Dieter Dubs holds a law degree (lic.iur.) from the University of St. Gallen (1993), one (Dr.iur.) from the University of St. Gallen (2000) and an LL.M. from the Harvard Law School (2002).

Dieter Dubs is a partner of Baer & Karrer Ltd, Zurich, since 2005. He has broad experience in M&A transactions with a focus on public tender offers, having represented several target companies in unfriendly takeover situations. In addition, Dieter Dubs advises listed companies on corporate and regulatory matters.

Since December 2013, he is a non-executive member of the Board of Directors of Absolute Invest. Baer & Karrer advises Alpine in legal matters (for more see Note 5.5 below).

### 3.2 Other activities and functions of board members

In accordance with the Corporate Governance Directive and the corresponding commentary of the SIX Swiss Exchange, mandates and interest ties of the members of the Board of Directors of Alpine with exchange-listed domestic and foreign companies as well as with domestic and foreign finance companies outside the Group are listed below, and are in addition to those stated in Note 3.1 above.

#### **Raymond J. Baer**

- Honorary Chairman of the Julius Baer Group
- President of the Julius Baer Group pension fund
- Chairman of the Board of Directors of Longbow Finance SA, Lutry
- Member of the Board of Directors of AMAG Automobil- und Motoren AG, Zurich
- On the board of two foundations

#### **Thomas Amstutz**

- President of the Board of Directors of Jade Invest SA, Neuchatel
- Member of the Board of Directors of Castle Private Equity Ltd., Freienbach; Baloise Bank SoBa Ltd., Solothurn; Model Holding AG, Weinfelden; FinOps AG in Liquidation, Zurich; Absolute Private Equity Ltd., Zug; Vicenda Asset Management AG, Zug
- Member of the Asset Allocation Committee of Hesta AG, Zug and of Spida Personalvorsorgestiftung, Zurich
- Trustee of the board of The Zurich International School, Wädenswil

#### **Walter Berchtold**

- Member of the Board of Directors of Falcon Private Bank Ltd., Zurich
- On the board of a family foundation investment committee

### Dieter Dubs

- None

### 3.3 Statutory clause regarding the number of allowed mandates

The members of the board of directors are not allowed to exercise more than seven additional mandates in companies listed on an official stock exchange and ten additional mandates in companies that are not listed on the stock exchange (art. 13, para. 5 of the articles of association). The following mandates do not fall under the aforementioned restrictions, provided that a member of the board of directors does not exercise more than ten such mandates:

- Mandates in enterprises controlled by the Company; and
- Mandates in associations, foundations, non-profit organizations, trusts, employee benefit schemes and other comparable structures.

### 3.4 Elections and term of office

In accordance with article 13 of the articles of association, the board of directors consists of no less than three and no more than six members.

The chairman, the other members of the board of directors as well as the members of the compensation committee of the board of directors are elected by the shareholders' meeting on an individual basis for a term of office of one year. The term of one year is deemed to signify the period from one ordinary shareholders' meeting to, and including, the next. Members whose term of office expires are eligible for immediate re-election.

If the office of chairman becomes vacant, the board of directors shall appoint a new chairman for the remaining term of office. If vacancies arise in the compensation committee, the board of directors may, for the period until the next ordinary shareholders' meeting, either fill such vacancies with its members or leave them open.

Member	Function	1st time election	Elected until
Raymond J. Baer	Chairman and non-executive member BoD	25 April 2013	2016
	Chairman of the compensation committee	26 May 2014	2016
Thomas Amstutz	Non-executive member BoD	18 April 2012	2016
Walter Berchtold	Non-executive member BoD	26 May 2014	2016
Dieter Dubs	Non-executive member BoD	25 April 2013	2016
	Member of the compensation committee	26 May 2014	2016

### 3.5 Internal organization

#### Board of directors: Definition of areas of responsibility

The board of directors operates according to the CO, the Company's articles of association and its organizational regulations that can be downloaded from the Company's website.



According to the CO and to article 15 of the Company's articles of association, the board of directors has the following non-transferable and inalienable tasks:

1. Overall management of the Company and the issuing of necessary directives;
2. Determination of the organization;
3. Organization of the accounting, financial controlling and financial planning systems;
4. Appointment and dismissal of the persons entrusted with managing and representing the Company and granting of signatory power;
5. Overall supervision of the persons entrusted with the management, particularly with regard to compliance with the law, the articles of association, regulations and directives;
6. Compilation of the annual report as preparation for the shareholders' meeting and implementation of its resolutions;
7. Compilation of the compensation report;
8. Notification of the judge in case of over-indebtedness;
9. Resolutions regarding the recording of capital increases and amendments of the articles of association resulting thereof.

The board of directors meets at the invitation of the president as often as business requires, but at least four times a year. During 2015, the board convened four times.

### **Committees: Compositions, tasks and responsibilities**

In 2014, the board of directors has established two committees, a compensation and an investment committee.

#### **The compensation committee of Alpine**

The compensation committee usually consists of two or three members. The board appoints the chairman from the members of the compensation committee and issues regulations for the compensation committee.

The compensation committee in principle has the following duties and responsibilities:

1. Proposal to the board of directors on the structure of the compensation policy and the guidelines for compensation;
2. Proposal to the board of directors on the maximum total amount of compensation for the board of directors and the management in accordance with article 22 of the articles of association;
3. Proposal to the board of directors on compensation for members of the board of directors;
4. Proposal to the board of directors on the compensation and employment conditions for members of the management, including compensation relevant decisions in connection with termination of the employment relationship;
5. Proposal for amendments of the compensation rules;
6. Proposal of the compensation report to the board of directors;
7. Other duties and responsibilities entrusted to it by the articles of association or the board of directors.

In 2015, the compensation committee met once. As per 31 December 2015, the committee consists of Raymond J. Baer (chairman) and Dieter Dubs.

### The investment committee of Alpine

The investment committee advises the board of directors on investment issues. The committee consists of a minimum of two and not more than six members of the board of directors. The board of directors appoints the chairman from the members of the investment committee. Any board member who is not a member of the committee, is entitled to attend the meetings as a guest. The investment committee meets when required, at least four times a year. The chairman of the committee is free to invite guests for special topics.

The investment committee has the following duties and responsibilities:

1. Proposal to the board of directors on the direction of the investment policy and the investment strategy in general, in line with the investment guidelines;
2. Proposal to the board of directors on investment allocations (geographical or by investment styles) and «exit scenarios», in line with the investment guidelines;
3. Proposal to the board of directors on specific investments and/or divestments, in line with the investment guidelines;
4. Recommendations to the board of directors on framework decisions in regards to investments in financial products;
5. Continuous monitoring and – if required – suggestions to the board of directors on changes to the investment guidelines;
6. Other duties and responsibilities entrusted to it by the articles of association or the board of directors.

The investment committee submits solely recommendations to the board of directors. The ultimate investment decision lies with the board of directors.

In 2015, the investment committee met seven times. As at 31 December 2015, the committee consists of Raymond J. Baer (chairman), Thomas Amstutz and Walter Berchtold.

### 3.6 Areas of responsibility

The board of directors is entrusted with the ultimate direction of the Company as well as with the supervision of the management. It represents the Company towards third parties and attends to all matters which are not delegated to the shareholders' meeting or any other corporate body by law, the articles of association or the organizational regulations.

The board of directors may entrust the management, wholly or in part, and the representation of the Company to one or several individual persons, members of the board of directors or third parties. It may entrust the asset management, wholly or in part, to a legal person. The board of directors shall enact the organizational regulations and arrange for the appropriate contractual relationships or take the appropriate resolutions for the transfer of the management.

### 3.7 Information and control instruments vis-à-vis the management

#### Internal control system («ICS»)

A formalized ICS is in place to monitor the major work processes and risks on a regular basis. It is supervised by the board and supports the management to follow pre-defined processes and evaluate corporate and

process risks, their likelihood and prospective development.

The board of directors receives a NAV calculation and details for the valuation of specific assets on a weekly basis. In order to control and review the functioning of and the compliance with the ICS as well as the Company's general activities, the chairman of the board of directors meets regularly with the chief executive officer to discuss issues at hand, identify and discuss risks and possible remedies and to work through a checklist to e.g. ensure processes are followed, payments are made, dividends are collected, risks are weighted.

## **Risk management**

The board of directors conducts an annual risk assessment that is usually discussed and approved at the board's year-end meeting. Depending on the outcome, internal processes might be amended.

## **4. Management**

### **4.1 Members of management**

The board of directors has delegated the operational management of the Company to Claudia Habermacher as chief executive officer.

Claudia Habermacher, Swiss citizen, born 1969, joined the Company on 1 July 2013 and acts as the Company's chief executive officer since 1 January 2014. Before joining Alpine Select, Claudia Habermacher was a project manager at GAM Anlagefonds Ltd. («GAM») for more than seven years. Among others, at GAM she was in charge of the fund administration of a Swiss listed hedge fund. Prior to her engagement with GAM, she was at creInvest Ltd. responsible for heading the office and overall responsibility in the day-to-day work required to provide professional and administrative support to the CEO and the members of the board of directors. Claudia Habermacher completed her commercial apprenticeship in 1989. She has attended various professional training courses, lastly the certified Swiss Fund Officer FA/IAF (fund-academy AG, Zurich).

Since 23 December 2013, Claudia Habermacher also acts as the chief executive officer of Absolute Invest. In addition, she is a member of the managing board of the Swiss Association of Investment Companies («SAIC») since March 2014.

### **4.2 Statutory clause regarding the number of allowed mandates**

Members of the management may, subject to the approval of the board of directors, exercise a maximum of five mandates in listed or unlisted companies (art. 13, para. 5 of the articles of association).

### **4.3 Management contracts**

Neither management contracts nor agreements of a similar nature exist. Regarding advisory contracts see Note 5.5 below.

### **5. Compensation, shareholdings and loans**

#### **5.1 Compensation of the board of directors and the management**

The compensation of the board of directors and the management is disclosed in the compensation report.

#### **5.2 Common provisions for the compensation of the board of directors and the management**

The common provisions for the compensation of the board of directors and the management is disclosed in the compensation report.

#### **5.3 Approval of the compensations by the shareholders' meeting**

As defined in article 22 of the articles of association, the shareholders' meeting approves the motions of the board of directors separately and annually with regard to:

- a. The maximum total amount of the fixed compensation for the board of directors for the period until the next ordinary shareholders' meeting; and
- b. The maximum total amount of the fixed compensation and the variable compensation component for the management for the following business year.

If new members of the management are appointed after a resolution has been approved, a supplementary amount of the maximum of 100% of the total amount approved for the management for the year in question is available for their compensation and to offset any disadvantages in connection with the change of job. This does not require the approval of the shareholders' meeting.

#### **5.4 Share ownership of members of the board of directors and management**

The share ownership of members of the board of directors and management is disclosed in the statutory financial statements, Note 10.

#### **5.5 Advisory contracts**

Among others, Thomas Amstutz is also a member of the Board of Directors of JAAM AG. Based on the service agreement between Alpine and JAAM, the latter received a total compensation of CHF 720,000 for 2015.

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. For the year 2015, Alpine paid CHF 94,605 to Baer & Karrer Ltd. for their legal services.

### **6. Shareholders' participation**

#### **6.1 Voting rights and representation restrictions**

Each share entitles to one vote and all shares are equally entitled to dividends. There are no voting right restrictions and each shareholder can exercise his voting rights at the annual shareholders' meeting.

Each shareholder may be represented at the shareholders' meeting only by his legal representative or, by virtue of a written proxy, by another shareholder entitled to vote, or by the independent proxy. Members of the board of directors and the management may represent other shareholders provided that this is not an

institutionalized practice.

The shareholders' meeting elects an independent proxy. The term of office ends after completion of the next ordinary shareholders' meeting. Re-election is possible. If the Company does not have an independent proxy, the board of directors shall appoint one for the next shareholders' meeting.

The independent proxy is obliged to exercise the represented voting rights pursuant to the instructions given. In the event that he/she has not received any instructions, the independent proxy shall submit an abstain vote. The general instruction to vote as proposed by the board of directors with respect to motions relating to agenda items contained in the invitation to the shareholders' meeting and with respect to agenda items that have not been pre-announced as well as to motions relating to new agenda items pursuant to article 700 paragraph 3 CO is deemed a valid voting instruction.

The board of directors may establish procedural rules for the participation in and the representation at the shareholders' meeting and in particular rules on issuing instructions to the independent proxy. The board of directors ensures that shareholders may submit electronic proxies and instructions to the independent proxy, by which he/she is authorized to wholly or partially waive the requirement for a qualified electronic signature.

## 6.2 Statutory quorums

A resolution of the shareholders' meeting passed by at least two thirds of the voting shares represented and the absolute majority of the par values of the shares represented is required for:

1. The cases listed in article 704 paragraph 1 CO;
2. The alleviation or suspension of the restriction regarding the transfer of registered shares;
3. The conversion of registered shares into bearer shares;
4. The dissolution of the Company by way of liquidation;
5. The dismissal of the board of directors according to article 705 paragraph 1 CO;
6. The amendment of article 13 of the articles of association regarding election and term of office of the board of directors;
7. The removal of restrictions contained in the articles of association regarding the adoption of resolutions in the shareholders' meeting, in particular those of article 12.

## 6.3 Convocation of the shareholders' meetings

In addition to the legal provisions, the following rules are set forth in article 8 paragraph 3 and in article 9 paragraph 2 of the articles of association:

- Extraordinary shareholders' meetings shall be convened by the board of directors within 60 days if shareholders representing at least ten percent of the share capital request such meeting in writing, setting forth the agenda items and the motions.
- The shareholders' meeting shall be convened by letter to the shareholders and usufructuaries at least 20 days prior to the meeting. The convocation letter must include the date, time and place of the meeting, the agenda items as well as the motions of the board of directors and of the shareholders who have requested that a shareholders' meeting be called or that an item be placed on the agenda.

### 6.4 Agenda

Shareholders representing at least ten percent of the share capital may request items to be placed on the agenda. Such request must be filed at least 45 days prior to the respective shareholders' meeting in writing, setting forth the agenda items and the motions.

### 6.5 Inscriptions into the share register

The deadline for the inscription of registered shareholders into the share register in view of their participation in the shareholders' meeting is established every year by the board of directors. It is usually settled about 15 to 25 days before the shareholders' meeting. No exception will be granted.

## 7. Changes in control and defense measures

### 7.1 Duty to make an offer

There is no statutory opting out or opting up.

### 7.2 Clauses on change of control

No agreements or statutory requirements which could affect or influence a change in control of the Company do exist. In particular, neither members of the board of directors nor of the management benefit from a contractual clause on change-of-control situations.

## 8. Auditors

### 8.1 Duration of the mandate and term of office of the lead auditor

In accordance with the articles of association, paragraph 18, the external auditors are elected by the shareholders' meeting each year and have the rights and obligations, assigned to them by law. KPMG Ltd., Zurich («KPMG»), has been the statutory external auditor of the Company since 29 April 2010. Marc Ziegler is the auditor in charge since 2010. The lead auditor may hold his engagement for a maximum of seven consecutive years, but may resume the engagement after a break of three years.

