

ALPINE SELECT

ANNUAL
REPORT
2016

Investors' Information

Board of Directors

Raymond J. Baer	Chairman
Thomas Amstutz	Member
Walter Berchtold	Member (until 31-Dec-16)
Dieter Dubs	Member

Management

Claudia Habermacher	Chief Executive Officer
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Auditors

KPMG Ltd.
Badenerstrasse 172
8036 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
Total Shares Issued	14,316,232
Custodian	Bank Julius Baer
Management Fees	None
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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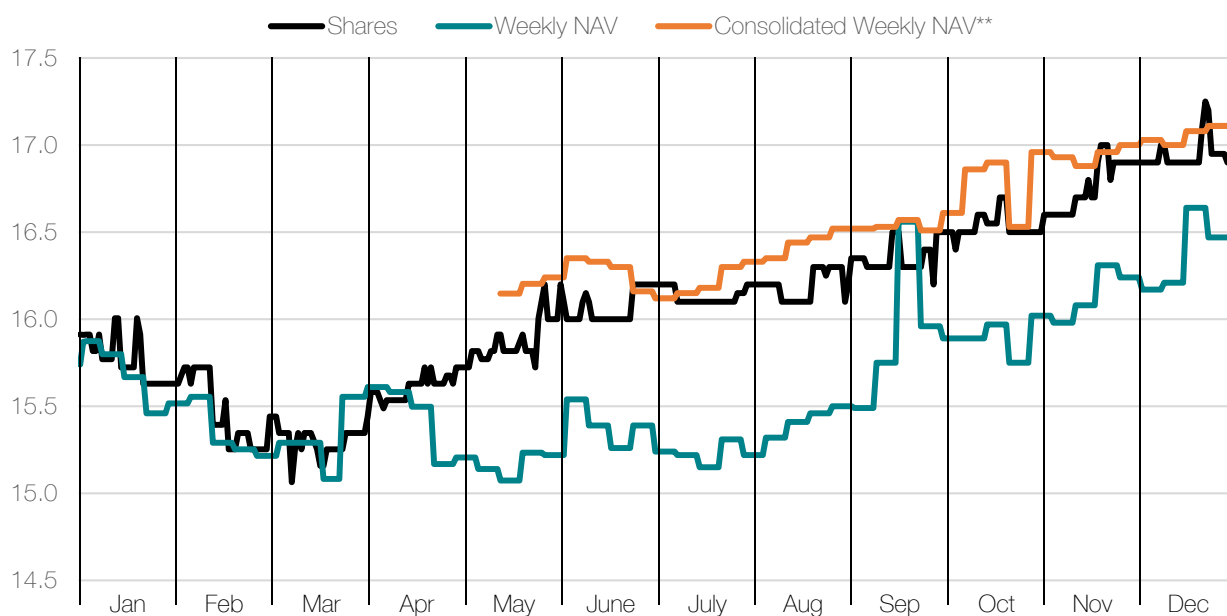
Performance Table*

	31 Dec 2016	31 Dec 2015
Share price	17.00	15.91
NAV	16.33	15.74

	High 2016	Low 2016
Share price	17.25	15.06
Premium / (Discount) to NAV	6.44%	-1.94%
NAV	16.64	15.07

12 Months Price-History in CHF for the Year 2016

Daily closing share price and weekly NAV



Top Positions of the Consolidated Portfolio as per 31 December 2016

Altin Ltd.	41.36%
Cheyne New Europe Fund L.P.	8.07%
Sparx Japan Value Impact Fund	5.18%
CQS Directional Opp. Feeder Fund Ltd.	3.67%
Arcus Genseki Fund	3.55%
Other Long Positions	25.30%
Other Hedge Fund Positions	11.28%
Cash and other assets/(liabilities), net	1.58%

Monthly NAV Performance in % ¹⁾

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
2012	1.5	3.1	0.0	1.8	-2.7	2.6	0.3	1.4	1.4	-4.9	-2.8	7.2	8.7
2013	1.8	0.2	0.5	-0.7	3.9	-2.1	1.0	-1.2	3.9	3.5	-0.1	1.0	12.2
2014	2.3	1.4	-1.8	-0.8 ²⁾	5.8	1.2	-1.1	0.6	-2.2	2.9	0.9	1.6	11.1
2015	0.6	3.2	2.8	-0.8	0.2	-0.8	-1.0	-1.8	-1.8	-1.7	1.8	-1.2	-0.6
2016	-1.3	-2.3	2.5	-3.0	1.1	-0.6	1.5	0.3	2.5	0.8	1.3	0.4	3.1

1) 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. Change to publication of consolidated NAV as of April 2014.

2) Change to publication of consolidated NAV

Monthly Share Price Performance in %

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
2012	1.0	2.9	4.1	0.6	0.0	0.6	0.9	0.3	-0.6	-0.6	-1.9	1.3	8.8
2013	1.9	-0.3	0.6	0.3	2.0	-1.9	1.6	-1.0	2.9	5.1	0.3	0.0	12.0
2014	4.2	1.2	-0.6	-0.6	5.2	1.2	-0.6	0.3	-1.4	1.8	0.6	1.1	12.8
2015	2.3	1.7	3.8	1.1	-0.5	-1.6	1.1	-3.9	-2.9	0.3	0.6	-0.9	0.7
2016	-1.8	-1.2	0.0	1.8	3.0	0.0	0.0	0.9	0.9	0.6	1.8	0.6	6.8

* All figures are adjusted for the dividend payment in May 2016 out of reserves from capital contributions.

** NAV consolidated: pro forma NAV with Altin Ltd. (press release, dated 9 May 2016)

Chairman's Statement and Review of Operations

Dear Shareholders

Including the pay-out to shareholders of CHF 1.00 per share, the share price of Alpine Select Ltd. («Alpine», the «Company») increased by 6.85% (from CHF 15.91 to CHF 17.00) during 2016, while the Net Asset Value («NAV») recorded a performance of 3.75% (from CHF 15.74 to CHF 16.33). Throughout the year 2016, the shares traded at or near the NAV thereby delivering on an important commitment of ours.

Alpine Select has been required to adopt the amendments to IFRS 10 Investment Entities («the Amendment») and thus to fundamentally revise the presentation of its financial statements, to discontinue consolidating its wholly owned Absolute Invest Ltd. («Absolute Invest») and instead present Absolute Invest as a non-consolidated investment at fair value through profit or loss in its financial statements. Consequently, the Absolute Invest portfolio, other assets and liabilities as well as related income and expense items are presented in a single line item in the statement of financial position («investments in non-consolidated subsidiaries at fair value through profit or loss») and statement of comprehensive income («gain / (loss) on investments in non-consolidated subsidiaries at fair value through profit or loss»), respectively. The mentioned captions also include the relevant items of Alpine's investment in Altin Ltd. («Altin») in which Alpine increased its holding from 18.05% as at 31 December 2015 to 68.16% as at 31 December 2016.

2016 was certainly another challenging year, characterized by significant geopolitical uncertainty, most notably the rather surprising outcome on the Brexit vote and the US presidential election. The financial markets responded relatively muted to these events, but it is premature to assess the long-term impact already today. However, we believe that uncertainty will weigh on European economies for some time to come, which will lead to short-term volatility creating interesting investment opportunities with appealing long-term earnings and growth prospects.

During 2016, Alpine and Absolute Invest successfully further increased their combined participation in Altin from 1,020,605 shares (equaling to 29.59% of all outstanding shares) at the beginning of the year to 3,018,540 or 87.50% at year-end. In addition, Alpine Select successfully requested Altin a) in May to reduce the capital by a nominal value repayment and an additional dividend payment of a combined CHF 24.00 and b) in October to distribute a further dividend of CHF 18.00. Shareholders of Altin approved both requests which then enabled us to propose an extraordinary dividend of CHF 3.00 to our esteemed shareholders at the beginning of 2017 (and which was approved at the occasion of Alpine Select's extraordinary shareholders' meeting, held on 7 February 2017). On 8 February 2017, Alpine Select and Absolute Invest with a combined holding of then 88.65% of the total share capital and voting rights in Altin have applied for the following to be added to the agenda of the upcoming Altin ordinary shareholders' meeting: a) the payment of a dividend of CHF 15.00 per dividend-entitled share and b) the change of domicile from Baar to Zug. Furthermore, we proposed Altin to enter merger talks and / or to discuss other options in order to run Altin sound and efficiently. This in context to our view that it is neither for us nor for any of the minority shareholders appropriate and efficient that Altin continues to be an independent and listed company.

On 24 May 2016, 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. Walter Berchtold, member of the board of directors – following his nomination as CEO of Falcon Private Bank – resigned from the board, effective 31 December 2016. The board took notice of his decision with great regret and is very pleased to be able to present to

the annual shareholders' meeting Michel Vukotic as a new member to the board. Michel Vukotic has been working in the banking sector for over 30 years and has an exceptionally broad financial market knowledge, in both traditional and alternative investment schemes. The Board of Directors of Alpine Select is confident that Michel Vukotic will complement the board with his knowledge and broad experience.

Also at the occasion of the ordinary shareholders' meeting on 24 May 2016, the shareholders had approved in principal the board to buy-back in 2016 and at its discretion about 25% of the shares outstanding. On 29 November 2016 Alpine Select announced the launch of a share buyback program for up to 3,580,000 own shares (corresponding to the 25% of the share capital registered in the share register). This share buyback program was successfully completed on 29 December 2016 with Alpine Select having repurchased a total of 2,964,982 shares. The cancellation of these shares and the corresponding reduction of the share capital of CHF 286,324.64 to CHF 227,025.00 by way of cancellation of the 2,694,982 repurchased shares, was approved by the shareholders at the extraordinary shareholders' meeting held on 7 February 2017. The respective entry in the Commercial Register of the Canton of Zug is expected to take place towards the end of April 2017.

In addition and as already mentioned above, the extraordinary shareholders meeting held on 7 February 2017 approved the request of the board for a cash distribution of an extraordinary dividend free from withholding tax out of the reserves from capital contributions in the amount of CHF 3.00 per registered share of CHF 0.02 nominal value – and the dividend was paid to the shareholders with ex-date 9 February 2017 (date of payment: 13 February 2017).

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

A handwritten signature in black ink, appearing to be 'R. Baer' with a stylized flourish at the end.

Raymond J. Baer

Chairman of the Board of Directors of Alpine Select Ltd.