### 8.2 Audit fees

The fees for the audit of the annual report 2015 and for the compensation report 2015 amount to CHF 123,500 (2014: CHF 123,500).

### 8.3 Additional fees

An amount of CHF 45,000 was paid to KPMG in connection with their interim review as of 30 June 2015 (2014: CHF 45,000). In addition, KPMG received an amount of CHF 4,000 in connection with their audit of the Company's capital increase in 2015. No advisory or tax services have been rendered to the Group in 2015 and 2014 by KPMG.

### 8.4 Informational instruments pertaining to the external audit

The work of external auditors and their independence is assessed and examined by members of the board of directors and the chief executive officer in a post audit meeting. The quality, know-how and timely reports

are major factors in the assessment of the auditors' work. Their written reports, findings and suggestions are discussed regularly at meetings of the board of directors. Meetings between members of the board of directors and/or the management and the auditors are held whenever deemed necessary. In 2015, four such meetings took place.

### **9. Information policy**

The Company maintains a transparent and pertinent information policy and complies with the ad-hoc publicity guidelines. Shareholders and any other stakeholders are regularly and timely informed through weekly NAV estimates, monthly reports and half-year and annual reports as well as at the annual shareholders' meeting. In addition, the NAV is also published in the Finanz und Wirtschaft, Zurich and is available at Reuters (ALPN.S) and Bloomberg (ALPN SW EQUITY).

In accordance with legal requirements, the annual report is published at least 20 days before the annual shareholders' meeting. A copy of the report is emailed to all shareholders and interested parties that have subscribed the specific service. In addition, investors receive a print copy of the annual report by mail upon their request.

News releases (including ad-hoc news, estimated NAV, monthly reports) can be downloaded from the Company website [www.alpine-select.ch/news](http://www.alpine-select.ch/news). Investors are invited to join the email distribution by subscribing to the respective service at [www.alpine-select.ch/site-services/email-alerts.aspx](http://www.alpine-select.ch/site-services/email-alerts.aspx).

The corporate calendar is published on the Company's website under [www.alpine-select.ch/investors/corporate-calendar.aspx](http://www.alpine-select.ch/investors/corporate-calendar.aspx).

Alpine can be contacted at tel. +41 41 7204411 or [investorrelations@alpine-select.ch](mailto:investorrelations@alpine-select.ch).





## Compensation Report

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The compensation report gives an overview on the compensation policy applied at Alpine Select Ltd. (the «Company», «Alpine») and the compensation payments to the members of the board of directors and the management during the fiscal year 2015. The content and scope of the information provided herein are in accordance with the Swiss Ordinance against Excessive Compensation in Listed Stock Companies («OaEC») – that has been enacted with effect as of 1 January 2014 – and the standards on Corporate Governance issued by the SIX Swiss Exchange (1 September 2014).

### **1. Introductory note regarding the specific structure of Alpine Select Ltd. as an investment company**

Alpine is a listed investment company as defined in the Collective Investment Schemes Act «CISA», article 2 paragraph 3, with the structure of a «société d'investissement à capital fixe (SICAF)». As a publicly listed Swiss company, Alpine is subject to the supervision and regulation of the SIX Swiss Exchange as well as the provisions of the OaEC et al. Following this, Alpine is excluded from the regulatory supervision by FINMA and the regulations from the CISA.

As an investment company Alpine's sole purpose is the management of its assets in the best interest of its shareholders. Beyond this, the Company pursues no other business and/or operational activities.

Following article 716b of the Swiss Code of Obligations («CO») and article 14 paragraph 2 of the articles of association, the board of directors may entrust the management, wholly or in part, and the representation of the Company to one or several individual persons, members of the board of directors or third parties. It may entrust the asset management, wholly or in part, to a legal person. The board of directors has exercised this authority in accordance with article 716b CO and has delegated the responsibility for running the Company to the management.

During the year under review, the board of directors has established two committees: a compensation and an investment committee.

### **2. Principles and elements as well as authority and determination of compensation**

#### **2.1 Compensation of the members of the board of directors**

The individual members of the board of directors receive a function and task-related fixed compensation of which the majority is – in accordance with the Company's articles of association – paid in cash, and may receive other benefits and services, which also qualify as compensation. In addition, the members of the board of directors are entitled to reimbursement of the expenditures incurred by them in the interest of the Company. The board of directors regulates the details of the compensation of its members in the compensation rules.

#### **2.2 Compensation of the members of the management**

The members of the management receive a fixed compensation as well as, if applicable, a variable compensation.

The fixed compensation consists of basic compensation or the basic salary including fringe benefits plus employer contributions to social security and, if applicable, contributions to occupational provisions. The

variable compensation for the management is paid as a short-term variable compensation component in cash, plus employer contributions to social security and, if applicable, contributions to occupational provisions. If members of the management receive a variable compensation, the following principles apply:

- a. The short-term variable compensation component is determined by the board of directors at the request of the compensation committee after completion of the financial year to which the variable compensation refers.
- b. The variable compensation component is linked to the success of the investments made by the Company and the therewith associated financial targets, to possible special projects as well as to the personal goals of the members of the management. The board of directors determines the variable compensation for the members of the management on this basis and in accordance with the corresponding regulations taking into account the Company's success and the achievement of personal goals.
- c. The variable compensation principles are implemented by the board of directors in regulations and explained in the annual compensation report.

### **2.3 Common provisions for the compensation of the board of directors and the management**

Members of the board of directors and the management receive neither credits nor loans from the Company and do not participate in any share- or option-based profit and/or participation plans of the Company.

The compensations may be paid by the Company or its group companies.

Compensations to members of the board of directors or the management for activities in companies which are directly or indirectly controlled by Alpine are admissible. These compensations are included in the amount of the total compensation to the board of directors and the management which the shareholders' meeting needs to approve according to article 22 of the articles of association.

The Company may compensate and pay appropriate advance payments to the members of the board of directors and the management for any disadvantages incurred in relation to proceedings, litigations or settlements in connection with their activities for the Company or one of its participations and may conclude insurances.

Further details on the compensation of the board of directors and the management are determined by the board of directors in the compensation rules. The document can be downloaded from the Company's website, in German only: [www.alpine-select.ch/about-alpine/company-profile.aspx](http://www.alpine-select.ch/about-alpine/company-profile.aspx).

Employment contracts with members of the management and possible contracts with members of the board of directors, which form the basis of the compensation of the respective members, are concluded for a fix period of a maximum of one year or for an indefinite period of time with a cancellation period of a maximum of twelve months at the end of a calendar month.

### **2.4 Authority and determination of compensation**

Alpine's compensation committee acts as the relevant body in accordance with the OaEC and the articles of association, subject to revision in accordance with the OaEC.

The compensation committee usually consists of two or three members. The shareholders' meeting elects

## Compensation Report

the members of the compensation committee on an individual basis for a term of office of one year. The term of one year is deemed to signify the period from one ordinary shareholders' meeting to, and including, the next. Members whose term of office expires are eligible for immediate re-election.

The board of directors appoints the chairman from the members of the compensation committee and issues regulations that define the responsibilities of this committee, taking into account Swiss law and the Company's articles of association. If vacancies arise in the compensation committee, the board of directors may, for the period until the next ordinary shareholders' meeting, either fill such vacancies with its members or leave them open.

The compensation committee in principle has the following duties and responsibilities:

1. Proposal to the board of directors on the structure of the compensation policy and the guidelines for compensation;
2. Proposal to the board of directors on the maximum total amounts of compensation for the board of directors and the management in accordance with article 22 of the articles of association;
3. Proposal to the board of directors on compensation for members of the board of directors;
4. Proposal to the board of directors on the compensation and employment conditions for members of the management, including compensation relevant decisions in connection with termination of the employment relationship;
5. Proposal for amendments of the compensation rules;
6. Proposal of the compensation report to the board of directors;
7. Other duties and responsibilities entrusted to it by the articles of association or the board of directors.

The compensation of the board of directors and the management according to article 22 of the articles of association are subject to authorization by the annual shareholders' meeting.

### 3. Compensation of, loans and credits to the board of directors, the management and related parties

#### 3.1 Compensation of the board of directors and the management in 2015 (audited)

in CHF

Name / Function	Period	Gross salary	Variable compensation	Social security contributions	Pension fund contributions	Total compensation
Raymond J. Baer <i>Chairman and non-executive member BoD</i>	1-Jan to 31-Dec-15	150,000	0	11,863	7,729	169,592
Thomas Amstutz <i>Non-executive member BoD</i>	1-Jan to 31-Dec-15	40,000	0	3,202	0	43,202
Dieter Dubs <i>Non-executive member BoD</i>	1-Jan to 31-Dec-15	40,000	0	3,202	0	43,202
Walter Berchtold <i>Non-executive member BoD</i>	1-Jan to 31-Dec-15	40,000	0	3,202	0	43,202
Claudia Habermacher <i>Chief executive officer</i>	1-Jan to 31-Dec-15	150,000	7,000	12,381	9,911	179,292

Additionally and in accordance to the Company's compensation rules as approved by the Cantonal Tax Administration of the Canton of Zug on 15 May 2006, a flat-rate allowance was paid out as follows:

- Raymond J. Baer CHF 15,000
- Claudia Habermacher CHF 10,000

For further compensation paid in 2015 to the members of the board of directors and the management, see Note 3.5 below.

## Compensation Report

### 3.2 Compensation of the board of directors and the management in 2014 (audited)

in CHF

Name / Function	Period	Gross salary	Variable compensation	Social security contributions	Pension fund contributions	Total compensation
Raymond J. Baer <i>Chairman and non-executive member BoD</i>	1-Jan to 31-Dec-14	150,000	0	11,863	0	161,863
Thomas Amstutz <i>Non-executive member BoD</i>	1-Jan to 31-Dec-14	40,000	0	3,202	0	43,202
Dieter Dubs <i>Non-executive member BoD</i>	1-Jan to 31-Dec-14	40,000	0	3,202	0	43,202
Walter Berchtold <i>Non-executive member BoD</i>	26-May to 31-Dec-14	23,950	0	1,917	0	25,867
Claudia Habermacher <i>Chief executive officer</i>	1-Jan to 31-Dec-14	150,000	20,000	13,344	9,996	193,340
Walter Geering <i>Former executive member BoD</i>	1-Jan to 31-Mar-14	40,920	0	2,536	0	43,456

Additionally and in accordance to the Company's compensation rules as approved by the Cantonal Tax Administration of the Canton of Zug on 15 May 2006, a flat-rate allowance was paid out as follows:

- Raymond J. Baer CHF 15,000
- Claudia Habermacher CHF 10,000
- Walter Geering CHF 3,750

### 3.3 Loans and credits to the board of directors and the management

No loans or credits were granted to present or past members of the board of directors or the management in 2015 and there were none outstanding as at year-end 2015.

### 3.4 Compensation, loans and credits to related parties

No compensation was paid, nor loans or credits granted to related parties at non-market conditions in 2015, and there were none outstanding as at year-end 2015.

### 3.5 Advisory contracts

Among others, Thomas Amstutz is also a member of the Board of Directors of JAAM Ltd. Effective 1 January 2014, Alpine signed a service agreement with JAAM. Under this agreement JAAM provides the Company with consultancy services for an annual fee of CHF 720,000.

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. For the year 2015, Alpine paid CHF 94,605 to Baer & Karrer Ltd. for legal services (2014: CHF 201,000).

Report of the Statutory Auditor on  
the Compensation Report

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# Report of the Statutory Auditor on the Compensation Report to the Annual Shareholders' Meeting of Alpine Select Ltd., Zug

**KPMG AG  
Audit**

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Report of the Statutory Auditor to the General Meeting of

**Alpine Select AG, Zug**

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We have audited the accompanying compensation report of Alpine Select AG Ltd. dated 11 April 2016 for the year ended 31 December 2015. The audit was limited to the information according to articles 14 to 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies («Ordinance») contained in the tables referred to as audited on page 29 and 30 in the compensation report.

**Responsibility of the Board of Directors**

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Report of the Statutory Auditor on the Compensation Report to the Annual Shareholders' Meeting of Alpine Select AG, Zug



*Alpine Select AG, Zug  
Report of the Statutory Auditor  
on the remuneration report  
to the General Meeting of Shareholders*

### Opinion

In our opinion, the remuneration report for the year ended 31 December 2015 of Alpine Select AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

A handwritten signature in black ink on a light blue grid background, with a small red circular stamp in the top right corner.

Marc Ziegler  
*Licensed Audit Expert  
Auditor in Charge*

A handwritten signature in black ink on a light blue grid background, with a small red circular stamp in the top right corner.