Corporate Governance

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1. Company structure and shareholders

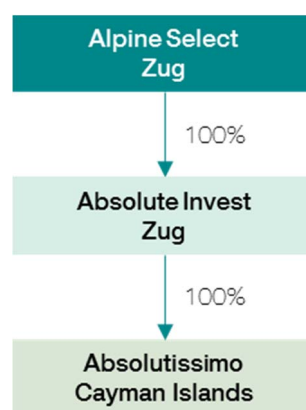
1.1 Business

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 Company 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: CH 0019199550. As at 31 December 2016, market capitalization stood at CHF 189.3 million (2015: CHF 241.94 million).

Absolute Invest Ltd., Zug («Absolute Invest») the 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»), domiciled in the Cayman Islands. Carry Ltd, another subsidiary to Absolute Invest was put into liquidation and the Certificate of Dissolution was issued by the Registrar of Companies on 3 November 2015, with the company being removed from the Companies Register of the Cayman Islands on 1 February 2016.



1.3 Significant shareholders

The Company received the following disclosure notification of shareholders during 2016:

- Trinsic Ltd. submitted one disclosure notification: <3% (31 December 2016).

An update on shareholdings can be obtained from the SIX Swiss Exchange website: www.six-exchange-regulation.com/de/home/publications/significant-shareholders?companyId=ALPINE.

One management transaction was reported to the SIX Swiss Exchange in 2016. All management transaction can be viewed on the SIX Swiss Exchange website: <https://www.six-exchange-regulation.com/en/home/publications/management-transactions.html?companyId=ALPINE>.

As of 31 December 2016, Alpine had 14,316,232 shares issued. The Company has knowledge of the following investors which held 3% or more of the total number of Alpine shares issued:

	2016	2015
Alpine Select, Zug (own shares)	21.7%	n/a
Hans Müller, Hergiswil	10.13%	10.13%
Raymond J. Baer, Küsnacht	6.76%	6.27%
Hans Ulrich Rihs, Stäfa	4.28%	4.28%
Hans Hornbach, Vufflens-le-Château	3.31%	3.31%
Trinsic Ltd., Zug ^{*)}	<3.00%	15.09%

^{*)} Number of shares, including 170,000 shares directly held by the beneficial owners of Trinsic Ltd. Beneficial owners of Trinsic Ltd. comprise Daniel Sauter, Zug; Regina Barbara Young, Walchwil; Viktoria Louise Sauter, Zug; Florian Sauter, Zug, Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Bever and Fabienne Vukotic, Zurich. Joint holding in Trinsic Ltd., Zug (partially indirectly through Talpas Ltd., Bever).

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 or ISIN code CH0019199550, respectively.

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 2016, 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 IFRS financial statements, Note 9.

2.4 Treasury shares

The annual shareholders' meeting held on 20 May 2015 entitled the Company's board of directors to re-purchase own shares up to a maximum of 10% of the share capital starting 21 May 2015 until the ordinary annual shareholders' meeting in the year 2017. In 2016 the Company acquired 148,350 treasury shares under this re-purchase program at an average price of CHF 16.43 per share for a total amount of TCHF 2,443. The Company held no treasury shares as of 31 December 2015.

The annual shareholders' meeting held on 24 May 2016 authorized the Company's board of directors to buy-back in 2016 and at its discretion about 25% of the shares outstanding – should such need arise. The so purchased shares would then be cancelled as part of a capital reduction. With press release dated 29 November 2016, Alpine Select informed about the board's decision to start a share buy-back program at a fixed price for up to 3,580,000 own shares, corresponding to around 25% of the share capital registered in the share register. Following the publication of the advertisement in the Swiss Official Commercial

Gazette on 14 December 2016, the repurchase offer was open for acceptance from 15 December 2016 to 29 December 2016, 16:00 CET. The repurchase price for each Alpine Select registered share tendered was CHF 17.00. During the repurchase period, Alpine Select repurchased a total of 2,964,982 own shares for a total amount of CHF 50.4 million. The extraordinary shareholders' meeting held on 7 February 2017 approved the cancellation of the 2,964,982 shares acquired under the share buy-back program at a fixed price and to reduce the share capital by CHF 59,299.64. The respective entry in the Commercial Register of the Canton of Zug will be executed following the expiration of the filing period on 18 April 2017.

2.5 Shares

The Company's share capital as at 31 December 2016 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.

2.6 Profit sharing certificates

There are no profit sharing certificates outstanding.

2.7 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).

2.8 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 1981 and 2004, he held various management positions at different entities of the Credit Suisse Group, based in Geneva, Frankfurt and Zurich. From 2005 to 2014, 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).

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).

Walter Berchtold, resigned as member of the Board of Directors of Alpine as well as of the Board of Directors of Absolute Invest, both effective 31 December 2016.

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 Alpine 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
- Vice-Chairman of the Foundation Board of the Asia Society Switzerland Foundation, Zürich
- Member of the Advisory Board of Deloitte Ltd., Zurich
- 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
- President of the Board of Directors of Altin Ltd.
- 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 (also acting as liquidator); 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

Dieter Dubs

- Member of the Board of Directors of Altin Ltd.

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 a stock exchange (art. 13, para. 5 of the articles of association). Mandates in different legal entities, which are under common control, are to be considered as one mandate.

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:

- a. Mandates in enterprises controlled by the Company; and
- b. 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	2017
	Chairman of the compensation committee	26 May 2014	2017
Thomas Amstutz	Non-executive member BoD	18 April 2012	2017
Walter Berchtold *)	Non-executive member BoD	26 May 2014	2017
Dieter Dubs	Non-executive member BoD	25 April 2013	2017
	Member of the compensation committee	26 May 2014	2017

*) Walter Berchtold, resigned as member of the Board of Directors of Alpine as well as of the Board of Directors of Absolute Invest, both effective 31 December 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. the ultimate management of the Company and the giving of necessary directives;
2. the establishment of the organization;
3. the structuring of the accounting system, the financial controlling as well as the financial planning;
4. the appointment and dismissal of the persons entrusted with the management and the representation of the Company and granting of signatory power;
5. the ultimate supervision of the persons entrusted with the management, in particular with regard to compliance with the law, the articles of association, regulations and directives;
6. the preparation of the annual report as well as preparation of the shareholders' meeting and the execution of its resolutions;
7. the preparation of the compensation report;
8. the notification of the judge in case of overindebtedness;
9. resolutions regarding the verification of the 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 2016, the board convened five times.

Committees: Compositions, tasks and responsibilities

Since 2014, the board of directors has had two committees: The compensation and the 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 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.

In 2016, the compensation committee met once. As per 31 December 2016, 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 as often as business requires, but at least one time 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 2016, the investment committee met twice. As at 31 December 2016, the committee consists of Raymond J. Baer (chairman) and Thomas Amstutz.

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 or reserved for another corporate body of the Company 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 regulation 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. On 21 June 2016, Claudia Habermacher was appointed CEO of Altin Ltd., Baar.

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). Mandates in different legal entities, which are under common control, are to be considered as one mandate.

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 11.

5.5 Advisory contracts

Among others, Thomas Amstutz is also a member of the Board of Directors of JAAM AG. The service agreement between Alpine and JAAM was terminated as per 30 September 2016 with a new agreement coming in place as of 1 January 2017. JAAM received a total compensation of CHF 540,000 for 2016.

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. For the year 2016, Alpine paid CHF 133,000 to Baer & Karrer Ltd. for their legal services (2015: CHF 94,605).

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 2016 and for the compensation report 2016 amount to CHF 123,500 (2015: 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 2016 (2015: CHF 45,000). No advisory or tax services have been rendered to the Company in 2016 and 2015 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 2016, two 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).

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 downloadable from the Company's website and 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 respective request.

News releases (including ad-hoc news, estimated NAV, monthly reports) can be downloaded from the Company website 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.

The corporate calendar is published on the Company's website under www.alpine-select.ch/investors/corporate-calendar.aspx.

Alpine can be contacted at tel. +41 41 7204411 or investorrelations@alpine-select.ch.

Compensation Report

1.	Introductory note regarding the specific structure of Alpine Select Ltd. as an investment company	26
2.	Principles and elements as well as authority and determination of compensation	26
3.	Compensation of as well as loans and credits to the board of directors, the management and related parties	29

This compensation report for the financial year 2016 sets out the compensation system and the compensation paid to members of the board of directors and the chief executive officer («CEO») of Alpine Select Ltd. (the «Company», «Alpine»). The content and scope is compliant with the provisions of the Swiss Ordinance against Excessive Remuneration in Listed Stock Companies Limited by Shares («ERCO») issued by the Federal Council, which entered into force on 1 January 2014, the Corporate Governance («CGG») of the SIX Swiss Exchange and article 663b^{bis} of the Swiss Code of Obligations («CO»).

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

Alpine is a listed investment company pursuant to article 2 paragraph 3 of the Swiss Collective Investment Schemes Act («CISA») with the structure of a «société d'investissement à capital fixe (fixed capital investment company – SICAF)». As a publicly listed Swiss company, Alpine is subject to oversight and regulation by the SIX Swiss Exchange and, inter alia, the provisions of ERCO. Accordingly, Alpine is exempted from the oversight by the Swiss Financial Market Supervisory Authority («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.

Pursuant to article 716b 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 by group companies that are directly or indirectly controlled by the Company.

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/investors/corporate-documents.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 ERCO and the articles of association, subject to revision in accordance with the ERCO.

Compensation Report

The compensation committee usually consists of two or three members. The shareholders' meeting elects 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 as well as 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 2016 (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-16	150,000		11,926	13,463	175,389
Thomas Amstutz <i>Non-executive member BoD</i>	1-Jan to 31-Dec-16	40,000		3,183	0	43,183
Dieter Dubs <i>Non-executive member BoD</i>	1-Jan to 31-Dec-16	40,000		3,183	0	43,183
Walter Berchtold <i>Non-executive member BoD</i>	1-Jan to 31-Dec-16	40,000		3,183	0	43,183
Claudia Habermacher <i>Chief executive officer</i>	1-Jan to 31-Dec-16	150,000	10,000	12,696	9,932	182,628

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 2016 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 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		11,863	7,729	169,592
Thomas Amstutz <i>Non-executive member BoD</i>	1-Jan to 31-Dec-15	40,000		3,202	0	43,202
Dieter Dubs <i>Non-executive member BoD</i>	1-Jan to 31-Dec-15	40,000		3,202	0	43,202
Walter Berchtold <i>Non-executive member BoD</i>	1-Jan to 31-Dec-15	40,000		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

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 2016 and there were none outstanding as at year-end 2016.

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 2016, and there were none outstanding as at year-end 2016.

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 under which JAAM provided the Company with consultancy services. The agreement was terminated as per 30 September 2016. For the period from January to September 2016, JAAM received a total fee of CHF 540,000 (2015: CHF 720,000).