Alexander Fähndrich  
*Licensed Audit Expert*

Zurich, April 11, 2016





## Consolidated Financial Statements

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2015	2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		44,509	986
Financial assets at fair value through profit or loss – trading	6/7/8	0	1,258
Other current assets	10	1,779	1,755
<b>Total current assets</b>		<b>46,288</b>	<b>3,999</b>
<b>Non-current assets</b>			
Financial assets at fair value through profit or loss – trading	6/7/8	195,488	255,558
<b>Total non-current assets</b>		<b>195,488</b>	<b>255,558</b>
<b>TOTAL ASSETS</b>		<b>241,776</b>	<b>259,557</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Bank overdrafts		0	3,654
Short-term bank loans	11	0	12,890
Financial liabilities at fair value through profit or loss – trading	6/7/8	715	2,363
Current tax liability		0	20
Accounts payable and accrued liabilities		470	508
<b>Total current liabilities</b>		<b>1,185</b>	<b>19,435</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities	12	1,212	802
<b>Total non-current liabilities</b>		<b>1,212</b>	<b>802</b>
<b>Equity</b>			
Share capital	13.1	286	268
Additional paid-in capital		57,714	54,829
Translation reserve		2,328	1,698
Retained earnings		179,013	182,156
Equity attributable to owners of Alpine Select Ltd.		239,341	238,951
Non-controlling interests	14	38	369
<b>Total equity</b>		<b>239,379</b>	<b>239,320</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>241,776</b>	<b>259,557</b>
Net asset value (NAV) per share in CHF	21	16.72	17.86

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER**

in TCHF	Note	2015	2014
<b>INCOME</b>			
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	15	999	17,937
Dividend income	7/8	75	4,630
Interest income from financial assets		0	250
Other income		175	66
Net foreign exchange gains	16	240	15
<b>Total income</b>		<b>1,489</b>	<b>22,898</b>
<b>EXPENSES</b>			
General and administrative expenses	17	(2,222)	(2,259)
Commissions and other bank fees		(1,779)	(957)
Interest expenses		(74)	(60)
<b>Total expenses</b>		<b>(4,075)</b>	<b>(3,276)</b>
<b>Profit / (loss) before tax</b>		<b>(2,586)</b>	<b>19,622</b>
Income tax (expense) / income	19	(414)	381
<b>Profit / (loss) for the year</b>		<b>(3,000)</b>	<b>20,003</b>
<b>Other comprehensive income:</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Foreign currency translation differences – foreign operations		579	5,396
<b>Other comprehensive income for the year, net of tax</b>		<b>579</b>	<b>5,396</b>
<b>Total comprehensive income / (loss) for the year</b>		<b>(2,421)</b>	<b>25,399</b>
<b>Profit / (loss) for the year attributable to:</b>			
Owners of Alpine Select Ltd.		(3,143)	20,219
Non-controlling interests	14	143	(216)
		<b>(3,000)</b>	<b>20,003</b>
<b>Total comprehensive income / (loss) for the year attributable to:</b>			
Owners of Alpine Select Ltd.		(2,513)	25,538
Non-controlling interests	14	92	(139)
		<b>(2,421)</b>	<b>25,399</b>
Earnings per share in CHF (basic and diluted)	20	(0.23)	1.51

**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER**

in TCHF	Note	2015	2014
<b>Cash flows from operating activities</b>			
Profit / (loss) before tax		(2,586)	19,622
Adjustments for:			
• Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	15	(999)	(17,937)
• Dividend income	7/8	(75)	(4,630)
• Interest (income) / expenses, net		74	(190)
• Net foreign exchange gains		(240)	(15)
• Other non-cash (income) / expenses		7	(451)
(Increase) / decrease in other current assets		(54)	4
Decrease in accounts payable and accrued liabilities		(42)	(257)
Withholding taxes received		3,241	3,199
Dividends received		75	4,509
Interest received		0	250
Interest paid		(78)	(56)
Income taxes paid		(4)	(35)
<b>Net cash (used in) / from operating activities</b>		<b>(681)</b>	<b>4,013</b>
<b>Cash flows from investing activities</b>			
Purchases of financial assets at fair value through profit or loss	9.1	(94,598)	(85,757)
Proceeds from:			
• Sale of financial assets at fair value through profit or loss	9.2	155,029	80,902
• Short sale of financial assets at fair value through profit or loss		17,350	0
Disposal of financial liabilities at fair value through profit or loss		(22,212)	0
Net cash inflow / (outflow) from currency forwards		1,141	(11,956)
<b>Net cash from / (used in) investing activities</b>		<b>56,710</b>	<b>(16,811)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2015	2014
<b>Cash flows from financing activities</b>			
Acquisition of non-controlling interests	14	0	(1,110)
Increase short-term bank loans	11	16,383	12,886
Repayment of short-term bank loans	11	(29,305)	0
Increase of share capital, net of transaction costs	13.1	16,261	0
Distribution to non-controlling interests	14	(423)	(1,287)
Dividend paid to shareholders of Alpine		(13,378)	(13,378)
<b>Net cash used in financial activities</b>		<b>(10,462)</b>	<b>(2,889)</b>
Net foreign exchange difference	9.3	1,610	2
<b>Net increase / decrease in cash and cash equivalents</b>		<b>47,177</b>	<b>(15,685)</b>
Cash and cash equivalents as at 1 January		(2,668)	13,017
<b>Cash and cash equivalents as at 31 December</b>		<b>44,509</b>	<b>(2,668)</b>
Cash and cash equivalents as at 31 December consist of:			
• Current accounts at banks		44,509	986
• Less bank overdrafts		0	(3,654)
<b>Cash and cash equivalents as defined for the consolidated statement of cash flows</b>		<b>44,509</b>	<b>(2,668)</b>

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TCHF Note

#### Balance at 1 January 2014

Profit / (loss)	
Other comprehensive income	
<b>Total comprehensive income / (loss)</b>	
Dividend paid to shareholders of Alpine *	
Distribution to non-controlling interests	14
Acquisition of non-controlling interests	14
<b>Total changes in ownership, contributions by and distributions to owners of the Company</b>	

#### Balance at 31 December 2014

Profit / (loss)	
Other comprehensive income / (loss)	
<b>Total comprehensive income / (loss)</b>	
Dividend paid to shareholders of Alpine *	
Distribution to non-controlling interests	14
Increase of share capital, net of transaction costs	13.1
Income tax on transaction costs	
<b>Total changes in ownership, contributions by and distributions to owners of the Company</b>	

#### Balance at 31 December 2015

\* paid out of the reserves from capital contributions.



Attributable to owners of Alpine Select Ltd.							
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	268	68,207	(3,621)	161,910	226,764	2,932	229,696
				20,219	20,219	(216)	20,003
			5,319		5,319	77	5,396
	0	0	5,319	20,219	25,538	(139)	25,399
		(13,378)			(13,378)		(13,378)
					0	(1,287)	(1,287)
				27	27	(1,137)	(1,110)
	0	(13,378)	0	27	(13,351)	(2,424)	(15,775)
	268	54,829	1,698	182,156	238,951	369	239,320
				(3,143)	(3,143)	143	(3,000)
			630		630	(51)	579
	0	0	630	(3,143)	(2,513)	92	(2,421)
		(13,378)			(13,378)		(13,378)
					0	(423)	(423)
	18	16,243			16,261		16,261
		20			20		20
	18	2,885	0	0	2,903	(423)	2,480
	286	57,714	2,328	179,013	239,341	38	239,379



## Notes to the Consolidated Financial Statements

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### 1. Corporate information

Alpine Select Ltd. (the «Company», «Alpine» and together with its subsidiary Absolute Invest Ltd. the «Group») is a limited liability company incorporated on 17 September 1997 under the laws of Switzerland, having its registered office at Gotthardstrasse 31, Zug (Switzerland).

The Company offers institutional and individual investors the opportunity to buy into a broad portfolio with core investment strategies focusing on: discount-, risk-arbitrage, tactical exploitation of under-researched companies / situations, short-term opportunities and liquid hedge funds.

As of 31 December 2015, the Company has one employee.

### 2. Basis of presentation of the consolidated financial statements

The accompanying consolidated financial statements for the year ended 31 December 2015 were prepared in accordance with International Financial Reporting Standards («IFRS»), Swiss law and the special provisions for investment companies according to the Listing Rules and the Directive of Financial Reporting of the SIX Swiss Exchange.

The consolidated financial statements are presented in Swiss Francs (CHF) / thousands of Swiss Francs (TCHF).

#### 2.1 Companies included in the consolidation

The consolidated financial statements comprise the financial statements of the parent company (Alpine Select Ltd., Zug), its wholly owned subsidiary Absolute Invest Ltd., Zug («Absolute Invest») and the financial statements of Absolute Invest's wholly owned subsidiaries Absolutissimo Limited and Carry Ltd. (both domiciled on the Cayman Islands) as well as the financial statements of Cheyne Discovery Fund I Inc., Cayman Islands, a company in which Absolutissimo holds 63.48% as at 31 December 2015 and 2014. Carry Ltd. was liquidated as at 30 October 2015 and stroke off the Registrar of Companies, Cayman Islands, on 1 February 2016.

#### 2.2 Non-controlling interests

Equity attributable to non-controlling interests is presented in the consolidated statement of financial position within equity, separate from equity attributable to owners of Alpine. Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Unchanged compared to the prior year, non-controlling interests as at 31 December 2015 comprise 36.52% in Cheyne Discovery Fund I Inc., Cayman Islands that are not held by the Group.

#### 2.3 Accounting estimates and judgment

The preparation of these financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets

and liabilities, income and expenses as well as the disclosure of contingent liabilities. Therefore, management has carefully considered the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

The most critical judgments and estimates relate to the valuation of the Group's unlisted investments. Unlisted investments are recorded at the (adjusted) net asset value as reported by the managers or administrators of such investments. This value is considered fair value as this amount is estimated to represent the amount at which the unlisted investment funds could be exchanged in an arm's length transaction. Fair value estimates are made at a specific point in time and are subjective in nature. Fair values can therefore not be determined with precision. The fair values might be impacted by changes in factors such as the nature of the business, the industry and economic outlook (local as well as global) and earnings capacity of the fund.

Alpine holds – directly or indirectly – multiple investments and ownership interests in the form of redeemable shares. Following the requirements of IFRS 10, Alpine generally applies the investment entity exemption. Investments exceeding 20% of the share capital are not consolidated but classified as financial assets at fair value through profit or loss.

Alpine applies the investment entity exemption. Absolute Invest, the wholly owned subsidiary of Alpine, provides investment services to the Group and thus is consolidated within Alpine.

### 3. Accounting policies

The consolidated financial statements have been prepared under the historical cost basis except for financial assets and financial liabilities at fair value through profit or loss and all derivative instruments which are recorded at fair value.

#### 3.1 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of the following new, revised and amended standards and interpretations issued for financial years beginning on or after 1 January 2015.

- Various: Annual Improvements to IFRS (2010 – 2012 Cycle) – Omnibus Change to many Standards (effective 1 July 2014);
- Various: Annual Improvements to IFRS (2011 – 2013 Cycle) – Omnibus Change to many Standards (effective 1 July 2014).

The adoption of the amended standards and interpretations during the year 2015 did not have any effect on the consolidated financial statements or the performance of the Group.

In 2016, the Group will adopt the following new and amended standards:

- Various: Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28 (effective 1 January 2016);
- Various: Clarification of Acceptable Methods of Depreciation and Amortization – Amendments to IAS 16 and IAS 38 (effective 1 January 2016);

## Notes to the Consolidated Financial Statements

- Various: Annual Improvements to IFRS (2012 – 2014 Cycle) – Omnibus Change to many Standards (effective 1 January 2016);
- IFRS 11: Accounting for Acquisitions of Interests in Joint Operations – Amendments (effective 1 January 2016);
- IFRS 14: Regulatory Deferral Accounts (effective 1 January 2016);
- IAS 1: Disclosure Initiative – Amendments to IAS 1 (effective 1 January 2016);
- IAS 27: Equity Method in Separate Financial Statements – Amendments (effective 1 January 2016).

The Group has not yet determined the potential effects of these new and amended standards on the consolidated financial statements and the performance of the Group.

In 2017 and afterwards, the Group will adopt the following new and amended standards:

- IAS 7: Disclosure Initiative – Amendments to IAS 7 (effective 1 January 2017);
- IAS 12: Recognition of Deferred Tax Assets for Unrealized Losses – Amendments (effective 1 January 2017);
- IFRS 9: Financial Instruments (effective 1 January 2018);
- IFRS 15: Revenue from Contracts with Customers (effective 1 January 2018);
- IFRS 16: Leases (effective 1 January 2019).

The Group has not yet determined the potential effects of these new and amended standards on the consolidated financial statements and the performance of the Group.

### 3.2 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. On the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the exchange rates prevailing at that date. The resulting exchange gains and losses are included in profit or loss. Non-monetary assets and liabilities in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rate at the date the fair values were determined. The resulting exchange gains and losses are included in profit or loss. The exchange rate differences resulting from foreign currency positions within cash and cash equivalents are disclosed separately in profit or loss. Other exchange rate differences are included in gain on financial assets and financial liabilities at fair value through profit or loss, net – trading (see also Note 15).

The following exchange rates were applied:

		2015	2014
<b>EUR / CHF</b>			
Balance sheet	End of December	1.08740	1.20235
Items of profit and loss	Average rate for the year	1.06782	1.21459
<b>JPY / CHF</b>			
Balance sheet	End of December	0.00832	0.00829
Items of profit and loss	Average rate for the year	0.00796	0.00866
<b>USD / CHF</b>			
Balance sheet	End of December	1.00101	0.99362
Items of profit and loss	Average rate for the year	0.96276	0.91528

### 3.3 Foreign operations

The financial statements of those Group companies having USD as their functional currency are translated into the presentation currency CHF (Swiss Francs). All assets and liabilities are translated at the exchange rate of the balance sheet date. Income, expenses and cash flows are translated using the average exchange rate of the year, which approximates the exchange rate at the date of the transaction. The exchange differences on translating balance sheets and income statements are debited or credited as a translation adjustment on foreign operations in the consolidated statement of comprehensive income. Exchange differences on translating cash and cash equivalents and related cash flows into CHF are separately disclosed in the consolidated statement of cash flows as net foreign exchange differences. The exchange rates applied are those disclosed in the table above (Note 3.2).

### 3.4 Financial assets and financial liabilities at fair value through profit or loss

Financial assets at fair value through profit or loss may comprise equity investments, bonds, collective investment schemes, hedge funds, futures, options, warrants, swaps as well as currency forward contracts. Financial liabilities at fair value through profit or loss mainly include equity investments, futures and options sold short as well as currency forward contracts with a negative fair value balance at the balance sheet date.

A financial asset or a financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it. Currency forwards and options are also categorized as held for trading. The Company may engage in short sales anticipating a decline in the respective market (mainly trading options sold short). Short sales are classified as financial liabilities at fair value through profit or loss.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an

## Notes to the Consolidated Financial Statements

entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

IFRS 13 established a single source of guidance under IFRS for all fair value measurements providing guidance on how to measure fair value under IFRS when fair value is required or permitted.

The fair value of investments that are traded in an active financial market (level 1) is determined by reference to quoted market prices on principal markets at the close of business on the balance sheet date. Such financial assets at fair value through profit or loss are initially recorded at their fair value (corresponding to their cost) and are subsequently measured at their fair value. Transactions are recognized on the trade date.

In order to determine whether a market is active or not, the board of directors takes the following into consideration:

- Few recent transactions; there is not sufficient frequency or volume of transactions to provide pricing information on an ongoing basis;
- There are no price quotes available or are not based on current information; and
- Little information is published.

When a price for an identical asset or liability is not observable (level 2 and level 3), fair value is measured using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Investments in level 2 and level 3 are carried at estimated fair value. The valuation method used for unquoted funds and equities is the «adjusted net asset method». In determining the fair value of investments for which quotations are not readily available, the valuation is generally based on the latest available net asset value («NAV») of the fund reported by the corresponding fund manager provided the NAV has been appropriately determined by using proper fair value principles in accordance with IFRS 13. The Company reviews and approves the NAV provided by the investment manager unless it is aware of reasons that such a valuation may not be the best approximation of fair value. The adjusted net asset method is the single technique used across all fund investment types.

The NAV would also be adjusted if the Group becomes aware of significant market changes or events that have a significant impact on the value of the underlying investments and that are not yet included in the NAV as reported by the fund manager. In addition, the Group has the following control procedures in place to ensure that the NAV of the underlying fund investments is calculated in a manner consistent with IFRS 13:

- Thorough initial due diligence process and ongoing monitoring procedures;
- Comparison of historical realizations to last reported fair values;
- Qualifications, if any, in the auditor's report;
- Comparing the NAV as per the latest audited financial statements (if available) with the NAV that was reported by the fund manager for the respective period.



The Group invests if:

- the investment manager of the fund is reputable within the industry and has a reasonable track record;
- there is an appropriate transparency in the fund's investments and regular statements are provided.

All realized and unrealized gains and losses including foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss – trading, are recognized in profit or loss. The realized and unrealized gains and losses are calculated based on the weighted average cost formula.