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. For the year 2016, Alpine paid CHF 133,00 to Baer & Karrer Ltd. for legal services (2015: CHF 94,605).

**Report of the
Statutory Auditor on the
Compensation Report**

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



Report of the Statutory Auditor

To the General Meeting of Alpine Select AG, Zug

We have audited the accompanying remuneration report of Alpine Select AG for the year ended December 31, 2016. The audit was limited to the information according to articles 14 – 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.

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

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



Opinion

In our opinion, the compensation report for the year ended December 31, 2016 of Alpine Select AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Alex Fähndrich
Licensed Audit Expert

Zurich, April 12, 2017

Financial Statements (IFRS)

STATEMENT OF FINANCIAL POSITION

in TCHF	Note	31-Dec 16	31-Dec 15 restated *)	1-Jan 15 restated *)
ASSETS				
Current assets				
Cash and cash equivalents		951	42,523	349
Financial assets at fair value through profit or loss – trading	6	1,177	0	1,258
Loan and other receivables from Absolute Invest Ltd.		21	3,000	404
Other current assets	7	15,727	1,061	73
Total current assets		17,876	46,584	2,084
Non-current assets				
Financial assets at fair value through profit or loss – trading	6	35,551	95,573	142,135
Investment in non-consolidated subsidiaries at fair value through profit or loss	6	163,414	98,546	113,196
Total non-current assets		198,965	194,119	255,331
TOTAL ASSETS		216,841	240,703	257,415
LIABILITIES AND EQUITY				
Current liabilities				
Bank overdrafts		18,183	0	0
Short-term bank loans		0	0	10,704
Financial liabilities at fair value through profit or loss – trading	6	470	623	2,363
Short-term loan and other payables to Absolute Invest Ltd.		14,000	4	5,000
Accounts payable and accrued liabilities		239	423	397
Total current liabilities		32,892	1,050	18,464
Non-current liabilities				
Deferred tax liabilities	8	959	310	0
Total non-current liabilities		959	310	0
Equity				
Share capital	9	286	286	268
Additional paid-in capital		43,546	57,714	54,829
Treasury shares	9	(52,848)	0	0
Retained earnings		192,006	181,343	183,854
Total equity		182,990	239,343	238,951
TOTAL LIABILITIES AND EQUITY		216,841	240,703	257,415
Net asset value (NAV) per share in CHF	16	16.33	16.72	17.86

*) Further details to the restatement can be seen in Note 3.1

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2016	2015 restated *)
INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	10	0	3,950
Dividend income		42,425	11,000
Interest income from financial assets		21	4
Other income		62	170
Net foreign exchange gains		0	449
Total income		42,508	15,573
EXPENSES			
Loss on financial assets and financial liabilities at fair value through profit or loss, net – trading	10	(2,892)	0
Loss on investments in non- consolidated subsidiaries at fair value through profit or loss	11	(25,415)	(14,650)
Administrative expenses	12	(1,683)	(1,714)
Commissions and other bank fees		(743)	(1,334)
Interest expenses		(111)	(72)
Net foreign exchange losses		(352)	0
Total expenses		(31,196)	(17,770)
Profit / (loss) before tax		11,312	(2,197)
Income tax expense	14	(649)	(314)
Profit / (loss) for the year		10,663	(2,511)
Other comprehensive income for the year		0	0
Total comprehensive income / (loss) for the year		10,663	(2,511)
Earnings per share in CHF (basic and diluted)	15	0.75	(0.18)

*) Further details to the restatement can be seen in Note 3.1

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2016	2015 restated *)
Cash flows from operating activities			
Profit / (loss) before tax		11,312	(2,197)
Adjustments for:			
• Loss / (gain) on financial assets and financial liabilities at fair value through profit or loss, net – trading	10	2,892	(3,950)
• Loss on investments in non-consolidated subsidiaries at fair value through profit or loss	11	25,415	14,650
• Dividend income		(42,425)	(11,000)
• Interest expenses / (income), net		90	68
• Net foreign exchange losses / (gains)		352	(449)
• Other non-cash (income) / expenses		(38)	12
(Increase) / decrease in other current assets		(8)	0
(Decrease) / increase in accounts payable and accrued liabilities		(146)	34
(Increase) / decrease in short-term receivables from Absolute Invest Ltd.		(25)	404
Withholding taxes received		1,971	0
Dividends received		27,577	11,000
Interest received		21	0
Interest paid		(111)	(68)
Income taxes paid		0	(4)
Net cash from operating activities		26,877	8,500
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss	6.8	(20,861)	(40,429)
Investments in non-consolidated subsidiaries at fair value through profit or loss	6.1	(89,846)	0
Proceeds from:			
• Sale of financial assets at fair value through profit or loss	6.8	42,971	92,348
• Capital repayment of non-consolidated subsidiaries	6.1	37,269	0
• Short sale of financial assets at fair value through profit or loss	6.8	558	17,350
Disposal of financial liabilities at fair value through profit or loss		0	(22,212)
Net cash inflow / (outflow) from currency forwards	6.8	(6,354)	1,984
Short-term loan (granted to) / repaid by Absolute Invest Ltd.		3,000	(3,000)
Net cash (used in) / from investing activities		(33,263)	46,041

*) Further details to the restatement can be seen in Note 3.1

STATEMENT OF CASH FLOWS

in TCHF	Note	2016	2015 restated *)
Cash flows from financing activities			
Increase short-term bank loans		0	13,500
Repayment of short-term bank loans		0	(24,200)
Repayment of short-term loan to Absolute Invest Ltd.		0	(5,000)
Short-term loan received from Absolute Invest Ltd.		14,000	0
Increase of share capital, net of transaction costs		0	16,261
Acquisition of treasury shares	9.4	(52,848)	0
Dividend paid to shareholders of Alpine		(14,168)	(13,378)
Net cash used in financial activities		(53,016)	(12,817)
Net foreign exchange difference		(353)	450
Net (decrease) / increase in cash and cash equivalents		(59,755)	42,174
Cash and cash equivalents as at 1 January		42,523	349
Cash and cash equivalents as at 31 December		(17,232)	42,523
Cash and cash equivalents as at 31 December consist of:			
• Current accounts at banks		951	42,523
• Less bank overdrafts		(18,183)	0
Cash and cash equivalents as defined for the statement of cash flows		(17,232)	42,523

*) Further details to the restatement can be seen in Note 3.1

STATEMENT OF CHANGES IN EQUITY

		Attributable to owners of Alpine Select Ltd.							
in TCHF	Note	Share capital	Additional paid-in capital	Treasury shares	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 31 December 2014 (as reported)		268	54,829	0	1,698	182,156	238,951	369	239,320
Restatement due to IFRS 10	3.1				(1,698)	1,698	0	(369)	(369)
Balance at 1 January 2015 (restated)		268	54,829	0	0	183,854	238,951	0	238,951
Profit / (loss)						(2,511)	(2,511)		(2,511)
Other comprehensive income							0		0
Total comprehensive income / (loss)		0	0	0	0	(2,511)	(2,511)	0	(2,511)
Dividend paid to shareholders of Alpine ¹⁾			(13,378)				(13,378)		(13,378)
Increase of share capital, net of transaction costs		18	16,243				16,261		16,261
Income tax on transaction costs			20				20		20
Total contributions by and distributions to owners of the Company		18	2,885	0	0	0	2,903	0	2,903
Balance at 31 December 2015		286	57,714	0	0	181,343	239,343	0	239,343
Profit / (loss)						10,663	10,663		10,663
Other comprehensive income							0		0
Total comprehensive income		0	0	0	0	10,663	10,663	0	10,663
Dividend paid to shareholders of Alpine ¹⁾			(14,168)				(14,168)		(14,168)
Acquisition of treasury shares	9.4			(52,848)			(52,848)		(52,848)
Total contributions by and distributions to owners of the Company		0	(14,168)	(52,848)	0	0	(67,016)	0	(67,016)
Balance at 31 December 2016		286	43,546	(52,848)	0	192,006	182,990	0	182,990

¹⁾ Paid out of the reserves from capital contributions

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1. Corporate information

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

Absolute Invest Ltd. («Absolute Invest»), Zug, Switzerland is a wholly owned subsidiary of Alpine. As at 31 December 2016, Alpine holds 68.16% (2015: 18.05%) of the shares and voting rights of Altin Ltd («Altin»), Baar, 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.

Alpine has established investment guidelines that set forth the investment objectives and restrictions. Investment results may vary substantially over time and there is no guarantee that the set forth objectives will be achieved. The board of directors may alter the investment guidelines at any time. The investment guidelines can be downloaded from the Company's website. As of 31 December 2016, the Company has one employee.

2. Basis of presentation of the financial statements (IFRS)

The accompanying IFRS financial statements for the year ended 31 December 2016 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 IFRS financial statements are presented in Swiss Francs («CHF») / thousands of Swiss Francs («TCHF»).

3. Accounting policies

The IFRS financial statements have been prepared under the historical cost basis except for investments in non-consolidated subsidiaries as well as 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 amended standards issued for financial years beginning on or after 1 January 2016.

- Various: Investment Entities: Applying the Consolidation Exception – Amendments to IFRS 10, IFRS 12 and IAS 28 (effective 1 January 2016);
- Various: Annual Improvements to IFRS (2012-2014 Cycle) – Omnibus Change to many Standards (effective 1 January 2016);
- IAS 1: Disclosure Initiative – Amendments to IAS 1 (effective 1 January 2016).

Except for the amendments of IFRS 10, the adoption of the amended standards during the year 2016 did

not have any effect on the financial statements or the performance of the Company.

As per 1 January 2016, Alpine has adopted Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28) (the «Amendments»). The amendments clarify that an investment entity only consolidates its subsidiaries if both the following criteria are met:

- The subsidiary is not itself an investment entity, and
- The subsidiary's main purpose is to provide services that relate to the investment entity's investment activities.

The investment entities consolidation exception is mandatory for an entity that meets the criteria of an investment entity in accordance with IFRS 10.27:

- a) obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- b) commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- c) measures and evaluates the performance of substantially all of its investments on a fair value basis.

Management assessed Alpine and its subsidiary Absolute Invest – whereof Alpine holds 100% interest as of 1 January and 31 December 2015 and 31 December 2016 – and its investment in Altin whereof Alpine holds directly 68.16% (increased from 18.05% as at 31 December 2015) and together with Absolute Invest 87.5% as at 31 December 2016. Management concluded that Alpine, its directly owned subsidiary Absolute Invest and Altin meet the definition of an investment entity (see Note 3.2).

As a result, Alpine (the parent investment entity) is required to account for investments in controlled entities (Absolute Invest and Altin) at fair value through profit or loss. Absolute Invest and Altin do not meet the exception that would allow Alpine to continue to consolidate Absolute Invest or account for the acquisition of Altin as business combination and consolidate the entity.

Consequently, Alpine has changed its accounting policy on accounting for its investment in subsidiaries and measures them at fair value through profit or loss. The amendment is effective retrospectively and has to be implemented as at the beginning of the earliest period presented, i.e. 1 January 2015.

Notes to the Financial Statements (IFRS)

The following shows the adjustments made to each financial statement line item for the comparative period:

STATEMENTS OF FINANCIAL POSITIONS			
in TCHF	Presented as at 31-Dec 14	Re- statement	Restated as at 1-Jan 15
ASSETS			
Current assets			
Cash and cash equivalents	986	(637)	349
Financial assets at fair value through profit or loss – trading	1,258	0	1,258
Receivables from Absolute Invest Ltd.	0	404	404
Other current assets	1,755	(1,662)	73
Total current assets	3,999	(1,915)	2,084
Non-current assets			
Financial assets at fair value through profit or loss – trading	255,558	(113,423)	142,135
Investments in non-consolidated subsidiaries at fair value through profit or loss	0	113,196	113,196
Total non-current assets	255,558	(227)	255,331
TOTAL ASSETS	259,557	(2,142)	257,415
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts	3,654	(3,654)	0
Short-term bank loans	12,890	(2,186)	10,704
Financial liabilities at fair value through profit or loss – trading	2,363	0	2,363
Short-term loan payable to Absolute Invest Ltd.	0	5,000	5,000
Accounts payable and accrued liabilities	528	(131)	397
Total current liabilities	19,435	(971)	18,464
Non-current liabilities			
Deferred tax liabilities	802	(802)	0
Total non-current liabilities	802	(802)	0
Equity			
Share capital	268	0	268
Additional paid-in capital	54,829	0	54,829
Translation reserve	1,698	(1,698)	0
Retained earnings	182,156	1,698	183,854
Equity attributable to owners of Alpine Select Ltd.	238,951	0	238,951
Non-controlling interests	369	(369)	0
Total equity	239,320	(369)	238,951
TOTAL LIABILITIES AND EQUITY	259,557	(2,142)	257,415
Net asset value (NAV) per share in CHF	17.86	-	17.86

in TCHF	Presented as at 31-Dec 15	Re- statement	Restated as at 31-Dec 15
ASSETS			
Current assets			
Cash and cash equivalents	44,509	(1,986)	42,523
Receivables from Absolute Invest Ltd.	0	3,000	3,000
Other current assets	1,779	(718)	1,061
Total current assets	46,288	296	46,584
Non-current assets			
Financial assets at fair value through profit or loss – trading	195,488	(99,915)	95,573
Investments in non-consolidated subsidiaries at fair value through profit or loss	0	98,546	98,546
Total non-current assets	195,488	(1,369)	194,119
TOTAL ASSETS	241,776	(1,073)	240,703
LIABILITIES AND EQUITY			
Current liabilities			
Financial liabilities at fair value through profit or loss – trading	715	(92)	623
Payables to Absolute Invest Ltd.	0	4	4
Accounts payable and accrued liabilities	470	(47)	423
Total current liabilities	1,185	(135)	1,050
Non-current liabilities			
Deferred tax liabilities	1,212	(902)	310
Total non-current liabilities	1,212	(902)	310
Equity			
Share capital	286	0	286
Additional paid-in capital	57,714	0	57,714
Translation reserve	2,328	(2,328)	0
Retained earnings	179,013	2,330	181,343
Equity attributable to owners of Alpine Select Ltd.	239,341	2	239,343
Non-controlling interests	38	(38)	0
Total equity	239,379	(36)	239,343
TOTAL LIABILITIES AND EQUITY	241,776	(1,073)	240,703
Net asset value (NAV) per share in CHF	16.72	-	16.72

STATEMENT OF COMPREHENSIVE INCOME

in TCHF	Presented for the year 2015	Re- statement	Restated for the year 2015
INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	999	2,951	3,950
Dividend income	75	10,925	11,000
Interest income from financial assets	0	4	4
Other income	175	(5)	170
Net foreign exchange gains	240	209	449
Total income	1,489	14,084	15,573
EXPENSES			
Loss on investments in non-consolidated subsidiaries at fair value through profit or loss	0	(14,650)	(14,650)
Administrative expenses	(2,222)	508	(1,714)
Commissions and other bank fees	(1,779)	445	(1,334)
Interest expenses	(74)	2	(72)
Total expenses	(4,075)	(13,695)	(17,770)
Profit / (loss) before tax	(2,586)	389	(2,197)
Income tax expense	(414)	100	(314)
Profit / (loss) for the year	(3,000)	489	(2,511)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences – foreign operations	579	(579)	0
Other comprehensive loss for the year	579	(579)	0
Total comprehensive loss for the year	(2,421)	(90)	(2,511)
Profit / (loss) for the year attributable to:			
Owners of Alpine Select Ltd.	(3,143)	632	(2,511)
Non-controlling interests	143	(143)	0
Total comprehensive income / (loss) for the year attributable to:	(3,000)	489	(2,511)
Total comprehensive income / (loss) for the year attributable to:			
Owners of Alpine Select Ltd.	(2,513)	2	(2,511)
Non-controlling interests	92	(92)	0
Total comprehensive income / (loss) for the year attributable to:	(2,421)	(90)	(2,511)
Earnings per share in CHF (basic and diluted)	(0.23)	0.05	(0.18)

STATEMENT OF CASH FLOWS

in TCHF	Presented for the year 2015	Re-statement	Restated for the year 2015	in TCHF	Presented for the year 2015	Re-statement	Restated for the year 2015
Cash flows from operating activities				Cash flows from financing activities			
Profit / (loss) before tax	(2,586)	389	(2,197)	Increase of short-term bank loans	16,383	(2,883)	13,500
Adjustments for:				Repayment of short-term bank loans	(29,305)	5,105	(24,200)
• Gain on financial assets and financial liabilities at fair value through profit or loss, net - trading	(999)	(2,951)	(3,950)	Repayment of short-term loan to Absolute Invest Ltd.	0	(5,000)	(5,000)
• Loss on investments in non-consolidated subsidiaries at fair value through profit or loss	0	14,650	14,650	Increase of share capital, net of transaction costs	16,261	0	16,261
• Dividend income	(75)	(10,925)	(11,000)	Distribution to non-controlling interests	(423)	423	0
• Interest (income) / expenses, net	74	(6)	68	Dividend paid to shareholders of Alpine	(13,378)	0	(13,378)
• Net foreign exchange gains	(240)	(209)	(449)	Net cash used in financing activities	(10,462)	(2,355)	(12,817)
• Other non-cash expenses	7	5	12				
(Increase) / decrease in other current assets	(54)	54	0	Net foreign exchange difference	1,610	(1,160)	450
Decrease in accounts payable and accrued liabilities	(42)	76	34	Net increase / (decrease) in cash and cash equivalents	47,177	(5,003)	42,174
Decrease in short-term receivables from Absolute Invest Ltd.	0	404	404	Cash and cash equivalents as at 1 January	(2,668)	3,017	349
Withholding taxes received	3,241	(3,241)	0	Cash and cash equivalents as at 31 December	44,509	(1,986)	42,523
Dividends received	75	10,925	11,000				
Interest paid	(78)	10	(68)	Cash and cash equivalents as at 31 December (and as defined for the statement of cash flows) consists of current bank accounts	44,509	(1,986)	42,523
Income taxes paid	(4)	0	(4)				
Net cash (used in) / from operating activities	(681)	9,181	8,500				
Cash flows from investing activities							
Purchases of financial assets at fair value through profit or loss	(94,598)	54,169	(40,429)				
Proceeds from:							
• Sale of financial assets at fair value through profit or loss	155,029	(62,681)	92,348				
• Short sale of financial assets at fair value through profit or loss	17,350	0	17,350				
Disposal of financial liabilities at fair value through profit or loss	(22,212)	0	(22,212)				
Net cash inflow / (outflow) from currency forwards	1,141	843	1,984				
Short-term loan to Absolute Invest Ltd.	0	(3,000)	(3,000)				
Net cash from investing activities	56,710	(10,669)	46,041				

In 2017 and afterwards, the Company 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 16: Leases (effective 1 January 2019).

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

3.2 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 Company's critical accounting policies and estimates and the application of these policies and estimates.

a) Fair value of investments

The most critical judgments and estimates relate to the valuation of the Company's unlisted investments and – hence – the Company's non-consolidated investment in Absolute Invest, valued at fair value through profit or loss. Unlisted investments as well as the non-consolidated investment in Absolute Invest 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.

b) Investment entity exemption

Management assessed the definition of «Investment entity» and the investment entities consolidation exception for the parent company Alpine and its wholly owned subsidiary Absolute Invest and its investment in Altin of which Alpine holds directly 68.16% and indirectly via Absolute Invest 87.5% as at 31 December 2016.

IFRS 10 paragraph 31 states: «Except as described in paragraph 32, an investment entity shall not consolidate its subsidiaries or apply IFRS 3 Business Combination when it obtains control of another entity. Instead, an investment entity shall measure an investment in a subsidiary at fair value through profit or loss in accordance with IAS 39».

In December 2014, the IASB issued an amendment to paragraph 32 of IFRS 10, effective as of 1 January 2016. The amended paragraph 32 states the following: «(...) if an investment entity has a subsidiary that is not itself an investment entity and whose main purpose and activities are providing services that relate to the investment entity's investment activities (...), it shall consolidate that subsidiary (...)».

Based on the amendment in IFRS 10 and the conclusions reached by IFRIC in November 2016, Alpine's board of directors reassessed whether its wholly owned subsidiary Absolute Invest and its investment in Altin meet the definition of an investment entity in order to determine whether to (continue to) consolidate Absolute Invest and Altin respectively as of 31 December 2016.

The board of directors has assessed the definition of an investment entity and has concluded that Alpine (the parent investment entity), Absolute Invest and Altin meet the three main characteristics of an investment entity in accordance with IFRS 10 paragraph 27. Accordingly Alpine, Absolute Invest and Altin:

- a) obtain funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- b) commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- c) measure and evaluate the performance of substantially all of its investments on fair value basis.

Alpine and its wholly owned subsidiary Absolute Invest as well as Altin have not had any other business activity or separate substantial source of income apart from their business purpose which is to invest from investors obtained funds solely for capital appreciation, investment income or both. Therefore, Alpine recognizes and measures its subsidiary Absolute Invest and – as of 1 January 2016 – also its investment in Altin as investments in non-consolidated subsidiaries at fair value through profit or loss. The investment entities consolidation exception is mandatory and therefore had to be applied by Alpine.