Due to the inherent uncertainty of the valuation of unlisted investments and considering a potential market turmoil which (among other things) may lead to illiquidity in markets for certain financial products, the estimated values may differ significantly from the values that would have been recorded had a ready market for these investments existed. These differences could be material.

### **3.5 Cash and cash equivalents**

Cash and cash equivalents include cash at banks and short-term deposits with an original maturity of up to three months.

### **3.6 Other current assets**

Other current assets result from withholding tax, receivables from investments sold or other miscellaneous events. Other current assets are initially recognized at their fair values; subsequently they are measured at amortized cost, which approximates nominal value.

### **3.7 Bank overdrafts**

Bank overdrafts reflect the negative balance of the Group's bank accounts at the balance sheet date. Due to the short-term nature of this position, the carrying amount of the bank overdraft approximates the nominal value.

### **3.8 Bank loans**

Interest-bearing bank loans are recognized initially at fair value less any attributable transaction costs and are subsequently carried at amortized cost using the effective interest method.

### **3.9 Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities are classified as short-term liabilities since they are expected to be settled within twelve months after the reporting period. Accounts payable and accrued liabilities are carried at amortized cost, which approximates nominal value.

### **3.10 Deferred tax assets and deferred tax liabilities**

Deferred tax liabilities result from valuation differences between tax value and IFRS carrying amounts of financial assets and financial liabilities at fair value through profit or loss – trading. Deferred tax assets are recognized for tax losses carried-forward to an extent to which the realization of the related tax benefit is probable through future taxable profits. Deferred tax assets and deferred tax liabilities are disclosed net if all requirements for netting are adhered to in the consolidated statement of financial position.

### 3.11 Dividend income

Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established and recorded net of withholding tax when applicable. For quoted equity securities, the date usually equals the ex-dividend date.

### 3.12 Income taxes

Alpine and its subsidiary Absolute Invest have the status of a holding company in the Canton of Zug and as such benefit from the participation exemption at federal level on income from dividends, stock dividends and capital gains and from the complete exemption at cantonal and communal level. For federal tax purposes, the companies are subject to income tax at a rate of 7.83% (based on the profit before tax) on income, which does not qualify for the participation exemption. Absolute Invest's subsidiary on the Cayman Islands is not subject to any income taxes.

## 4. Operating segments

IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the «Chief operating decision-maker». The board of directors is considered to be the «Chief operating decision-maker». An operating segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other operating segments. The Company invests in securities, quoted or non-quoted, of Swiss and foreign corporations, taking advantage of significant transactional events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations.

The investment strategy and the Company's performance are evaluated on an overall basis and are not based on specific markets or industries. Thus, the Company operates as one segment.

## 5. Financial risk management

The Group maintains various positions of derivative and non-derivative financial instruments in accordance with the Group's investment policy. The investment policy allows investing in securities, quoted or non-quoted, of Swiss and foreign corporations, taking advantage of significant transactional events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations. The Group will actively pursue investment opportunities in which it believes its involvement will become a success factor for the investee and the Group.

The Group's investments are denominated in Swiss Francs, US Dollar, Euro and Japanese Yen. The investments held in foreign currencies may expose the Group in a certain degree to a currency exposure risk. To manage the foreign currency risk the Group uses foreign currency forward contracts.

The Group's investment policy and activities involve exposure to various market and price risks and degrees thereof. The Group manages and limits these risks by diversification among markets, instruments and investments as well as using trading limits.

The Group's portfolio is reviewed and managed on a regular basis. Based on the SIX Swiss Exchange requirements for investment companies, Alpine Select calculates and publishes a weekly net asset value.

The following attempts to summarize the nature of the principal financial risks associated with the instruments and markets in which the Group invests; however, they do not represent a comprehensive review of all risks associated with the Group's activities.

The board of directors regularly reviews and agrees on policies for managing these risks, which are summarized below.

### 5.1 Equity price risk / concentration risk

Equity price risk is the risk of potential adverse change to the value of equity instruments because of changes in market conditions. Although the Group will attempt to mitigate risks associated with market fluctuations and investment concentrations, it is possible that at any given time significant concentrations of investments may be made in markets and/or individual investments, including other investment companies, which might be both illiquid and volatile. Accordingly, risks exist that the Group might not be in a position to readily dispose of its holding in such markets or investments when it chooses to do so and also that the prices achieved on disposal are different from those reported in the Group's consolidated statement of financial position.

Certain investments are managed by fund managers who implement a variety of different strategies in the financial markets. The level of systematic market exposure is left to the discretion of these managers. The portfolio is expected to have some degree of correlation to the equity markets in which many of the fund managers trade. It will be sought to limit the correlation between the managers in order to dampen the volatility of the portfolio as a whole. The market risk is managed on a daily basis by the asset manager in accordance with policies and procedures in place. Although the strategy is to diversify the investments by allocating no more than 25% of assets to any single fund manager and by investing in at least five investment vehicles per subsidiary, it is possible that at any given time significant concentrations of investments may be made in markets and/or individual investments, including other investment companies which may be both, volatile and illiquid. Most of these investments are also subject to specific restrictions on transferability and disposal. Consequently, the risk exists that the Group might not be able to readily dispose of its holdings in such markets or investments when it chooses to do so and that the price attained on a disposal is below the amount at which such investments are included in the Group's consolidated statement of financial position.

The Company is listed on the SIX Swiss Exchange as an investment company. For the calculation of a meaningful sensitivity analysis for the Group's portfolio in respect of the price risk, the Group has therefore chosen the IGSP Investment Index of the SIX Swiss Exchange being an index that is composed by and calculated based on its members. The volatility of the IGSP Investment Index for the five years period until 31 December 2015 is 17.40% (standard deviation) and 13.18% (standard deviation) for the five years period until 31 December 2014.

For the year under review it means, that with a probability of 68% the Group's performance may vary by  $\pm 17.4\%$  (one standard deviation) or  $\pm$  CHF 33.1 million. With a probability of 95% the Group's performance may vary by  $\pm 34.8\%$  (two standard deviations) or  $\pm$  CHF 66 million.

### 5.2 Credit risk

Financial assets that potentially expose the Group to credit risk mainly consist of cash and cash equivalents, CLO-investments, currency forwards and other current assets except those relating to withholding and value added tax. The exposure for the year ended 31 December 2014 also included a CDO-investment. The Group's exposure to credit risk is limited to the carrying value of these assets as reported in the consolidated statement of financial position and in the consolidated investment table respectively being CHF 49.7 million as at 31 December 2015 (2014: CHF 32.9 million).

The CLO-investments in Stone Tower CLO VI Ltd., Stone Tower CLO VII Ltd., Venture XIX CLO, Limited and Voya CLO IV Ltd. of total CHF 5.0 million as at 31 December 2015 represent 2.6% of the total long positions as per the consolidated investment table (2014: CHF 7.1 million representing 2.8% of the total long positions). The CLO-investments offer the Group the opportunity to invest in diversified portfolios of below investment grade debt obligations. The intrinsic investments are primarily in floating rate leveraged loans, senior secured bonds and synthetic securities and partly in unsecured high yield bonds. A high portion of the investments of the CLO's are debt financed, allowing a high leverage to the investors. The assets are diversified to mitigate single credit or industry risk to the Group.

### 5.3 Liquidity risk

The liquidity risk is defined as the risk that the Group could not be able to settle or meet its obligations on time or at a reasonable price. The Group's liquidity risk is managed on a regular basis by the Group's management and is monitored on a weekly basis by the board of directors. The Group's financial liabilities are small and usually mature in the next 12 months. Nevertheless, it is the Group's policy to have 100% of the anticipated payables for the next 12 months available in cash and cash equivalents or readily available credit lines.

The liquidity risk is considered low since there are no material liabilities.

The following table summarizes the maturity profile of the Group's financial liabilities for the year ended 31 December based on contractual and undiscounted payments:

in TCHF	On demand	Less than 3 months	3 to 12 months	Total
<b>31 December 2015</b>				
Financial assets / (liabilities) at fair value through profit or loss				
• Forward exchange contracts, settled gross	0	(715)	0	(715)
- of which: inflow	0	116,298	0	116,298
- of which: outflow	0	(117,013)	0	(117,013)
Accounts payable and accrued liabilities	0	(235)	(202)	(437)
<b>Net inflow / (outflow)</b>	<b>0</b>	<b>(950)</b>	<b>(202)</b>	<b>(1,152)</b>
<b>31 December 2014</b>				
Financial assets / (liabilities) at fair value through profit or loss				
• Forward exchange contracts, settled gross	0	(1,105)	0	(1,105)
- of which: inflow	0	146,361	0	146,361
- of which: outflow	0	(147,466)	0	(147,466)
Bank overdrafts	0	(3,654)	0	(3,654)
Short-term bank loans	0	(12,890)	0	(12,890)
Accounts payable and accrued liabilities	0	(218)	(290)	(508)
<b>Net inflow / (outflow)</b>	<b>0</b>	<b>(17,867)</b>	<b>(290)</b>	<b>(18,157)</b>

The amounts to be paid approximate the amounts stated above due to the short-term nature of the liabilities and due to limited differences in underlying foreign exchange rates.

#### 5.4 Interest rate risk

The majority of the Group's financial assets and liabilities are non-interest-bearing. Interest-bearing are only the positions cash and cash equivalents, bank overdrafts and short-term bank loans. Interest-bearing financial assets and financial liabilities mature in the short-term. Therefore, the Group's exposure to fair value interest rate risk due to fluctuations in the prevailing market interest rates is very limited.

An increase of 20 basis points in short-term interest rates as at 31 December 2015 would have increased the result before tax by approximately TCHF 89 (2014: decrease of TCHF 30). A decrease of 20 basis points would have resulted in an opposite and proportional effect.

#### 5.5 Currency risk

The Group may enter from time to time into transactions denominated in currencies other than the Swiss Franc. Consequently, the Group is exposed to the risk that the exchange rate of foreign currencies against the Swiss Franc may change in a manner that will adversely affect the Group's results of operations and/or net assets.

## Notes to the Consolidated Financial Statements

The Group seeks to mitigate the currency risk on the foreign currency net exposures by putting short-term currency forward contracts in place.

The following table summarizes the components of the Group's financial assets and financial liabilities that are exposed to foreign currency risk as at 31 December:

in TCHF	Cash and cash equivalents	Bank overdrafts and short-term bank loans	Currency forwards	Other financial assets and financial liabilities, net	Net exposure
<b>31 December 2015</b>					
• EUR	3	0	0	20,639	20,642
• JPY	0	0	0	24,692	24,692
• USD	441	0	(117,013)	123,974	7,402
<b>Total</b>	<b>444</b>	<b>0</b>	<b>(117,013)</b>	<b>169,305</b>	<b>52,736</b>
<b>31 December 2014</b>					
• EUR	1	0	0	23,344	23,345
• JPY	1	0	(20,303)	20,358	56
• USD	714	(5,840)	(127,163)	120,573	(11,716)
<b>Total</b>	<b>716</b>	<b>(5,840)</b>	<b>(147,466)</b>	<b>164,275</b>	<b>11,685</b>

The following table sets out the Group's net exposure to changes in foreign currencies of its financial assets and financial liabilities for the year ended 31 December:

in TCHF	2015		2014	
	Currency change in %	Gain / (loss)	Currency change in %	Gain / (loss)
CHF to (strengthen) versus the EUR	(5.0%)	(1,032)	(5.0%)	(1,167)
CHF to (strengthen) versus the JPY	(5.0%)	(1,235)	(5.0%)	(3)
CHF to (strengthen) versus the USD	(5.0%)	(370)	(5.0%)	586
<b>Total</b>		<b>(2,637)</b>		<b>(584)</b>

If – at 31 December 2015 – had the Swiss Franc continued to strengthen versus the US Dollar, Euro and the Japanese Yen by 5% – and had all other variables remained constant – the effect on the Group's net profit before tax and equity in the year under review would have been a loss of TCHF 2,637 (2014: a loss of TCHF 584). An adverse change of the Swiss Franc versus these foreign currencies would have resulted in an equal but opposite effect for 2015 and 2014.

The Company's currency risk positions are monitored on a regular basis by the Company's management.

## 5.6 Fair value information

The following table shows a comparison by category of carrying amounts and fair values of the Company's financial instruments as at 31 December:

in TCHF	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>Financial assets at fair value through profit or loss</b>				
Financial assets at fair value through profit or loss – trading				
• current	0	0	1,258	1,258
• non-current	195,488	195,488	255,558	255,558
<b>Loans and receivables</b>				
Cash and cash equivalents	44,509	44,509	986	986
Other current assets	210	210	159	159
<b>Financial liabilities at fair value through profit or loss</b>				
Financial liabilities at fair value through profit or loss – trading				
• current	715	715	2,363	2,363
• non-current	0	0	0	0
<b>Financial liabilities at amortized cost</b>				
Bank overdrafts	0	0	3,654	3,654
Short-term bank loans	0	0	12,890	12,890
Accounts payable and accrued liabilities	437	437	508	508

Market values have been used to determine the fair value of listed financial assets and financial liabilities at fair value through profit or loss. For unlisted financial assets at fair value through profit or loss, the adjusted net asset value (NAV) is used to determine the fair value. The carrying amounts of cash and cash equivalents, other current assets, bank overdrafts, short-term bank loans and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these positions.

### 5.7 Capital management

The Group's capital as at 31 December is represented by the net assets as set out in the table below:

in TCHF	2015	2014
Current assets	46,288	3,999
Non-current assets	195,488	255,558
<b>Total assets</b>	<b>241,776</b>	<b>259,557</b>
Current liabilities	(1,185)	(19,435)
Non-current liabilities	(1,212)	(802)
<b>Total liabilities</b>	<b>(2,397)</b>	<b>(20,237)</b>
<b>Net assets</b>	<b>239,379</b>	<b>239,320</b>

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The capital structure is managed and adjustments are made to it if the economic conditions change. To maintain or adjust the capital structure, the capital may be returned to shareholders or new shares may be issued.

The Group monitors and reports its net asset value on a weekly basis.



## 6. Financial assets and financial liabilities at fair value through profit or loss – trading

The financial assets and financial liabilities at fair value through profit or loss consist of the following:

in TCHF	2015	2014
<b>Financial assets at fair value through profit or loss – trading</b>		
Positive fair value of currency forward contracts	0	1,258
Trading options	0	268
Trading securities	195,488	255,290
<b>Total</b>	<b>195,488</b>	<b>256,816</b>
• current	0	1,258
• non-current	195,488	255,558
<b>Financial liabilities at fair value through profit or loss – trading</b>		
Negative fair value of currency forward contracts	715	2,363
<b>Total</b>	<b>715</b>	<b>2,363</b>
• current	715	2,363
• non-current	0	0

### 6.1 Fair value hierarchy

The different levels of the fair value hierarchy have been defined as follows:

- Level 1: Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Fair values measured using directly or indirectly observable inputs, other than those included in level 1. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. In cases where funds utilize quotes from a fund manager or a broker to assess valuation, it is checked whether such quotes are «binding and executable» or not. When the Group has evidence that such quotes are «binding and executable», the investment is classified within level 2.
- Level 3: Fair values measured using inputs that are not based on observable market data (due to little – if any – market activity). The inputs into the determination of fair value require significant management judgment and estimates, and the estimated values may differ significantly from the values that would have been recorded if an active market for these financial instruments existed. These differences could be material.