3.3 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 10).

The following exchange rates were applied:

		2016	2015
EUR / CHF			
Balance sheet	End of December	1.07200	1.08740
Items of profit and loss	Average rate for the year	1.08981	1.06782
JPY / CHF			
Balance sheet	End of December	0.00871	0.00832
Items of profit and loss	Average rate for the year	0.00908	0.00796
USD / CHF			
Balance sheet	End of December	1.01635	1.00101
Items of profit and loss	Average rate for the year	0.98542	0.96276

3.4 Financial assets, financial liabilities and investments in non-consolidated subsidiaries 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.

Financial assets, financial liabilities and non-consolidated investments in subsidiaries are recorded at fair value at inception and are subsequently measured at fair value through profit or loss.

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. Transactions are recognized on the trade date.

Notes to the Financial Statements (IFRS)

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 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.

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 Company 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 Company 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 Company 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 Loans and other receivables from Absolute Invest

Loan and other receivables from Absolute Invest are initially recognized at their fair values and subsequently measured at amortized cost, which approximates nominal value.

3.8 Bank overdrafts

Bank overdrafts reflect the negative balance of the Company'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.

3.9 Short-term 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.

3.10 Short-term loan Absolute Invest

The loan with Absolute Invest is classified as short-term since it is expected to be settled within twelve months after the reporting period. Short-term loans are carried at amortized cost, which approximates nominal value.

3.11 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.

3.12 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.

3.13 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.

3.14 Taxes

Alpine has the status of a holding company in the Canton of Zug and as such benefits 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 Company is 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.

4. Business 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 board of directors work as a team for the entire portfolio, asset allocation is based on a single, integrated investment strategy and the Company's performance is evaluated on an overall basis and is not based on specific markets or industries. Thus, the Company operates as one segment.

5. Financial risk management

Alpine invests – directly and indirectly through its investments in non-consolidated subsidiaries – in various positions of derivative and non-derivative financial instruments in accordance with its 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 Company actively pursues investment opportunities in which it believes its involvement will become a success factor. In Alpine's financial statement its investment in Absolute Invest and Altin are reported as investments in non-consolidated subsidiaries as at 31 December 2016.

The board of director implemented the identical investment policy for Alpine and Absolute Invest and reviews and manages the investments held by Alpine and Absolute Invest at its regular meetings. Investment decisions to invest in new opportunities, divest or ask for redemption for both entities (Alpine and Absolute Invest) are taken by the board of director in consideration of investments held by each company to avoid risk concentration or lost opportunities. Investment activities of both entities involve exposure to various market and equity price risks and degrees thereof. These risks are managed and limited by diversification among markets, instruments and investments as well as by using trading limits.

Alpine's and Absolute Invest's investment in Altin is considered as financial investment by both entities. Despite Alpine holding the majority of the voting rights of Altin either directly or indirectly through Absolute Invest, Alpine did not align the investment policy and activities of Altin with ones of Alpine or Absolute Invest. Altin continues as an independent investment entity. As further indication of Altin's independence, Alpine is only represented by two of five board members in Altin's board of director, whereas Alpine's and Absolute Invest's board of director is identical. Additionally, Alpine's board of directors only reviews and evaluates the fair value development of its investment in Altin and does not review or manage Altin's single investments.

Therefore, Alpine's risk management information as presented here in the IFRS financial statement follows the management approach and the reader of Alpine's IFRS financial statement receives the same information as Alpine's board of director reviews. This information includes details on credit, liquidity, interest rate and equity price risk to which Alpine and Absolute Invest are exposed to and how they are managed or mitigated. The investment in Altin is treated as a traded security as at 31 December 2016 and is only included in the equity price risk review.

Based on the SIX Swiss Exchange requirements for investment companies, Alpine calculates and publishes a weekly net asset value. The following summarizes the nature of the principal financial risks associated with the instruments and markets in which the Alpine and its subsidiary invest; however, they do not represent a comprehensive review of all risks associated with Alpine and Absolute Invest's activities. The board of directors regularly reviews and agrees on policies for managing the risks that relate directly to the Company and/or its subsidiary Absolute Invest and which are summarized hereafter.

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 Companies 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 Companies might not be in a position to readily dispose of their holdings in such markets or investments when they choose to do so and also that the prices achieved on disposal are different from those reported in the Companies' investment tables (see also Notes 6.8 to 6.11).

Certain investments are managed by fund managers who implement a variety of different strategies in the

Notes to the Financial Statements (IFRS)

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 Companies might not be able to readily dispose of their holdings in such markets or investments when they choose to do so and that the price attained on a disposal is below the amount at which such investments are included in the 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 its portfolio in respect of the price risk, Alpine 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 2016 is 18.5% (standard deviation) and 17.4% (standard deviation) for the five years period until 31 December 2015.

For the year under review it means, that with a probability of 68% the Company's performance may vary by $\pm 18.5\%$ (one standard deviation) or \pm CHF 36.4million. With a probability of 95% the Company's performance may vary by $\pm 37.0\%$ (two standard deviations) or \pm CHF 72.8 million.

5.2 Credit risk

Financial assets that potentially expose the Companies 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 Companies' exposure to credit risk is limited to the carrying value of these assets as reported in the table below:

in TCHF	Alpine Select	Absolute Invest	Total
Cash and cash equivalents	951	344	1,295
CLO-investments	1,900	2,744	4,644
Positive fair value of currency forward contracts	1,177	239	1,416
Loans and other receivables from Absolute Invest	21	n/a	21
Loans and other receivables from Alpine Select	n/a	14,000	14,000
Other assets	19	0	19
Total credit risk at 31 December 2016	4,068	17,327	21,395
Cash and cash equivalents	42,523	1,986	44,509
CLO-investments	2,131	2,883	5,014
Loans and other receivables from Absolute Invest	3,000	n/a	3,000
Loans and other receivables from Alpine Select	n/a	4	4
Other assets	35	93	128
Total credit risk at 31 December 2015 (restated)	47,689	4,966	52,655

Cash and cash equivalents is mainly with Bank Julius Baer & Co. Ltd. («BJB»), Zurich. Moody's rates BJB with Aa2. The CLO-investments offer 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 Companies.

5.3 Liquidity risk

The liquidity risk is defined as the risk that the Companies could not be able to meet their obligations on time or must secure them at excessive cost. The liquidity risk is managed on a regular basis by the Companies' management and is monitored on a weekly basis by the board of directors. It is the Companies' policy to have 100% of the anticipated payables for the next 12 months available in cash and cash equivalents or readily available credit lines.

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The following table summarizes the maturity profile of the Companies' 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
31 December 2016				
Derivative financial assets / (liabilities) at fair value through profit of loss				
• Forward exchange contracts, settled gross	0	1,416	0	1,416
- of which: inflow (Alpine Select)	0	135,493	0	135,493
- of which: inflow (Absolute Invest)	0	23,068	0	23,068
- of which: outflow (Alpine Select)	0	(134,316)	0	(134,316)
- of which: outflow (Absolute Invest)	0	(22,829)	0	(22,829)
Non-derivative financial liabilities at amortized cost				
• Bank overdrafts	0	(18,183)	0	(18,183)
• Short-term loan and other payables				
- Alpine Select to Absolute Invest	0	0	(14,000)	(14,000)
- Absolute Invest to Alpine Select	0	(21)	0	(21)
• Accounts payable and accrued liabilities	0	(170)	(100)	(270)
Net inflow / (outflow)	0	(16,958)	(14,100)	(31,058)
31 December 2015 (restated)				
Derivative financial assets / (liabilities) at fair value through profit or loss				
• Forward exchange contracts, settled gross	0	(715)	0	(715)
- of which: inflow (Alpine Select)	0	101,388	0	101,388
- of which: inflow (Absolute Invest)	0	14,910	0	14,910
- of which: outflow (Alpine Select)	0	(102,011)	0	(102,011)
- of which: outflow (Absolute Invest)	0	(15,002)	0	(15,002)
Non-derivative financial liabilities at amortized cost				
• Short-term loan and other payables				
- Alpine Select to Absolute Invest	0	(4)	0	(4)
- Absolute Invest to Alpine Select	0	0	(3,000)	(3,000)
• Accounts payable and accrued liabilities	0	(235)	(202)	(437)
Net inflow / (outflow)	0	(954)	(3,202)	(4,156)

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 Companies' interest bearing financial assets and liabilities mature in the short-term and are disclosed in the table below. Therefore, the Companies' exposure to fair value interest rate risk due to fluctuations in the prevailing market interest rates is very limited.

in TCHF	Alpine Select	Absolute Invest	Total
31 December 2016			
Cash and cash equivalents	951	344	1,295
Less bank overdrafts	(18,183)	(295)	(18,478)
Net interest rate risk exposure	(17,232)	49	(17,183)
31 December 2015 (restated)			
Cash and cash equivalents	42,523	1,986	44,509
Net interest rate risk exposure	45,523	1,986	44,509

An increase of 20 basis points in short-term interest rates as at 31 December 2016 would have decreased the result before tax by approximately TCHF 34 (2015: increase of TCHF 89). A decrease of 20 basis points would have resulted in an opposite and proportional effect.

5.5 Currency risk

The Company's and its subsidiary Absolute Invest's investments are denominated in Swiss Francs, US Dollar, Euro and Japanese Yen. The investments held in foreign currencies and other transactions denominated in currencies other than Swiss Franc may expose both Alpine and Absolute Invest in a certain degree to foreign currency risk that may adversely affect profit or loss and equity (net assets).

Notes to the Financial Statements (IFRS)

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

in TCHF	Cash and cash equivalents	Currency forwards	Investments in non-consolidated subsidiaries	Other financial assets and financial liabilities, net	Net exposure
31 December 2016					
• EUR	7	(9,647)	0	17,641	8,001
• JPY	8	(17,424)	0	21,223	3,807
• USD	372	(130,074)	58,791	49,684	(21,227)
Total	387	(157,145)	58,791	88,548	(9,419)
31 December 2015					
• EUR	3	0	0	20,639	20,642
• JPY	0	0	0	24,692	24,692
• USD	441	(117,013)	0	123,974	7,402
Total	444	(117,013)	0	169,305	52,736

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

in TCHF	2016		2015	
	Currency	Gain / (loss)	Currency	Gain / (loss)
CHF to (strengthen) versus the EUR	(5.0%)	(400)	(5.0%)	(1,032)
CHF to (strengthen) versus the JPY	(5.0%)	(190)	(5.0%)	(1,235)
CHF to (strengthen) versus the USD	(5.0%)	1,061	(5.0%)	(370)
Total		471		(2,637)

If – at 31 December 2016 – 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 Alpine's net profit before tax and equity in the year under review would have been a profit of TCHF 471 (2015: a loss of TCHF 2,637). An adverse change of the Swiss Franc versus these foreign currencies would have resulted in an equal but opposite effect for 2016 and 2015.

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 Companies' financial instruments as at 31 December:

in TCHF	2016		2015 (restated)	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at fair value through profit or loss				
Financial assets at fair value through profit or loss – trading				
• current	1,177	1,177	0	0
• non-current	35,551	35,551	95,573	95,573
Investments in non-consolidated subsidiaries at fair value through profit or loss	163,414	163,414	98,546	98,546
Loans and receivables				
Cash and cash equivalents	951	951	42,523	42,523
Loans and other receivables from Absolute Invest	21	21	3,000	3,000
Other current assets	25	25	35	35
Financial liabilities at fair value through profit or loss				
Current financial liabilities at fair value through profit or loss – trading	470	470	623	623
Financial liabilities at amortized cost				
Bank overdrafts	18,183	18,183	0	0
Short-term loan and other payables to Absolute Invest	14,000	14,000	4	4
Accounts payable and accrued liabilities	216	216	392	392

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 and for investments in non-consolidated subsidiaries 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, receivables Absolute Invest, other current assets, bank overdrafts, short-term payables to Absolute Invest and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these positions.

5.7 Capital management

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

in TCHF	2016	2015 (restated)
Current assets	17,876	46,584
Non-current assets	198,965	194,119
Total assets	216,841	240,703
Current liabilities	(32,892)	(1,050)
Non-current liabilities	(959)	(310)
Total liabilities	(33,851)	(1,360)
Net assets	182,990	239,343

The primary objective of the Company'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.

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

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

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

in TCHF	2016	2015 (restated)
Financial assets at fair value through profit or loss – trading		
Positive fair value of currency forward contracts	1,177	0
Trading securities	35,551	95,573
Total	36,728	95,573
• current	1,177	0
• non-current	35,551	95,573
Financial liabilities at fair value through profit or loss – trading		
Trading options sold short (current)	470	0
Negative fair value of currency forward contracts (current)	0	623
Total	470	623

6.1 Investments in non-consolidated subsidiaries at fair value through profit or loss

The investments in non-consolidated subsidiaries at fair value through profit or loss for the year under review include Alpine's investment in its wholly owned subsidiary Absolute Invest and its investment in Altin Ltd. in which Alpine directly holds 68.16% (2015: 18.05%) of the capital and voting rights as at 31 December 2016. In the previous year, this caption solely included Alpine's wholly owned subsidiary Absolute Invest; the investment in Altin Ltd. was recorded within the Long Positions of the Company's financial assets at fair value through profit or loss.

in TCHF	2016	2015
Opening balance at 1 January	98,546	113,196
Reclassification of Altin from trading securities (Long Positions)	37,706	0
Investments in non-consolidated subsidiaries	89,846	0
Reductions (capital repayment and distribution out of reserves from capital contributions)	(37,269)	0
Realized losses	(42,326)	(11,000)
Unrealized gains / (losses)	16,911	(3,650)
Ending balance at 31 December	163,414	98,546
<ul style="list-style-type: none"> • of which Absolute Invest <ul style="list-style-type: none"> - of which financial assets and financial liabilities at fair value through profit or loss (see Note 6.10) - of which other current assets - of which liabilities • of which Altin Ltd. 	104,623 86,376 19,729 (1,482) 58,791	98,546 99,787 2,708 (3,949) 0

The following table analyzes Absolute Invest's financial assets and financial liabilities at fair value through profit or loss by valuation method:

in TCHF	2016	2015
Level 1	22,979	28,120
Level 2	29,684	32,367
Level 3	33,713	39,300
Total	86,376	99,787

Absolute Invest and Altin are both invested in equity investments, hedge funds, bonds or collective investment schemes, the latter doing this through its wholly owned subsidiary Altin (Cayman) Ltd., Cayman Islands.

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.

6.2 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 Company 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. |

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. These include investments into hedge funds in which the Company invests. These investments are open end, for which observable information for transactions exists and their valuation is published by the administrator of such funds. Usually, no adjustment is made by Alpine on valuation. Every transaction occurs at the underlying's price.

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

in TCHF	Level 1	Level 2	Level 3	Total
31 December 2016				
Positive fair value of currency forward contracts	0	1,177	0	1,177
Trading securities	11,664	23,887	0	35,551
Trading options sold short	(470)	0	0	(470)
Total financial assets / (liabilities)	11,194	25,064	0	36,258
Investments in non-consolidated subsidiaries	58,791	0	104,623	163,414
31 December 2015 (restated)				
Trading securities	74,412	21,161	0	95,573
Negative fair value of currency forward contracts	0	(623)	0	(623)
Total financial assets / (liabilities)	74,412	20,538	0	94,950
Investments in non-consolidated subsidiaries	0	0	98,546	98,546

The Company has investments in listed and unlisted equities and funds as well as currency forwards. The level 3 caption of investments in non-consolidated subsidiaries pertains to Alpine's investment in its wholly owned subsidiary Absolute Invest which is recognized at the adjusted net asset value per share.

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 22.0 million as at 31 December 2016 (2015: CHF 19.0 million). 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 Company has evidence that these quotes are «binding and executable».

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 to 31 December 2015 no transfers happened between the levels. During the year to 31 December 2016, a transfer within level 1 took place when the investment in Altin Ltd. of CHF 37.7 million was transferred as of 1 January 2016 from trading securities investments in non-consolidated subsidiaries.

6.3 Changes in level 2 and level 3 investments of financial assets and financial liabilities at fair value through profit or loss

The changes in investments measured at fair value for which the Company has used level 2 and level 3 inputs to determine fair value for the year ended 31 December 2016 and 2015 are as follows:

in TCHF	Level 2	Level 3
Fair value as at 31 December 2014 (as presented)	60,418	70,876
Restatement due to IFRS 10	(37,540)	(70,876)
Fair value as at 1 January 2015 (restated)	22,878	0
Purchase of investments	1,929	0
Proceeds on disposal investments	(6,190)	0
Net gains / (losses) recognized in the statement of comprehensive income ^{*)}	1,921	0
Fair value as at 31 December 2015	20,538	0
Purchase of investments	968	0
Proceeds on disposal of investments	(1,201)	0
Net gains / (losses) recognized in the statement of comprehensive income ^{*)}	4,759	0
Fair value as at 31 December 2016	25,064	0

^{*)} In the caption gain / (loss) on financial assets and financial liabilities at fair value through profit or loss, net – trading

6.4 Changes in level 3 investments in non-consolidated subsidiaries at fair value through profit or loss – trading

The changes in investments in non-consolidated subsidiaries measured at fair value for which Alpine has used level 3 inputs to determine fair value for the year ended 31 December 2016 and 2015, are as follows:

in TCHF	Level 3
Fair value as at 31 December 2014 (as presented)	0
Restatement due to IFRS 10	113,196
Fair value as at 1 January 2015 (restated)	113,196
Net loss recognized in the statement of comprehensive income *)	(14,650)
Fair value as at 31 December 2015	98,546
Net gain recognized in the statement of comprehensive income *)	6,077
Fair value as at 31 December 2016	104,623

*) In the caption loss on investments in non-consolidated subsidiaries at fair value through profit or loss.

The net change in unrealized gains / (losses) for the level 3 investments in non-consolidated investments held as at 31 December 2016 resulted in a gain of TCHF 6,077 for the year ended then (2015: loss of TCHF 3,650). The amounts are included in the statement of comprehensive income within loss on investments in non-consolidated subsidiaries at fair value through profit or loss.

6.5 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, Alpine 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 has not changed compared to the prior reporting periods.

6.6 Sensitivity analysis level 3 fair values

Alpine does not utilize valuation models with model inputs to calculate the fair value of its level 3 investments. Rather, the Company 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. Changes in the fair value could result from business, economical or environmental risks.

6.7 Investments in which the Company has an ownership of more than 20%

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

	2016			2015 (restated)		
	Fair value in TCHF	Ownership in %	Place of business	Fair value in TCHF	Ownership in %	Place of business
Absolute Invest Ltd.	104,623	100.00%	Switzerland	98,546	100%	Switzerland
Altin Ltd.	58,791	68.16%	Switzerland	-	-	-

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6.8 Investment table of Alpine Select as at 31 December 2016

in TCHF	Number of shares at 1-Jan-16	Fair value at 1-Jan-16	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-16	Number of shares at 31-Dec-16	Level at 31-Dec-16
LONG POSITIONS									
Aleutian Fund	29,316	3,370	968			553	4,891	38,978	II
Altin Ltd. ³⁾	622,605	37,706		(37,706)			0	0	
American Capital Ltd.	650,000	8,973		(9,915)	(201)	1,143	0	0	
Arcus Genseki Fund	30,000	3,818				142	3,960	30,000	II
Capital Group Japan Equity Fund	253,968	3,627		(3,003)	(997)	373	0	0	
Credit Suisse Group AG	230,770	5,006		(3,345)	(2,780)	1,119	0	0	
Galenica AG	0	0	5,520			225	5,745	5,000	I
GCI Trust / GCI Japan Hybrids	20,813	3,351				255	3,606	20,813	II
Hayate Japan Equity Long-Short Fund	111	3,269				545	3,814	111	II
HBM Healthcare Investments Ltd.	120,000	12,240	620	(12,491)	6,898	(7,267)	0	0	
Kuoni Reisen Holding AG	0	0	10,124	(10,360)	236		0	0	
Nippon Growth (UCITS) Fund	10,532	4,803		(4,437)	(668)	302	0	0	
Stone Tower CLO VI Ltd.	2,000	730		(227)		340	843	2,000	II
Stone Tower CLO VII Ltd.	2,000,000	700		(688)		119	131	2,000,000	II
Syngenta Ltd.	0	0	3,629			(6)	3,623	9,000	I
UMJ Kotoshiro Feeder Fund	30,113	5,221				495	5,716	30,113	II
Voya CLO IV Ltd.	2,000	701		(286)		511	926	2,000	II
Yuki Japan Rebounding Growth Fund	10,413	2,058				238	2,296	10,413	I
Total long positions		95,573	20,861	(82,458)	2,488	(913)	35,551		
of which gains					7,710	6,361			
of which losses					(5,222)	(7,274)			
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES									
Absolute Invest Ltd.	5,995,552	98,546				6,077	104,623	5,995,552	III
Altin Ltd. ⁴⁾	0	0	127,552	(37,269)	(42,326)	10,834	58,791	2,351,430	I
Total investments in non-consolidated subsidiaries		98,546	127,552	(37,269)	(42,326)	16,911	163,414		
of which gains					0	16,911			
of which losses					(42,326)	0			
TRADING OPTIONS									
Call Syngenta Ltd., Strike CHF 400	0	0	(189)			25	(164)	(500)	I
Put Syngenta Ltd., Strike CHF 400	0	0	(369)			63	(306)	(800)	I
Total trading options		0	(558)	0	0	88	(470)		
of which gains					0	88			
of which losses					0	0			
of which assets		0					0		
of which liabilities		0					(470)		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Reduction of TCHF 37,706 represents transfer of Altin position to «investments in non-consolidated subsidiaries» | ⁴⁾ Additions includes TCHF 37,706 from transfer of Altin position from «long position» into «investments in non-consolidated subsidiaries»