## Notes to the Consolidated Financial Statements

The following table analyses financial instruments – carried at fair value – by valuation method:

in TCHF	Level 1	Level 2	Level 3	Total
<b>31 December 2015</b>				
Financial assets held for trading – Trading securities	102,533	53,619	39,336	195,488
Negative fair value of currency forwards contracts	0	(715)	0	(715)
<b>Total</b>	<b>102,533</b>	<b>52,904</b>	<b>39,336</b>	<b>194,773</b>
<b>31 December 2014</b>				
Positive fair value of currency forward contracts	0	1,258	0	1,258
Financial assets held for trading – Trading options	268	0	0	268
Financial assets held for trading – Trading securities	122,891	61,523	70,876	255,290
Negative fair value of currency forwards contracts	0	(2,363)	0	(2,363)
<b>Total</b>	<b>123,159</b>	<b>60,418</b>	<b>70,876</b>	<b>254,453</b>

The Company has investments in listed and unlisted equities and funds as well as currency forwards and trading options. Investments in unlisted investment funds (level 3) designated as financial assets at fair value through profit or loss of CHF 39.3 million as at 31 December 2015 or 16.3% of the total financial assets and financial liabilities at fair value through profit or loss are recognized at the adjusted net asset value per share that is based on the reported net asset value by the managers or administrators of such funds (31 December 2014: CHF 70.9 million or 27.9%).

As per 31 December 2015, CHF 93.0 million or 47.7% of the Group's total long positions are held in unlisted investment funds classified as level 2 and level 3 (2014: CHF 132.4 million or 52.0%).

Level 2 investments comprise currency forwards, CLO-investments as well as certain investments in Japanese hedge-funds («Japan-investments»). The total fair value of these Japan-investments amounts to CHF 43.7 million (2014: CHF 51.5 million) as at 31 December 2015. CLO-investments are recognized at the adjusted net asset value set by the market participants whereas currency forwards are recognized based on observable spot exchange rates. Level 2 investments (excluding currency forwards) are recognized at the adjusted net asset value (quotes) reported by the investment manager or the broker of the fund on a monthly, in some cases on a weekly basis. The Group has evidence that these quotes are «binding and executable».

As level 3 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Transfers between the levels of the fair value hierarchy are recognized as of the beginning of the reporting period during which the transfer has occurred. During the year ended 31 December 2015, the investment in Acceleron Pharma was transferred from level 3 to level 1 following a share split from preferential rights to quoted shares. During the year ended 31 December 2014, the investment in Julius Baer Balkan Tiger Fund was transferred from level 1 to level 3 because the investment was put into liquidation. There were no other transfers between the levels during the reporting years.

## 6.2 Changes in level 2 and level 3 investments

The changes in investments measured at fair value for which the Group has used level 2 and level 3 inputs to determine fair value for the year ended 31 December 2015 and 2014 are as follows:

in TCHF	Level 2	Level 3
<b>Fair value as of 1 January 2014</b>	<b>48,921</b>	<b>75,986</b>
Purchase of investments	16,206	963
Stock dividends	0	121
Transfer from level 1	0	8,088
Proceeds on disposal of investments	(9,768)	(10,381)
Net gains / (losses) recognized in the consolidated statement of comprehensive income <sup>1)</sup>	5,059	(9,313)
Currency translation adjustments	0	5,412
<b>Fair value as of 31 December 2014</b>	<b>60,418</b>	<b>70,876</b>
Purchase of investments	4,289	5,668
Transfer to level 1	0	(240)
Proceeds on disposal of investments	(13,704)	(30,882)
Net gains / (losses) recognized in the consolidated statement of comprehensive income <sup>1)</sup>	1,901	(5,331)
Currency translation adjustments	0	(755)
<b>Fair value as of 31 December 2015</b>	<b>52,904</b>	<b>39,336</b>

<sup>1)</sup> In the line gain on financial assets and financial liabilities at fair value through profit or loss, net – trading

The net change in unrealized gains / (losses) for level 3 investments held as at 31 December 2015 resulted in a loss of TCHF 1,832 for the year ended then (2014: loss of TCHF 9,956). The amounts are included in the consolidated statement of comprehensive income within gain on financial assets and financial liabilities at fair value through profit or loss, net – trading.

## 6.3 Valuation technique used to derive level 2 and level 3 fair values

The level 2 foreign currency forwards are measured based on observable spot exchange rates. The level 2 investments further include investments in CLOs. There are market makers that are expected to be willing to set prices and on the other side market participants that are willing to buy such products at the offered prices. Thus, the Group considers the market for CLOs as at least indirectly observable (comparable transactions in the same instrument) and classifies the CLOs within level 2.

The valuation technique of level 2 and level 3 investments is unchanged compared to the prior year.

## 6.4 Sensitivity analysis level 3 fair values

The Group does not utilize valuation models with model inputs to calculate the fair value of its level 3 investments. Rather, the Group utilizes a methodology that uses as a key input NAV («adjusted net asset value method»). Thus, the key «unobservable input» would be the NAV itself. A change in the fair value of the underlying input factors could cause the fair value of level 3 financial instruments to significantly change.

## Notes to the Consolidated Financial Statements

Changes in the fair value could result from business, economical or environmental risks. The investments held offer the opportunity of significant capital gains, but involve a high degree of risks that can result in substantial losses, including the risk of a total loss of an investment.

### 6.5 Investments in which the Group has an ownership of more than 20%

In addition to the information disclosed in the consolidated investment table on the following pages, the below disclosures are made for those investments at fair value through profit or loss in which the Group has an ownership of 20% or more.

	2015			2014		
	Fair value in TCHF	Ownership in %	Place of business	Fair value in TCHF	Ownership in %	Place of business
Altin Ltd.	61,205	29.30%	Switzerland	32,318	< 20%	Switzerland
Arcus Genseki Fund	6,491	23.64%	Cayman Islands	5,846	< 20%	Cayman Islands
Cheyne Discovery Fund I L.P.	98	100.00%	Cayman Islands	888	100.00%	Cayman Islands
Cheyne New Europe Fund L.P.	16,740	42.27%	Cayman Islands	17,746	42.27%	Cayman Islands
Gold Coin Invest Ltd.	189	28.00%	Switzerland	227	28.00%	Switzerland
Northwest Feilong Fund Ltd.	4,889	37.32%	Cayman Islands	3,864	< 20%	Cayman Islands
Northwest Warrant Fund Ltd.	2,183	47.84%	Cayman Islands	3,811	24.56%	Cayman Islands
Silverbell Capital Ltd.	185	50.00%	Cayman Islands	139	50.00%	Cayman Islands
Sparx Japan Value Impact Fund	9,341	66.11%	Cayman Islands	9,294	88.72%	Cayman Islands

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## 7. Consolidated investment table as at 31 December 2015

in TCHF	Number of shares at 1 Jan 2015	Fair value at 1 Jan 2015	Additions	Reductions <sup>1)</sup>	Realized gains/ (losses) net of FX
<b>LONG POSITIONS</b>					
Acceleron Pharma Inc.	93,120	240		(683)	450
Akamatsu Bonsai Fund	25,100	5,040			
Aleutian Fund	29,316	3,100			
Altin Ltd.	602,319	32,318	29,523	(6,373)	427
American Capital Ltd.	0	0	10,116		
Arbiter Partners Offshore Ltd.	0	0	2,748		
Arcus Genseki Fund	50,000	5,846			
Capital Group Japan Equity Fund	0	0	4,000		
Cheyne CDO I Fund L.P.	1	23,451		(22,728)	1,160
Cheyne Discovery Fund I L.P.	23,624	888		(1,159)	644
Cheyne New Europe Fund L.P.	1,041,213	17,746			
Cheyne Total Return Credit Fund	0	0	2,905		
CQS Directional Opportunities Feeder Fund Ltd.	3,212	15,282		(4,312)	602
Credit Suisse Group AG	0	0	6,125		
Double Haven Temple Feeder Fund Ltd.	258	64		(44)	(184)
Gategroup Holding Ltd.	0	0	4,251	(4,597)	346
GCI Trust / GCI Japan Hybrids	20,813	3,171			
Ginga Service Sector Fund	2,841	7,163		(6,889)	1,254
Gold Coin Invest Ltd.	84	227			
Hayate Japan Equity Long-Short Fund	111	3,179	44		
HBM Healthcare Investments Ltd.	891,078	87,014	18,747	(93,698)	42,431
Highland Financial Partners L.P.	600,000	0			
iShares MSCI Japan Hedged UCITS ETF	0	0	4,868	(4,834)	(34)
Julius Baer Balkan Tiger Fund in liquidation	50,000	3,326		(1,171)	
Laurus Master Fund Ltd.	35,475	120			
Lucas Energy Total Return Offshore Fund Ltd.	862	504		(129)	(873)
NCP Offshore Feeder Fund Ltd.	1,000	966		(902)	(50)
Nightwatch Capital Partners (Cayman) Ltd.	2,366	55	15		
Nippon Growth Fund Ltd.	5,712	4,701		(5,099)	921
Nippon Growth (UCITS) Fund	0	0	5,105		

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

## Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>2)</sup>	Unrealized FX gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 31 Dec 2015	Number of shares at 31 Dec 2015	Investment currency	Dividends received	Level at 31 Dec 2015
				(7)	0	0	USD		
		812	29		5,881	25,100	USD		II
		248	22		3,370	29,316	USD		II
	147	4,095	1,068		61,205	1,010,605	USD		I
		(908)	(235)		8,973	650,000	USD		I
		(362)	255		2,641	3,000	USD		III
		608	37		6,491	50,000	USD		II
		(373)			3,627	253,968	CHF		I
		(1,154)		(729)	0	0	USD		
		(253)		(22)	98	1,140	USD		III
		1,041	(2,136)	89	16,740	1,041,213	EUR		III
		(324)	42		2,623	20,092	USD		III
	(20)	(1,352)	(60)		10,140	2,300	USD		III
		(1,119)			5,006	230,770	CHF		I
		167		(3)	0	0	USD		
					0	0	CHF	63	
		157	23		3,351	20,813	USD		II
	8	(1,201)	(335)		0	0	USD		
		(38)			189	84	CHF		III
		39	7		3,269	111	JPY		II
		(37,633)			16,861	165,300	CHF		I
					0	600,000	USD		III
					0	0	CHF		
		14	(381)		1,788	50,000	EUR		III
				1	121	35,475	USD		III
		513		(15)	0	0	USD		
	46	27	(87)		0	0	USD		
		(20)			50	3,432	USD		III
	(479)	(558)	514		0	0	JPY		
		(261)	(41)		4,803	10,532	JPY		I

## Notes to the Consolidated Financial Statements

### Consolidated investment table as at 31 December 2015 (continued)

in TCHF

	Number of shares at 1 Jan 2015	Fair value at 1 Jan 2015	Additions	Reductions <sup>1)</sup>	Realized gains/ (losses) net of FX
<b>LONG POSITIONS</b>					
Northwest Feilong Fund Ltd. <sup>3)</sup>	3,149	3,864			
Northwest Fund Ltd. <sup>3)</sup>	966	2,304	2,360		
Northwest Warrant Fund Ltd. <sup>3)</sup>	1,904	3,811			
Peoples Choice Financial Corporation	70,800	0			
ProKMU invest Ltd. in liquidation	57,350	0			
Rieter Holding Ltd.	21,500	3,559		(3,250)	(1,104)
Romanian Investment Fund	1,719	2,133			
Silverbell Capital Ltd.	2,500,000	139			
Sparx Japan Value Impact Fund	100,000	9,294			
Stone Tower CLO VI Ltd.	2,000	1,351		(435)	
Stone Tower CLO VII Ltd.	2,000,000	914		(206)	
Tocqueville Gold Offshore Fund	24,488	446		(225)	(286)
Truston Asset Management Co. Ltd.	19,492	483			
UMJ Kotoshiro Feeder Fund	17,830	2,916	1,885		
Valens Offshore Fund	9,143	3,788		(130)	(54)
Venture XIX CLO, Limited	4,000,000	3,657		(625)	
Vitafort International Corporation	317,543	0			
Voya CLO IV Ltd.	2,000	1,212		(450)	
YA Offshore Global Investment	187,152	1,018		(82)	(4,484)
Yuki Japan Rebounding Growth Fund	0	0	1,919		
<b>Total Long Positions</b>		<b>255,290</b>	<b>94,611</b>	<b>(158,021)</b>	<b>41,166</b>
of which gains					47,901
of which gains from second line trades					711
of which losses					(7,446)
of which losses from second line trades					0

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

<sup>3)</sup> Includes negative equalization.



## Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>2)</sup>	Unrealized FX gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 31 Dec 2015	Number of shares at 31 Dec 2015	Investment currency	Dividends received	Level at 31 Dec 2015
		1,003	22		4,889	3,090	USD		II
		(175)	120		4,609	1,978	USD		II
		(1,650)	22		2,183	1,847	USD		II
					0	70,800	USD		III
					0	57,350	CHF		III
		795			0	0	CHF		
		(7)	(200)		1,926	1,719	EUR		III
		50	(4)		185	2,500,000	EUR		III
		13	34		9,341	100,000	JPY		II
		(170)	(16)		730	2,000	USD		II
		(13)	5		700	2,000,000	USD		II
		79		(14)	0	0	USD		
		43	(26)		500	19,492	KRW	12	III
		215	205		5,221	30,113	JPY		II
		(1,239)		(30)	2,335	8,841	USD		III
		(149)			2,883	4,000,000	USD		II
					0	317,543	USD		III
		(48)	(13)		701	2,000	USD		II
		3,580		(32)	0	0	USD		
		(23)	162		2,058	10,413	JPY		I
	<b>(298)</b>	<b>(35,531)</b>	<b>(967)</b>	<b>(762)</b>	<b>195,488</b>			<b>75</b>	
	54	16,335	2,569						
	148	0	0						
	(500)	(51,866)	(3,536)						
	0	0	0						

## Notes to the Consolidated Financial Statements

### Consolidated investment table as at 31 December 2015 (continued)

in TCHF	Number of shares at 1 Jan 2015	Fair value at 1 Jan 2015	Additions	Reductions	Realized gains/ (losses) net of FX
<b>SHORT POSITIONS</b>					
iShares Nasdaq Biotechnology ETF	0	0	22,212	(17,350)	(2,068)
<b>Total Short Positions</b>		<b>0</b>	<b>22,212</b>	<b>(17,350)</b>	<b>(2,068)</b>
of which gains					0
of which losses					(2,068)
<b>TRADING OPTIONS</b>					
Call Nikkei225 Index, Strike JPY 18,000	90	268		(66)	(377)
Put Altin Ltd., Strike USD 64	0	0	2	(163)	161
<b>Total Trading Options</b>		<b>268</b>	<b>2</b>	<b>(229)</b>	<b>(216)</b>
of which gains					161
of which losses					(377)
of which assets		268			
of which liabilities		0			
<b>CURRENCY FORWARDS</b>					
Currency Forwards CHF/EUR; EUR/CHF		0			
Currency Forwards CHF/JPY; JPY/CHF		1,258			
Currency Forwards CHF/USD; USD/CHF		(2,363)			
<b>Total Currency Forwards</b>		<b>(1,105)</b>	<b>0</b>	<b>0</b>	<b>0</b>
of which gains					
of which losses					
of which assets		1,258			
of which liabilities		(2,363)			

<sup>1)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

## Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>1)</sup>	Unrealized FX gains/ (losses) <sup>1)</sup>	Currency translation adjustments	Fair value at 31 Dec 2015	Number of shares at 31 Dec 2015	Investment currency	Dividends received	Level at 31 Dec 2015
	(2,794)				0	0	USD		
	<b>(2,794)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>				
	0	0	0						
	(2,794)	0	0						
	(30)	216	(11)		0	0	JPY		
					0	0	USD		
	<b>(30)</b>	<b>216</b>	<b>(11)</b>	<b>0</b>	<b>0</b>				
	0	216	0						
	(30)	0	(11)						
					0				
					0				
	520				0				
	1,564		(1,258)		0				
	(943)		1,649		(715)				II
	<b>1,141</b>	<b>0</b>	<b>391</b>	<b>0</b>	<b>(715)</b>				
	32,923		1,740						
	(31,782)		(1,349)						
					0				
					(715)				

## 8. Consolidated investment table as at 31 December 2014

in TCHF	Number of shares at 1 Jan 2014	Fair value at 1 Jan 2014	Additions	Reductions <sup>1)</sup>	Realized gains/ (losses) net of FX
<b>LONG POSITIONS</b>					
Acceleron Pharma Inc.	93,120	215			
Akamatsu Bonsai Fund	25,100	3,903			
Aleutian Fund	29,316	2,695			
Altin Ltd.	48,584	2,117	27,280	(542)	28
American Capital Ltd.	750,000	10,434	1,968	(12,659)	2,005
Arcus Genseki Fund	50,000	4,673			
Banca Monte Dei Paschi Di Siena SpA	0	0	1,214	(1,133)	(80)
Bluebay Multi-Strategy Fund Ltd.	1	8		(17)	10
Bluebay Value Recovery Fund Ltd.	1	67		(130)	71
Cheyne Discovery Fund I L.P.	124,272	4,855		(3,625)	1,435
Cheyne CDO I Fund L.P.	1	23,189		(1,303)	
Cheyne New Europe Fund L.P.	1,041,213	19,294			
Contrarian European Fund Ltd.	2,135	196		(195)	57
CQS Directional Opportunities Feeder Fund Ltd.	3,212	13,268			
Double Haven Temple Feeder Fund Ltd.	1,124	404		(309)	(418)
GCI Trust / GCI Japan Hybrids	20,813	2,789			
Ginga Explorer Fund	2,211	2,714		(2,968)	39
Ginga Service Sector Fund <sup>3)</sup>	2,770	5,892			
Gold Coin Invest Ltd.	84	212			
Hayate Japan Equity Long-Short Fund <sup>3)</sup>	73	1,664	1,090		
HBM Healthcare Investments Ltd.	890,978	59,028	30,172	(31,555)	1,393
Highland Financial Partners L.P.	600,000	0			
Invisa Inc.	26,000	16		(14)	(123)
Julius Baer Balkan Tiger Fund in liquidation	110,000	8,088		(4,357)	157
J. Wellness Equity Long-Short	30,000	2,717		(2,578)	(134)
Laurus Master Fund Ltd. <sup>4)</sup>	45,302	1,464			
Lucas Energy Total Return Offshore Fund Ltd.	862	845			
NCP Offshore Feeder Fund Ltd.	0	0	906		
Nightwatch Capital Partners (Cayman) Ltd.	1,980	172	17		
Nippon Growth Fund Ltd.	5,712	4,578			

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

<sup>3)</sup> Share split.

<sup>4)</sup> Liquidation of Laurus Offshore Fund and in-specie distribution of the Master Fund to investors.

## Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>2)</sup>	Unrealized FX gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 31 Dec 2014	Number of shares at 31 Dec 2014	Investment currency	Dividends received	Level at 31 Dec 2014
				25	240	93,120	USD		III
		725	412		5,040	25,100	USD		II
		92	313		3,100	29,316	USD		II
	11	902	2,522		32,318	602,319	USD		I
	(29)	(2,192)	473		0	0	USD		
		651	522		5,846	50,000	USD		II
	(1)				0	0	EUR		
		(1)			0	0	USD		
		(10)		2	0	0	USD		
		(1,988)		211	888	23,624	USD		III
		(960)		2,525	23,451	1	USD	869	III
		(1,048)	(2,461)	1,961	17,746	1,041,213	EUR		III
		(64)		6	0	0	USD		
		608	1,549	(143)	15,282	3,212	USD		III
		370		17	64	258	USD		III
		69	313		3,171	20,813	USD		II
	220	(46)	41		0	0	USD		
		645	626		7,163	2,841	USD		II
		15			227	84	CHF		III
		525	(100)		3,179	111	JPY		II
		27,976			87,014	891,078	CHF	2,822	I
					0	600,000	USD		III
	(58)	122	57		0	0	USD		
	(111)	(447)	(4)		3,326	50,000	EUR		III
	(12)	(49)	56		0	0	USD	28	
		(1,396)		52	120	35,475	USD		III
		(405)		64	504	862	USD		III
		(27)	87		966	1,000	USD		III
		(143)		9	55	2,366	USD	9	III
		210	(87)		4,701	5,712	JPY		II

## Notes to the Consolidated Financial Statements

### Consolidated investment table as at 31 December 2014 (continued)

in TCHF	Number of shares at 1 Jan 2014	Fair value at 1 Jan 2014	Additions	Reductions <sup>1)</sup>	Realized gains/ (losses) net of FX
<b>LONG POSITIONS</b>					
Northwest Feilong Fund Ltd.	0	0	2,725		
Northwest Fund Ltd.	966	1,770			
Northwest Warrant Fund Ltd.	4,081	6,758		(3,544)	324
Peoples Choice Financial Corporation	70,800	0			
ProKMU invest Ltd. in liquidation	57,350	0			
Raiffeisen Bank International	0	0	1,466	(1,311)	(153)
Rieter Holding Ltd.	0	0	4,858	(524)	20
Romanian Investment Fund	1,719	2,203			
Schaffner Holding Ltd.	34,992	9,211		(9,426)	1,430
Silverbell Capital Ltd.	2,500,000	61			
Sparx Japan Value Impact Fund	0	0	8,825		
Stone Tower CLO VI Ltd.	2,000	1,708		(283)	
Stone Tower CLO VII Ltd.	2,000,000	1,209		(137)	
Tocqueville Gold Offshore Fund	75,000	1,407		(445)	(557)
Truston Asset Management Co. Ltd.	16,875	345	49		
UMJ Kotoshiro Feeder Fund <sup>3)</sup>	30,000	2,511			
UnipolSai SpA <sup>4)</sup>	20,000	4,400		(5,225)	2,162
Valens Offshore Fund	9,143	3,897			
Venture XIX CLO, Limited	0	0	3,566		
Vitafort International Corporation	317,543	0			
Voya CLO IV Ltd. <sup>5)</sup>	2,000	1,334		(258)	
YA Offshore Global Investment	181,420	3,884	112		
<b>Total Long Positions</b>		<b>216,195</b>	<b>84,248</b>	<b>(82,538)</b>	<b>7,665</b>
of which gains					7,924
of which gains from second line trades					1,360
of which losses					(1,619)
of which losses from second line trades					0

<sup>1)</sup> Reductions may include capital repayments.

<sup>2)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

<sup>3)</sup> Share split.

<sup>4)</sup> Renamed from Fondiaria SAI SpA in January 2014.

<sup>5)</sup> Renamed from ING Investment Management CLO IV Ltd.

## Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>2)</sup>	Unrealized FX gains/ (losses) <sup>2)</sup>	Currency translation adjustments	Fair value at 31 Dec 2014	Number of shares at 31 Dec 2014	Investment currency	Dividends received	Level at 31 Dec 2014
		883	256		3,864	3,149	USD		II
		320	214		2,304	966	USD		II
	(236)	(72)	581		3,811	1,904	USD		II
					0	70,800	USD		III
					0	57,350	CHF		III
	(2)				0	0	EUR		
		(795)			3,559	21,500	CHF	16	I
		(30)	(40)		2,133	1,719	EUR		III
		(1,215)			0	0	CHF	130	
		78			139	2,500,000	EUR		III
		1,006	(537)		9,294	100,000	JPY		II
		(256)	182		1,351	2,000	USD	342	II
		(340)	182		914	2,000,000	USD		II
		(35)		76	446	24,488	USD		III
		63	26		483	19,492	KRW	11	III
		457	(52)		2,916	17,830	JPY		II
	(23)	(1,338)	24		0	0	EUR		
		(522)		413	3,788	9,143	USD		III
			91		3,657	4,000,000	USD		II
					0	317,543	USD		III
		(49)	185		1,212	2,000	USD	291	II
		(3,172)		194	1,018	187,152	USD	112	III
	<b>(241)</b>	<b>19,118</b>	<b>5,431</b>	<b>5,412</b>	<b>255,290</b>			<b>4,630</b>	
	473	37,032	8,716						
	0	0	0						
	(714)	(17,914)	(3,285)						
	0	0	0						

## Notes to the Consolidated Financial Statements

### Consolidated investment table as at 31 December 2014 (continued)

in TCHF

	Number of shares at 1 Jan 2014	Fair value at 1 Jan 2014	Additions	Reductions	Realized gains/ (losses) net of FX
<b>TRADING OPTIONS</b>					
Call Nikkei225 Index, Strike JPY 18,000	0	0	474		
Put Fiat, Strike EUR 6.60	0	0	8	(71)	62
Put HBM Healthcare Investments Ltd., Strike CHF 100	0	0	89	(1,111)	1,022
Put ISHRS Nasdaq Biotech USD 220	0	0	854	(972)	110
Put UBS Ltd., Strike CHF 16	0	0	205	(239)	34
<b>Total Trading Options</b>		<b>0</b>	<b>1,630</b>	<b>(2,393)</b>	<b>1,228</b>
of which gains					1,304
of which losses					(76)
of which assets		0			
of which liabilities		0			
<b>CURRENCY FORWARDS</b>					
Currency Forwards CHF/JPY; JPY/CHF		811			
Currency Forwards CHF/USD; USD/CHF		1,195			
<b>Total Currency Forwards</b>		<b>2,006</b>	<b>0</b>	<b>0</b>	<b>0</b>
of which gains					
of which losses					
of which assets		2,006			
of which liabilities		0			

<sup>1)</sup> Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.



## Notes to the Consolidated Financial Statements

	Realized FX gains/ (losses)	Unrealized gains/ (losses) net of FX <sup>1)</sup>	Unrealized FX gains/ (losses) <sup>1)</sup>	Currency translation adjustments	Fair value at 31 Dec 2014	Number of shares at 31 Dec 2014	Investment currency	Dividends received	Level at 31 Dec 2014
		(217)	11		268	90	JPY		I
	1				0	0	EUR		
					0	0	CHF		
	8				0	0	USD		
					0	0	CHF		
	<b>9</b>	<b>(217)</b>	<b>11</b>	<b>0</b>	<b>268</b>				
	9	0	11						
	0	(217)	0						
					268				
					0				
	244		447		1,258				II
	(12,200)		(3,558)		(2,363)				II
	<b>(11,956)</b>	<b>0</b>	<b>(3,111)</b>	<b>0</b>	<b>(1,105)</b>				
	5,958		447						
	(17,914)		(3,558)						
					1,258				
					(2,363)				

### 9. Cash flows from purchases and disposals of investments / Net foreign exchange difference

#### 9.1 Cash outflow from purchases of financial assets at fair value through profit or loss

in TCHF	Note	2015	2014
Purchase of investments at fair value through profit or loss as per the consolidated investment table (additions total long positions)	7/8	(94,611)	(84,248)
Less: stock-dividends and other non-cash-additions		15	121
Purchase of trading options as per the consolidated investment table	7/8	(2)	(1,630)
<b>Effective cash outflow from purchases</b>		<b>(94,598)</b>	<b>(85,757)</b>

#### 9.2 Cash inflow from sale of financial assets at fair value through profit or loss

in TCHF	Note	2015	2014
Proceeds on disposal of investments at fair value through profit or loss as per the consolidated investment table (reductions total long positions)	7/8	158,021	82,538
Proceeds on disposal of trading options as per the consolidated investment table (reductions total trading options)	7/8	229	2,393
Collected receivables for redeemed investments		2	193
Withholding tax on disposal of investments at fair value through profit or loss		(3,223)	(4,222)
<b>Effective cash inflow from sales</b>		<b>155,029</b>	<b>80,902</b>

#### 9.3 Net foreign exchange difference

in TCHF	2015	2014
Effect of applying a weighted average exchange rate to translate cash flows of foreign subsidiaries into CHF	1,340	(24)
Foreign exchange gains on cash and cash equivalents	270	26
<b>Net foreign exchange difference</b>	<b>1,610</b>	<b>2</b>

### 10. Other current assets

in TCHF	2015	2014
Withholding tax	1,547	1,565
Other receivables	232	190
<b>Total</b>	<b>1,779</b>	<b>1,755</b>

## 11. Short-term bank loans

In June 2014, the Group received a short-term loan of CHF 5.0 million at an interest rate of 0.76% p.a. from Bank Julius Baer & Co. Ltd., Zurich. The loan was renewed monthly and increased to CHF 10.7 million as at 31 December 2014. End of December 2014 the Group raised a USD short-term bank loan of CHF 2.2 million at an interest rate of 1.07% p.a. from Bank Julius Baer & Co. Ltd., Zurich. The CHF loan and the USD loan were fully repaid on 15 January 2015. During the year to 31 December 2015, the Group raised a CHF short-term loan of CHF 11.0 million at an interest rate of 0.76% p.a. and a USD short-term loan of CHF 2.9 million (USD 3.0 million) at an interest rate of 1.09% p.a. from Bank Julius Baer & Co. Ltd. Zurich. The bank loan in USD and the one in CHF were fully repaid in 2015.