Investment table of Alpine Select as at 31 December 2016 (continued)

in TCHF

	Number of shares at 1-Jan-16	Fair value at 1-Jan-16	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-16	Number of shares at 31-Dec-16	Level at 31-Dec-16
CURRENCY FORWARDS									
Currency Forwards CHF/EUR; EUR/CHF		0			(24)	42	42		II
Currency Forwards CHF/JPY; JPY/CHF		0			(298)	11	11		II
Currency Forwards CHF/USD; USD/CHF		(623)			(6,032)	1,746	1,124		II
Total Currency Forwards		(623)	0	0	(6,354)	1,799	1,177		
of which gains					21,087	1,799			
of which losses					(27,441)	0			
of which assets		0					1,177		
of which liabilities		(623)					0		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year

Notes to the Financial Statements (IFRS)

6.9 Investment table of Alpine Select as at 31 December 2015

in TCHF	Number of shares at 1-Jan-15	Fair value at 1-Jan-15	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-15	Number of shares at 31-Dec-15	Level at 31-Dec-15
LONG POSITIONS									
Aleutian Fund	29,316	3,100				270	3,370	29,316	II
Altin Ltd.	514,183	27,589	6,368			3,749	37,706	622,605	I
American Capital Ltd.	0	0	10,116			(1,143)	8,973	650,000	I
Arcus Genseki Fund	30,000	3,439				379	3,818	30,000	II
Capital Group Japan Equity Fund	0	0	4,000			(373)	3,627	253,968	I
Credit Suisse Group AG	0	0	6,125			(1,119)	5,006	230,770	I
GCI Trust / GCI Japan Hybrids	20,813	3,171				180	3,351	20,813	II
Hayate Japan Equity Long-Short Fund	111	3,179	44			46	3,269	111	II
HBM Healthcare Investments Ltd.	890,978	87,004		(78,935)	42,087	(37,916)	12,240	120,000	I
iShares MSCI Japan Hedged UCITS ETF	0	0	4,868	(4,833)	(35)		0	0	
Nippon Growth Fund Ltd.	5,712	4,701		(5,099)	442	(44)	0	0	
Nippon Growth (UCITS) Fund	0	0	5,105			(302)	4,803	10,532	I
Prieter Holding Ltd.	21,500	3,559		(3,250)	(1,104)	795	0	0	
Stone Tower CLO VI Ltd.	2,000	1,351		(435)		(186)	730	2,000	II
Stone Tower CLO VII Ltd.	2,000,000	914		(206)		(8)	700	2,000,000	II
UMJ Kotoshiro Feeder Fund	17,830	2,916	1,885			420	5,221	30,113	II
Voya CLO IV Ltd.	2,000	1,212		(450)		(61)	701	2,000	II
Yuki Japan Rebounding Growth Fund	0	0	1,918			139	2,058	10,413	I
Total long positions		142,135	40,429	(93,208)	41,390	(35,173)	95,573		
of which gains					43,028	6,522			
of which losses					(1,638)	(41,695)			
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES									
Absolute Invest Ltd.	5,995,552	113,196			(11,000)	(3,650)	98,546	5,995,552	III
Total investments in non-consolidated subsidiaries		113,196	0	0	(11,000)	(3,650)	98,546		
of which gains					0	0			
of which losses					(11,000)	(3,650)			
SHORT POSITIONS									
iShares Nasdaq Biotechnology ETF	0	0	22,212	(17,350)	(4,862)		0	0	
Total short positions		0	22,212	(17,350)	(4,862)	0	0		
of which gains					0	0			
of which losses					(4,862)	0			

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year

Investment table of Alpine Select as at 31 December 2015 (continued)

in TCHF	Number of shares at 1-Jan-15	Fair value at 1-Jan-15	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-15	Number of shares at 31-Dec-15	Level at 31-Dec-15
TRADING OPTIONS									
Put Altin Ltd., Strike USD 64	0	0		(128)	128		0	0	
Total trading options		0	0	(128)	128	0	0		
of which gains					128	0			
of which losses					0	0			
of which assets		0					0		
of which liabilities		0					0		
CURRENCY FORWARDS									
Currency Forwards CHF/EUR; EUR/CHF		0			520		0		
Currency Forwards CHF/JPY; JPY/CHF		1,258			1,564	(1,257)	0		
Currency Forwards CHF/USD; USD/CHF		(2,363)			(100)	1,740	(623)		II
Total currency forwards		(1,105)	0	0	1,984	483	(623)		
of which gains					30,936	1,740			
of which losses					(28,952)	(1,257)			
of which assets		1,258					0		
of which liabilities		(2,363)					(623)		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year

Notes to the Financial Statements (IFRS)

6.10 Investment table of Alpine's non-consolidated investment Absolute Invest as at 31 December 2016

in TCHF	Number of shares at 1-Jan-16	Fair value at 1-Jan-16	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Currency translation adjustments	Fair value at 31-Dec-16	Number of shares at 31-Dec-16	Level at 31-Dec-16
LONG POSITIONS										
Akamatsu Bonsai Fund	25,100	5,881				651		6,532	25,100	II
Altin Ltd. ³⁾	388,000	23,498		(23,498)				0	0	
Arbiter Partners Offshore Ltd. ⁴⁾	3,000	2,641				387		3,028	2,592	III
Arcus Genseki Fund	20,000	2,673				99		2,772	20,000	II
Cheyne Discovery Fund I L.P. ⁵⁾	723	62		(61)	44	(44)	(1)	0	0	
Cheyne New Europe Fund L.P. ⁵⁾	1,041,213	16,740				(2,142)	189	14,787	1,041,213	III
Cheyne Total Return Credit Fund ⁶⁾	20,092	2,623	55			671		3,349	20,092	III
CQS Directional Opportunities Feeder Fund Ltd.	2,300	10,140		(6,026)	1,322	1,280		6,716	1,150	III
Gold Coin Invest Ltd.	84	189				41		230	84	III
HBM Healthcare Investments Ltd.	45,300	4,622	9,667	(9,150)	495	108		5,742	58,000	I
Julius Baer Balkan Tiger Fund in liquidation	50,000	1,788		(493)		(422)		873	50,000	III
Laurus Master Fund Ltd. ⁵⁾	35,475	121				128	6	255	35,475	III
New Carpathian Fund	0	0	1,095			28		1,123	1,000	II
Northwest Feilong Fund Ltd.	3,090	4,889				93		4,982	3,090	II
Northwest Fund Ltd. ⁶⁾	1,978	4,609	36	(4,560)	194	(279)		0	0	
Northwest Warrant Fund Ltd. ⁶⁾	1,847	2,183				(288)		1,895	1,823	II
Private Equity Holding Ltd.	0	0	528			30		558	8,000	I
Romanian Investment Fund	1,719	1,926		(875)	(185)	(48)		818	877	III
Sanuwave Health Inc. ^{5) 7)}	3,432	50				(12)		38	213,553	III
Silverbell Capital Ltd.	2,500,000	185		(32)		(114)		39	2,500,000	III
Sparx Japan Value Impact Fund	100,000	9,341				56		9,397	100,000	II
Truston Asset Management Co. Ltd.	19,492	500				63		563	19,492	III
Valens Offshore Fund ⁵⁾	8,841	2,335		(267)	42	852	55	3,017	8,481	III
Venture XIX CLO Ltd.	4,000,000	2,883		(779)		640		2,744	4,000,000	II
Total long positions		99,879	11,381	(45,741)	1,912	1,778	249	69,458		
of which gains					1,609	5,860				
of which gains from second line trades					488	0				
of which losses					(185)	(4,082)				
of which losses from second line trades					0	0				

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Reduction the transfer of the Altin position to «investments in non-consolidated subsidiaries» of TCHF 23,498 | ⁴⁾ Share split | ⁵⁾ Held by Absolutissimo Limited | ⁶⁾ Includes positive / negative equalization | ⁷⁾ Nightwatch Capital Partners (Cayman) Ltd: Distribution in kind

Investment table of Alpine's non-consolidated investment Absolute Invest Ltd. as at 31 December 2016 (continued)

in TCHF	Number of shares at 1-Jan-16	Fair value at 1-Jan-16	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Currency translation adjustments	Fair value at 31-Dec-16	Number of shares at 31-Dec-16	Level at 31-Dec-16
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES										
Altin Ltd. ³⁾	0	0	39,636	(15,189)	(11,940)	4,172		16,679	667,110	I
Total investments in non-consolidated subsidiaries			39,636	(15,189)	(11,940)	4,172	0	16,679		
of which gains					5	4,172				
of which losses					(11,945)	0				
CURRENCY FORWARDS										
Currency Forward CHF/USD; USD/CHF		(92)			(1,326)	331		239		II
Total currency forwards		(92)	0	0	(1,326)	331	0	239		
of which gains					2,467	331				
of which losses					(3,793)	0				
of which assets		0						239		
of which liabilities		(92)						0		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Additions includes TCHF 23,498 from transfer of Altin position from «long positions» into «investments in non-consolidated subsidiaries»

Notes to the Financial Statements (IFRS)