## 12. Deferred tax assets and deferred tax liabilities

The movements of deferred tax assets and liabilities are as follows:

in TCHF	Deferred tax liabilities on financial assets at fair value through profit or loss	Deferred tax assets from capitalized tax losses carried forward	Deferred tax (liabilities) / assets, net
<b>Balance at 1 January 2014</b>	<b>(1,183)</b>	<b>0</b>	<b>(1,183)</b>
Deferred tax (expense) / income	(108)	489	381
<b>Balance at 31 December 2014</b>	<b>(1,291)</b>	<b>489</b>	<b>(802)</b>
Deferred tax (expense) / income	79	(489)	(410)
<b>Balance at 31 December 2015</b>	<b>(1,212)</b>	<b>0</b>	<b>(1,212)</b>

Deferred tax assets and deferred tax liabilities are netted in case there is a legally enforceable right and the deferred income taxes relate to the same fiscal authority. Provisions for deferred taxes are calculated in accordance with the liability method using a tax rate of 7.83% (based on the result before tax).

As of 31 December 2015 the Group has tax losses carried-forward. As of 31 December 2014 the Group had tax losses carried-forward of approximately CHF 7.3 million expiring in the year 2021 and of which approximately CHF 6.3 million were capitalized as deferred tax assets.

## 13. Share capital and treasury shares

### 13.1 Share capital

The annual shareholders' meeting of Alpine Select Ltd. held on 20 May 2015 decided to increase the share capital of the Company by a maximum of CHF 50,000.00 through the issue of a maximum of 2,500,000 fully paid-in registered shares with a nominal value of CHF 0.02 each. The executed capital increase resulted in an increase of the share capital of CHF 18,765.56 being 938,278 new and fully paid-in registered shares with a nominal value of CHF 0.02 each. The paid-in capital of TCHF 16,261 is recorded in the consolidated statement of changes in equity for the year ended 31 December 2015 is net of transactions costs of TCHF 252. The income tax effect on these transaction costs amounts to TCHF 20 applying the

tax rate of 7.83%.

The changes in the Company's share capital were recorded in the Commercial Register of the Canton of Zug as of 14 July 2015.

As of 31 December 2015, the Company's fully paid-in share capital amounts to CHF 286,324.64 (2014: CHF 267,559.08) and is divided into 14,316,232 (2014: 13,377,954) fully paid-in registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. There are two share certificates outstanding for 525 shares in total.

### **13.2 Authorized share capital**

The board of directors is authorized to increase the share capital according to article 4 of the articles of association by a maximum amount of CHF 100,000.00 at any time until 27 Mai 2017 by issuing a maximum of 5,000,000 registered shares with a nominal value of CHF 0.02 each to be fully paid-in. Increases by way of firm underwriting and partial increases are permitted. The board of directors shall determine the date of issuance of the new shares, their issue price, the method of payment, the conditions for exercising subscription rights and the date of the dividend entitlement.

### **13.3 Conditional share capital**

According to article 4b of the Company's articles of association, the Company's share capital may be increased by a maximum amount of CHF 121,779.54 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid-in, through the exercise of option and/or conversion rights granted in connection with bonds or similar debt instruments of the Company or its subsidiary, and/or through the exercise of option rights granted to the shareholders.

### **13.4 Treasury shares**

The annual shareholders' meeting held on 20 May 2015 entitled the Company's board of directors to repurchase own shares of the Company up to a maximum of 10% of the share capital starting 21 May 2015 until the ordinary shareholders' meeting in 2017. No treasury shares were purchased until 31 December 2015. Hence, the Company holds no treasury shares as of 31 December 2015.

## **14. Non-controlling interests**

Unchanged to prior year, non-controlling interests as at 31 December 2015 comprise of 36.52% in Cheyne Discovery Fund I Inc., Cayman Islands that are not held by the Group.

The following table summarizes the movements of non-controlling interests:

in TCHF	Absolute Invest	Cheyne Discovery Fund I Inc.	Total
<b>Balance at 1 January 2014</b>	<b>1,158</b>	<b>1,774</b>	<b>2,932</b>
Share of profit / (loss) for the year 2014	(20)	(196)	(216)
Acquisition of non-controlling interests in Absolute Invest	(1,137)	0	(1,137)
Distribution to non-controlling interests	0	(1,287)	(1,287)
Currency translation adjustments	(1)	78	77
<b>Balance at 31 December 2014</b>	<b>0</b>	<b>369</b>	<b>369</b>
Share of profit / (loss) for the year 2015	0	143	143
Distribution to non-controlling interests	0	(423)	(423)
Currency translation adjustments	0	(51)	(51)
<b>Balance at 31 December 2015</b>	<b>0</b>	<b>38</b>	<b>38</b>

# 15. Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading

in TCHF	2015	2014
<b>Financial assets held for trading (Long positions)</b>		
Realized gains	47,901	7,924
Realized gains – second trading line	711	1,360
Realized losses	(7,446)	(1,619)
Net realized currency losses	(298)	(241)
<b>Net realized</b>	<b>40,868</b>	<b>7,424</b>
Unrealized gains	16,335	37,032
Unrealized losses	(51,866)	(17,914)
Net unrealized currency (losses) / gains	(967)	5,431
<b>Net unrealized</b>	<b>(36,498)</b>	<b>24,549</b>
<b>Total long positions, net</b>	<b>4,370</b>	<b>31,973</b>
<b>Financial assets held for trading (Trading options)</b>		
Realized gains	161	1,304
Realized losses	(377)	(76)
Unrealized gains	216	0
Unrealized losses	0	(217)
Net realized currency (losses) / gains	(30)	9
Net unrealized currency (losses) / gains	(11)	11
<b>Total trading options, net</b>	<b>(41)</b>	<b>1,031</b>
<b>Financial assets sold short held for trading (Short positions)</b>		
Realized losses	(2,068)	0
Realized currency losses	(2,794)	0
<b>Total short positions, net</b>	<b>(4,862)</b>	<b>0</b>
<b>Currency forwards</b>		
Realized gains	32,923	5,958
Realized losses	(31,782)	(17,914)
Unrealized gains	1,740	447
Unrealized losses	(1,349)	(3,558)
<b>Total currency forwards, net</b>	<b>1,532</b>	<b>(15,067)</b>
<b>Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading</b>	<b>999</b>	<b>17,937</b>

Unrealized gains / (losses) also include reversed unrealized gains / (losses) from the prior year.

**16. Net foreign exchange gains**

in TCHF	<b>2015</b>	<b>2014</b>
Foreign exchange gains / (losses) derive from:		
• Cash and cash equivalents	270	26
• Short-term bank loans	(36)	(11)
• Other current assets	6	0
<b>Net foreign exchange gains</b>	<b>240</b>	<b>15</b>

**17. General and administrative expenses**

in TCHF	<b>2015</b>	<b>2014</b>
Personnel expenses and board of directors' fees incl. social costs	(563)	(599)
Legal, consulting, accounting and auditing fees	(468)	(556)
Advisory fees	(720)	(720)
Other office expenses	(471)	(384)
<b>General and administrative expenses</b>	<b>(2,222)</b>	<b>(2,259)</b>

**18. Employee benefits**

Besides the statutory social security schemes there is an independent pension plan in place covering one employee and one member of the board of directors of the Company. The Company's contributions to this plan are charged to profit or loss in the period to which the contributions relate. The amount charged to profit or loss amounted to TCHF 18 for the year ended 31 December 2015 (2014: TCHF 10).

The Group has no material defined benefit pension or post-retirement schemes; hence, no further disclosures are provided for the years ended 31 December 2015 and 2014.

**19. Income tax (expense) / income**

in TCHF	<b>2015</b>	<b>2014</b>
Tax expense on transaction costs for the capital increase, charged to equity (Note 13.1)	(20)	0
Tax income from prior years	16	0
Deferred tax (expense) / income	(410)	381
<b>Income tax (expense) / income</b>	<b>(414)</b>	<b>381</b>

Deferred tax income and expense is presented on a net basis.

## Notes to the Consolidated Financial Statements

Reconciliation of effective tax rate for the year ended 31 December:

in TCHF	2015	2014
(Loss) / profit before tax	(2,586)	19,622
Company's domestic income tax rate	7.83%	7.83%
Tax income / (expense) using the Company's domestic income tax rate	202	(1,536)
Effect of income exempt from tax on deferred tax assets recognized in prior year	(489)	0
Effect of income exempt from tax	19	2,788
Recognition of tax effect of previously unrecognized tax losses	84	0
Current year losses for which no deferred tax asset was recognized	0	(84)
Effect of non-deductible expenses due to zero tax rate for companies on Cayman Islands	(246)	(787)
Tax income from prior years	16	0
<b>Income tax (expense) / income</b>	<b>(414)</b>	<b>381</b>
Effective tax rate on the (loss) / profit before tax	-16.0%	-1.9%

## 20. Earnings per share

	2015	2014
Net profit / (loss) in TCHF as per the consolidated statement of comprehensive income for the year ended 31 December	(3,143)	20,219
Weighted average number of outstanding shares	13,810,605	13,377,954
<b>Earnings per share in CHF (basic and diluted)</b>	<b>(0.23)</b>	<b>1.51</b>



**21. Net asset value (NAV) per share**

The net asset value per share is calculated using the adjusted number of outstanding shares as per 31 December.

	2015	2014
Equity attributable to the shareholders of Alpine Select Ltd. as per the consolidated statement of financial position (in TCHF)	239,341	238,951
Total number of shares outstanding	14,316,232	13,377,954
<b>Net asset value per share (in CHF)</b>	<b>16.72</b>	<b>17.86</b>
Net asset value per share (in CHF) when adjusted with 0.9479167 for the distribution out of the reserves from capital contributions in May 2015	-	16.93

**22. Contingencies, commitments and pledged assets**

Alpine, Absolute Invest and Absolutissimo entered into standard pledge agreements with Bank Julius Baer & Co. Ltd. («BJB»), Zurich, under which their cash and portfolios at BJB of approximately CHF 221.3 million as at 31 December 2015 are pledged as security for any amounts due to BJB. As at 31 December 2015, there were no amounts due to BJB.

### 23. Significant shareholders

To the best knowledge of the Company, the following shareholders held a participation exceeding 3% of the Company's share capital at 31 December 2015 and 2014:

	2015	2014
<b>Trinsic Ltd.</b> Artherstrasse 21, 6300 Zug		
• Number of shares, including 170,000 shares (2014: 170,000 shares) directly held by the beneficial owners of Trinsic Ltd.	2,160,415	2,154,300
• Percentage	15.09%	16.10%
Beneficial owners of Trinsic Ltd.: Daniel Sauter, Zug; Regina Barbara Young, Zug; Viktoria Louise Sauter, Zug; Florian Sauter, Zug and, partly indirect through Talpas Ltd., 7502 Bever: Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Bever and Fabienne Vukotic, Zurich		
<b>Hans Müller</b> Seestrasse 50, 6052 Hergiswil		
• Number of shares	1,450,000	n/a
• Percentage	10.13%	
<b>Fabrel Ltd. / Hans Müller</b> Seestrasse 50, 6052 Hergiswil		
• Number of shares including 376,140 shares directly held by Hans Müller	n/a	1,351,140
• Percentage		10.10%
Beneficial owner of Fabrel Ltd. is Hans Müller, Hergiswil		
<b>Raymond J. Baer</b> Bühlstrasse 51, 8700 Küsnacht		
• Number of shares	897,708	783,708
• Percentage	6.27%	5.86%
<b>Hans-Ulrich Rihs</b> Eichstrasse 49, 8712 Stäfa		
• Number of shares	613,000	570,000
• Percentage	4.28%	4.26%
<b>Hans Hornbacher</b> Route de Perreret 3, 1134 Vufflens-le-Château		
• Number of shares	473,637	445,637
• Percentage	3.31%	3.33%

### 24. Related party transactions

Baer & Karrer Ltd, Zurich («Baer & Karrer») is the legal advisor of the Group. Dr. Dieter Dubs, partner of Baer & Karrer is a member of Alpine's board of directors. During the year to 31 December 2015, expenses of TCHF 95 (2014: TCHF 201) were booked in connection with legal services rendered by Baer & Karrer.

Effective 1 January 2014, Alpine entered into an advisory agreement with JAAM Ltd., Zurich («JAAM»). Thomas Amstutz, member of the Board of Directors of Alpine, is a founding partner and member of the

Board of Directors of JAAM. Unchanged to prior year, expenses of TCHF 720 were booked in connection with this agreement during the year under review.

Transactions with related parties are conducted at arm's length.

Furthermore, the following table provides information on the remuneration of and – if any – other significant transactions with members of the board of directors during the year ended 31 December 2015 and 2014:

in TCHF		2015	2014
<b>Remuneration of the Board of Directors of Alpine Select</b>			
Raymond J. Baer	Chairman and non-executive member	170	162
Thomas Amstutz	Non-executive member	43	43
Walter Berchtold	Non-executive member since 26 May 2014	43	26
Dieter Dubs	Non-executive member	43	43
Walter Geering	Executive member until 31 March 2014	-	43
<b>Total remuneration</b>		<b>299</b>	<b>317</b>

## 25. Events after the balance sheet date

The annual shareholders' meeting held on 20 May 2015 authorized the Board of Directors of Alpine to repurchase up to 10% of the Company's share capital until the annual shareholders' meeting 2017. The Company started the share buyback program on 11 February 2016. Information on the current status of the program is available on the Company's website [www.alpine-select.ch/investors/share-buyback-program.aspx](http://www.alpine-select.ch/investors/share-buyback-program.aspx).

Alpine Select together with Absolute Invest disclosed on 8 April 2016 to hold more than 50% of Altin Ltd. shares. The combined holding in Altin Ltd. amounted as of that day to 1,725,314 shares, equaling 50.01% of the total share capital and voting rights of Altin Ltd.

The consolidated financial statements and the statutory financial statements for the year ended 31 December 2015 were authorized for issue by the board of directors on 11 April 2016. There were no other significant events to report until this date.

The annual shareholders' meeting to be held on 24 May 2016 will vote on the final approval of the consolidated financial statements, the statutory financial statements and the compensation report.



**Report of the Statutory Auditor on  
the Consolidated Financial  
Statements**

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# Report of the Statutory Auditor on the Consolidated Financial Statements to the Annual Shareholders' Meeting of Alpine Select Ltd., Zug



## KPMG AG

### Audit

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Report of the Statutory Auditor to the General Meeting of Shareholders of

Alpine Select AG, Zug

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## Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Alpine Select AG, which comprise the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and notes on pages 35 to 83 for the year ended December 31, 2015.

### *Board of Directors' Responsibility*

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS), Article 14 of the Directive on Financial Reporting issued by the SIX Swiss Exchange and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements for the year ended December 31, 2015 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with article 14 of the Directive on Financial Reporting issued by the SIX Swiss Exchange and with Swiss law.

## Report of the Statutory Auditor on the Consolidated Financial Statements to the Annual Shareholders' Meeting of Alpine Select Ltd., Zug



**Alpine Select AG, Zug**  
*Report of the Statutory Auditor  
on the Consolidated Financial Statements  
to the General Meeting of Shareholders*

### Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Marc Ziegler  
*Licensed Audit Expert  
Auditor in Charge*

Alexander Fähndrich  
*Licensed Audit Expert*

Zurich, April 11, 2016

### Enclosure:

- Consolidated financial statements (consolidated balance sheet and related consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows, and notes)





Statutory Financial Statements

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## BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2015	2014
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		42,523,173	349,303
Short-term loan Absolute Invest Ltd.		3,000,000	0
Other short-term receivables	3	1,022,986	454,349
Prepaid expenses		38,457	22,611
<b>Total current assets</b>		<b>46,584,616</b>	<b>826,263</b>
<b>Non-current assets</b>			
Securities	4	77,508,650	90,700,146
Investment in Absolute Invest Ltd.	5	86,904,965	97,904,965
<b>Total non-current assets</b>		<b>164,413,615</b>	<b>188,605,111</b>
<b>TOTAL ASSETS</b>		<b>210,998,231</b>	<b>189,431,374</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Accounts payable	6	57,274	27,885
Short-term interest-bearing bank loan		0	10,703,614
Short-term interest-bearing loan Absolute Invest Ltd.		0	5,000,000
Unrealized losses from currency forward contracts, net		622,613	1,105,219
Accrued liabilities		370,228	369,728
<b>Total current liabilities</b>		<b>1,050,115</b>	<b>17,206,446</b>
<b>Equity</b>			
Share capital	7	286,325	267,559
Legal capital reserves			
• Reserves from capital contributions		59,401,293	56,453,972
• Reserves from capital contributions – not yet approved	9	8,196,358	8,026,706
• Other capital reserves		6,769,759	6,769,759
Voluntary retained earnings			
• Accumulated profit brought forward		100,706,932	108,034,033
• Net profit / (loss) for the year		34,587,449	(7,327,101)
<b>Total equity</b>		<b>209,948,116</b>	<b>172,224,928</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>210,998,231</b>	<b>189,431,374</b>

Prior year figures have been reclassified to conform to the current year's presentation.

**INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER**

in CHF	Note	2015	2014
<b>INCOME</b>			
Gain on securities, net		34,726,123	5,250,974
Gain on derivative financial instruments, net		2,594,759	0
Dividend income		11,000,000	3,479,262
Foreign exchange gains, net		448,926	0
Interest income		44	250,188
Other income		170,335	10,169
<b>Total income</b>		<b>48,940,187</b>	<b>8,990,593</b>
<b>EXPENSES</b>			
Loss on derivative financial instruments, net		0	(13,828,097)
Personnel expenses		(179,292)	(236,796)
General and administrative expenses		(1,780,366)	(1,567,614)
Commissions and other bank fees		(1,333,993)	(633,971)
Value adjustment Absolute Invest Ltd.	5	(11,000,000)	0
Foreign exchange losses, net		0	(145)
Interest expenses	6	(68,516)	(44,766)
<b>Total expenses</b>		<b>(14,362,167)</b>	<b>(16,311,389)</b>
<b>Net profit / (loss) before taxes</b>		<b>34,578,020</b>	<b>(7,320,796)</b>
Direct taxes		9,429	(6,305)
<b>Net profit / (loss) for the year</b>		<b>34,587,449</b>	<b>(7,327,101)</b>



## Notes to the Statutory Financial Statements

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### 1. Organization and business activity

Alpine Select Ltd. (the «Company», «Alpine» and together with its subsidiary Absolute Invest Ltd., the «Group») is a limited liability company incorporated on 17 September 1997 under the laws of Switzerland having its registered seat at Gotthardstrasse 31, Zug (Switzerland).

The Company's purpose is to invest in securities of any form of Swiss or foreign corporations taking advantage of particular corporate circumstances.

The shares of the Company are listed on the SIX Swiss Exchange and are traded in Swiss Francs (Stock Exchange symbol: ALPN; Swiss Security number: 1.919.955; ISIN code: CH 0019199550).

### 2. Principles

#### 2.1 General aspects

These financial statements were prepared according to the principles of the Swiss Law on Accounting and Financial Reporting (32<sup>nd</sup> title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

#### 2.2 Unrealized losses from currency forward contracts

Open currency forward contracts are valued at market prices.

### 3. Other short-term receivables

As at 31 December 2015, other short-term receivables include TCHF 0 (2014: TCHF 404) receivables from Absolute Invest Ltd.

### 4. Securities

The Company holds investments in quoted and unquoted securities as disclosed in the following table. They are valued at the lower of cost or market.

in CHF	2015	2014
Carrying amount of quoted securities	59,943,250	69,676,655
Carrying amount of unquoted securities	17,565,400	21,023,491
<b>Total</b>	<b>77,508,650</b>	<b>90,700,146</b>

### 5. Investment in Absolute Invest Ltd.

Absolute Invest Ltd. («Absolute Invest»), domiciled in Zug, Switzerland with a nominal share capital of CHF 559,555.20 is a wholly owned subsidiary of the Company. The investment in Absolute Invest is stated at acquisition costs less value adjustment.

Absolute Invest invests in quoted and unquoted securities and – indirectly through its wholly owned subsidiary Absolutissimo Limited, Cayman Islands – in unquoted hedge funds. Before its liquidation as of

30 October 2015, Carry Ltd. used to be a wholly owned subsidiary of Absolute Invest. Carry was struck from the Company Register of Cayman Islands on 1 February 2016.

### **6. Accounts payable**

As of 31 December 2015, interest expenses payable to Absolute Invest of TCHF 4 (2014: TCHF 0) are included here.

### **7. Share capital**

The annual shareholders' meeting of Alpine Select Ltd. held on 20 May 2015 decided to increase the share capital of the Company by a maximum of CHF 50,000.00 through the issue of a maximum of 2,500,000 fully paid-in registered shares with a nominal value of CHF 0.02 each. The executed capital increase resulted in an increase of the share capital of CHF 18,765.56 being 938,278 new and fully paid-in registered shares with a nominal value of CHF 0.02 each. The changes in the Company's share capital were recorded in the Commercial Register of the Canton of Zug as of 14 July 2015.

As of 31 December 2015, the share capital of the Company amounts to CHF 286,324.64 (2014: CHF 267,559.08) and is divided into 14,316,232 (2014: 13,377,954) registered shares with a nominal value of CHF 0.02 each. The shares are fully paid-in. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. There are two share certificates outstanding for 525 shares in total.

#### **7.1 Authorized share capital**

According to article 4a of the Company's articles of association, the board of directors is authorized to increase the share capital by a maximum amount of CHF 100,000.00 at any time until 20 May 2017 by issuing a maximum of 5,000,000 registered shares with a nominal value of CHF 0.02 each to be fully paid-in.

Increases by firm underwriting and partial increases are permitted. The board of directors shall determine the date of issuance of the new shares, their issue price, the method of payment, the conditions for exercising subscription rights and the date of the dividend entitlement.

#### **7.2 Conditional share capital**

As of 31 December 2015, the Company's articles of association (art. 4b) foresee that the share capital may be increased by a maximum amount of CHF 121,779.54 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid-in, through the exercise of option and/or conversion rights granted in connection with bonds or similar debt instruments of the Company or its subsidiary, and/or through the exercise of option rights granted to the shareholders.

### **8. Treasury shares**

The annual shareholders' meeting held on 20 May 2015 entitled the Company's board of directors to repurchase own shares of the Company up to a maximum of 10% of the share capital starting 21 May 2015 until the ordinary annual shareholders' meeting in the year 2017. No treasury shares were purchased until 31 December 2015. Hence, the Company holds no treasury shares as of 31 December 2015.

### 9. Reserves from capital contributions – not yet approved

The Company has – to the best of its knowledge – identified reserves from capital contributions and re-allocated the components accordingly within equity. However, the Federal Tax Authorities («FTA», Eidgenössische Steuerverwaltung) refuse to approve an amount of CHF 8,196,358 as at 31 December 2015 (2014: CHF 8,026,706) as they consider these amounts as «costs that arose in connection with the capital increases». Contrary to the FTA, the Company is of the opinion that these amounts qualify as reserves from capital contributions. Should distributions be made out of the reserves from capital contributions, the Company will deduct such distributions first from the approved amount. Should – on a later stage – distributions be planned out of the amount that was not approved by the FTA and should – at that time – the legal situation on which the above difference is based not be finally assessed, the Company would reserve its right to formally appeal the decision of the FTA.

### 10. Share ownership

As at 31 December, members of the Board of Directors of Alpine owned shares of the Company as set out in the following table:

		2015	2014
Raymond J. Baer	Chairman and non-executive member	897,708	783,708
Thomas Amstutz	Non-executive member	313,550	276,000
Walter Berchtold	Non-executive member	300,000	300,000
Dieter Dubs	Non-executive member	6,000	5,000
<b>Total</b>		<b>1,517,258</b>	<b>1,364,708</b>



## 11. Significant shareholders

To the best knowledge of the Company, the following shareholders held a participation exceeding 3% of the Company's share capital at 31 December:

	2015	2014
<b>Trinsic Ltd.</b> Artherstrasse 21, 6300 Zug		
• Number of shares, including 170,000 shares (2014: 170,000 shares) directly held by the beneficial owners of Trinsic Ltd.	2,160,415	2,154,300
• Percentage	15.09%	16.10%
Beneficial owners of Trinsic Ltd.: Daniel Sauter, Zug; Regina Barbara Young, Zug; Viktoria Louise Sauter, Zug; Florian Sauter, Zug and, partly indirect through Talpas Ltd., 7502 Bever: Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Bever and Fabienne Vukotic, Zurich		
<b>Hans Müller</b> Seestrasse 50, 6052 Hergiswil		
• Number of shares	1,450,000	n/a
• Percentage	10.13%	
<b>Fabrel Ltd. / Hans Müller</b> Seestrasse 50, 6052 Hergiswil		
• Number of shares including 376,140 shares directly held by Hans Müller	n/a	1,351,140
• Percentage		10.10%
Beneficial owner of Fabrel Ltd. is Hans Müller, Hergiswil		
<b>Raymond J. Baer</b> Bühlstrasse 51, 8700 Küsnacht		
• Number of shares	897,708	783,708
• Percentage	6.27%	5.86%
<b>Hans-Ulrich Rihs</b> Eichstrasse 49, 8712 Stäfa		
• Number of shares	613,000	570,000
• Percentage	4.28%	4.26%
<b>Hans Hornbacher</b> Route de Perreret 3, 1134 Vufflens-le-Château		
• Number of shares	473,637	445,637
• Percentage	3.31%	3.33%

### 12. Pledged assets

In June 2014, Alpine entered into a standard pledge agreement with Bank Julius Baer & Co. Ltd. («BJB»), Zurich, under which the Company's portfolio at BJB of approximately CHF 119 million as at 31 December 2015 (2014: CHF 91 million) is pledged as security for any amounts due to BJB. As at 31 December 2015, the amount due to BJB was CHF 0 million (2014: CHF 10.7 million).

### 13. Employees (full-time equivalents)

The annual average number of full-time equivalents for the reporting year and the previous years was one.

### 14. Residual amount of leasing obligations

The maturity of leasing obligations which have a residual maturity of more than twelve months or which cannot be cancelled within the next twelve months is as follows:

in CHF	2015	2014
Not later than 1 year	36,000	76,000
Later than 1 year and not later than 5 years	192,000	0
Later than 5 years	12,000	0
<b>Total</b>	<b>240,000</b>	<b>76,000</b>

The above amounts include payments related to rental contracts up to the end of their contract or notice period, as applicable.

### 15. Events after the balance sheet date

The annual shareholders' meeting held on 20 May 2015 authorized the Board of Directors of Alpine to re-purchase up to 10% of the Company's share capital until the annual shareholders' meeting 2017. The Company started the share buyback program on 11 February 2016. Information on the current status of the program is available on the Company's website [www.alpine-select.ch/investors/share-buyback-program.aspx](http://www.alpine-select.ch/investors/share-buyback-program.aspx).

Alpine Select together with Absolute Invest disclosed on 8 April 2016 to hold more than 50% of Altin Ltd. shares. The combined holding in Altin Ltd. amounted as of that day to 1,725,314 shares, equaling 50.01% of the total share capital and voting rights of Altin Ltd.

The statutory financial statements for the year ended 31 December 2015 were authorized for issue by the board of directors on 11 April 2016. There were no other significant events to report until this date.

The annual shareholders' meeting to be held on 24 May 2016 will vote on the final approval of the statutory financial statements.

Proposed Appropriation of Available Earnings

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**Proposed Appropriation of Available Earnings  
as of 31 December (Proposal of the board of directors)**

in CHF	2015	2014
Accumulated profit brought forward	100,706,932	108,034,033
Net profit / (loss) for the year	34,587,449	(7,327,101)
Accumulated profit at end of year	135,294,381	100,706,932
Dissolution of reserves from capital contributions <sup>1)</sup>	14,228,082	13,377,954
<b>Available for distribution</b>	<b>149,522,463</b>	<b>114,084,886</b>
<b>Proposal of the board of directors for appropriation of available earnings</b>		
Dividend <sup>1)</sup>	14,228,082	13,377,954
To be carried forward	135,294,381	100,706,932
	<b>149,522,463</b>	<b>114,084,886</b>
Total dividend distribution	14,228,082	13,377,954
• out of reserves from capital contributions	14,228,082	13,377,954
• out of accumulated profits	0	0

<sup>1)</sup> The proposed dividend is calculated based on all outstanding registered shares less those shares held by the Company (treasury shares) – if any – as they are not entitled to a dividend. At the date of declaration of the dividend, the number of shares held by the Company could be different from the amount reported here and therefore the reported dividend sum (as well as the dissolution of reserves from capital contributions) may differ as well.

Report of the Statutory Auditor on  
the Financial Statements

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# Report of the Statutory Auditor on the Financial Statements to the Annual Shareholders' Meeting of Alpine Select Ltd, Zug



## KPMG AG

### Audit

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Report of the Statutory Auditor on the Financial Statements to the General Meeting of Shareholders of

**Alpine Select AG, Zug**

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## Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Alpine Select AG, which comprise the balance sheet, income statement and notes on pages 89 to 100 for the year ended December 31, 2015.

### *Board of Directors' Responsibility*

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements for the year ended December 31, 2015 comply with Swiss law and the company's articles of association.

# Report of the Statutory Auditor on the Financial Statements to the Annual Shareholders' Meeting of Alpine Select Ltd., Zug



**Alpine Select AG, Zug**  
*Report of the Statutory Auditor  
on the Financial Statements  
to the General Meeting of Shareholders*

## Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

A handwritten signature in black ink, appearing to be 'M. Ziegler', on a light blue grid background. A small red circular stamp is visible in the top right corner of the grid.

Marc Ziegler  
*Licensed Audit Expert  
Auditor in Charge*

A handwritten signature in black ink, appearing to be 'A. Fähndrich', on a light blue grid background. A small red circular stamp is visible in the top right corner of the grid.

Alexander Fähndrich  
*Licensed Audit Expert*

Zurich, April 11, 2016

# ALPINE SELECT

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