6.11 Investment table of Alpine's non-consolidated investment Absolute Invest as at 31 December 2015

in TCHF	Number of shares at 1-Jan-15	Fair value at 1-Jan-15	Additions	Reductions ¹⁾	Realized gains/(losses)	Unrealized gains/(losses) ²⁾	Currency translation adjustments	Fair value at 31-Dec-15	Number of shares at 31-Dec-15	Level at 31-Dec-15
LONG POSITIONS										
Accelaron Pharma Inc. ³⁾	93,120	240		(683)	450		(7)	0	0	
Akamatsu Bonsai Fund	25,100	5,040				841		5,881	25,100	II
Altin Ltd.	88,136	4,729	23,155	(6,373)	573	1,414		23,498	388,000	I
Arbiter Partners Offshore Ltd.	0	0	2,748			(107)		2,641	3,000	III
Arcus Genseki Fund	20,000	2,407				266		2,673	20,000	II
Cheyne CDO I Fund L.P. ³⁾	1	23,451		(22,728)	1,160	(1,154)	(729)	0	0	
Cheyne Discovery Fund I L.P. ³⁾	14,997	564		(736)	409	(160)	(15)	62	723	III
Cheyne New Europe Fund L.P. ³⁾	1,041,213	17,746				(1,095)	89	16,740	1,041,213	III
Cheyne Total Return Credit Fund	0	0	2,905			(282)		2,623	20,092	III
CQS Directional Opportunities Feeder Fund Ltd.	3,212	15,282		(4,312)	582	(1,412)		10,140	2,300	III
Double Haven Temple Feeder Fund Ltd. ³⁾	258	64		(44)	(184)	167	(3)	0	0	
Gategroup Holding Ltd.	0	0	4,251	(4,597)	346			0	0	
Ginga Service Sector Fund	2,841	7,163		(6,889)	1,262	(1,536)		0	0	
Gold Coin Invest Ltd.	84	227				(38)		189	84	III
HBM Healthcare Investments Ltd.	100	10	18,747	(14,762)	344	283		4,622	45,300	I
Julius Baer Balkan Tiger Fund in liquidation	50,000	3,326		(1,171)		(367)		1,788	50,000	III
Laurus Master Fund Ltd. ³⁾	35,475	120					1	121	35,475	III
Lucas Energy Total Return Offsh. Fund Ltd. ³⁾	862	504		(129)	(873)	513	(15)	0	0	
NCP Offshore Feeder Fund Ltd.	1,000	966		(902)	(4)	(60)		0	0	
Nightwatch Capital Partners (Cayman) Ltd.	2,366	55	15			(20)		50	3,432	III
Northwest Feilong Fund Ltd. ⁴⁾	3,149	3,864				1,025		4,889	3,090	II
Northwest Fund Ltd. ⁴⁾	966	2,304	2,360			(55)		4,609	1,978	II
Northwest Warrant Fund Ltd. ⁴⁾	1,904	3,811				(1,628)		2,183	1,847	II
Romanian Investment Fund	1,719	2,133				(207)		1,926	1,719	III
Silverbell Capital Ltd.	2,500,000	139				46		185	2,500,000	III
Sparx Japan Value Impact Fund	100,000	9,294				47		9,341	100,000	II
Tocqueville Gold Offshore Fund ³⁾	24,488	446		(225)	(286)	79	(14)	0	0	
Truston Asset Management Co. Ltd.	19,492	483				17		500	19,492	III
Valens Offshore Fund ³⁾	9,143	3,788		(130)	(54)	(1,239)	(30)	2,335	8,841	III
Venture XIX CLO Ltd.	4,000,000	3,657		(625)		(149)		2,883	4,000,000	II
YA Offshore Global Investment ³⁾	187,152	1,018		(82)	(4,484)	3,580	(32)	0	0	
Total long positions		112,831	54,181	(64,388)	(759)	(1,231)	(755)	99,879		
of which gains					4,691	12,381				
of which gains from second line trades					859	0				
of which losses					(6,309)	(13,612)				
of which losses from second line trades					0	0				

¹⁾ Reductions may include capital repayments I ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year I ³⁾ Held by Absolutissimo Limited I ⁴⁾ Includes positive / negative equalization

Investment table of Alpine's non-consolidated investment Absolute Invest as at 31 December 2015 (continued)

in TCHF	Number of shares at 1-Jan-15	Fair value at 1-Jan-15	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Currency translation adjustments	Fair value At 31-Dec-15	Number of shares at 31-Dec-15	Level at 31-Dec-15
TRADING OPTIONS										
Call Nikkei225 Index, Strike JPY 18,000	90	268		(66)	(407)	205		0	0	
Put Altin Ltd., Strike USD 64	0	0	2	(34)	32			0	0	
Total trading options		268	2	(100)	(375)	205	0	0		
of which gains					32	216				
of which losses					(407)	(11)				
of which assets		268						0		
of which liabilities		0						0		
CURRENCY FORWARDS										
Currency Forwards CHF/USD; USD/CHF		0			(842)	(92)		(92)		II
Total currency forwards		0	0	0	(842)	(92)	0	(92)		
of which gains					1,988	0				
of which losses					(2,830)	(92)				
of which assets		0						0		
of which liabilities		0						(92)		

Notes to the Financial Statements (IFRS)

6.12 Investment table of Alpine's non-consolidated investment Altin Ltd. as at 31 December 2016

in TUSD	Number of shares at 1-Jan-16	Fair value at 1-Jan-16	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-16	Number of shares at 31-Dec-16	Level at 31-Dec-16
LONG POSITIONS (incl. equalization shares)									
Acadian Global Leverage Market Neutral Equity (UCITS)	807,093	7,335		(6,832)	(1,168)	665	0	0	
Altin Ltd.	56,327	3,408		(3,483)	912	(837)	0	0	
Aristeia International Ltd.	7,491	8,878		(5,300)	798	229	4,605	3,413	II
Arrow Offshore Ltd.	14,556	4,769		(4,269)	2,092	(2,592)	0	0	
Atlas Enhanced Fund, Ltd.	4,697	7,301		(3,500)	477	(644)	3,634	2,352	II
Capstone vol Offshore Ltd.	7,500	7,405		(3,700)	217	420	4,342	4,025	II
Cerberus Asia Partners L.P.	0	10		(11)	1		0	0	
Citadel Kensington Global	12,489	15,989		(15,526)	3,021	(3,484)	0	0	
Claren Road Credit Fund, Ltd.	1,774	2,800		(2,061)		(9)	730	437	II
Clearline Capital Partners Offshore, Ltd.	6,981	7,755		(3,199)	(39)	(381)	4,136	3,927	II
Coatue Offshore Fund, Ltd.	54,780	10,075		(6,200)	1,794	(1,890)	3,779	20,338	II
Concordia G-10 Fixed Income Relative Value Ltd.	0	0	6,200	(6,361)	161		0	0	
Conquest Macro Fund Ltd.	2,550	1,578	250	(3,070)	291	951	0	0	
Contrarian Emerging Markets	57,425	9,819		(5,000)	2,360	(749)	6,430	30,632	II
Cumulus Energy Fund	7,267	6,812		(5,646)	789	(1,955)	0	0	
DB Platinum Ivory Optimal Fund	40,000	3,958		(3,791)	(211)	44	0	0	
Drake Global Opportunities Fund	191	223		(158)	35	(21)	79	65	III
Finisterre Global Opportunity	80,000	7,856		(4,029)	29	321	4,177	40,000	II
Firebird Aurora Fund Ltd.	165	200		(19)	(3)	47	225	151	III
Fortress Convex Asia Fund Ltd.	5,000	4,920	117	(4,852)	(265)	80	0	0	
FP Argonaut European Alpha Fund	0	0	3,593	(3,461)	(132)		0	0	
Goldfinch Capital Management Offshore, Ltd.	4,597	5,251		(5,482)	205	26	0	0	
H2O Vivace	141	8,378		(7,083)	(417)	(878)	0	0	
Hermitage Global	2,149	62				(14)	48	2,149	III
Jana Nirvana Offshore Fund, Ltd.	5,214	11,765		(5,000)	(334)	483	6,914	2,956	II
LL Assets Ltd.	4,724	0					0	4,724	III
LLSOF L.P.	0	4,112		(2,697)	566	(210)	1,771	0	II
Marathon Special Opportunity Fund Ltd.	92,292	11,577		(4,761)	(335)	1,318	7,799	52,740	III
Millennium International, Ltd.	6,226	11,122		(11,247)	5,467	(5,342)	0	0	
ML Investment Solutions – Castlerigg Eq. Event and Arbitrage UCITS Fund	30,570	3,057		(2,918)	(738)	599	0	0	
NPJ Global Opportunities Fund Ltd.	35,827	7,301		(6,525)	(775)	(1)	0	0	
Passport Long Short Fund, Ltd.	5,000	5,226	1,000	(5,444)	(556)	(226)	0	0	
Paulson Enhanced Ltd.	76,500	6,033				(2,978)	3,055	76,500	II
Providence MBS Offshore Fund Ltd.	4,218	9,724		(5,469)	482	(467)	4,270	767	II
Quantica Managed Futures Fund Inc. – 2X Managed Futures Portfolio	72,733	6,267	15	(7,158)	(100)	976	0	0	
QVT SLV Offshore Ltd.	640	577		(56)	19	(18)	522	577	III
QVT Special Investment Offshore	245	302		(41)	8	10	279	212	III
R3 (C), Ltd.	224	185		(9)	(2)	25	199	214	III
SFP Value Realization Fund Ltd.	0	0	6,000			1,878	7,878	27,815	II
Stone Milliner Macro Fund Inc.	71,159	8,942		(9,079)	1,494	(1,357)	0	0	
Stratus Feeder Limited	6,415	11,203		(4,393)	1,513	(1,812)	6,511	3,924	II
TailProtect Limited	6,278	4,737		(4,294)	(506)	63	0	0	

**Investment table of Alpine's non-consolidated investment Altin Ltd. as at 31 December 2016
(continued)**

in TUSD	Number of shares at 1-Jan-16	Fair value at 1-Jan-16	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-16	Number of shares at 31-Dec-16	Level at 31-Dec-16
The Tudor BVI Global Fund Ltd.	212	7,420		(3,564)	491	(610)	3,737	134	III
Tudor Venture II Ltd.	0	14			(78)	64	0	0	
Two Sigma Absolute Return Equity Enhanced Cayman Fund, Ltd.	5,884	7,954		(7,602)	1,718	(2,070)	0	0	
Two Sigma Compass Enhanced Cayman Fund Ltd.	3,724	18,615		(22,817)	17,914	(13,712)	0	0	
Venture Capital Accel VIII	0	117				18	135	0	III
Verrazzano European Focus Fund PLC	77,776	11,834		(11,080)	1,878	(2,632)	0	0	
Visium Balanced Offshore Fund, Ltd.	7,500	7,034		(6,225)	(1,275)	466	0	0	
York European Focus Unit Trust	5,479	11,015		(6,100)	607	(263)	5,259	2,475	II
Zeal China Fund Limited	49,291	7,911		(8,517)	1,315	(709)	0	0	
ZP Offshore Utility Fund, Ltd.	4,545	13,056		(7,354)	4,117	(2,025)	7,794	2,348	II
Total long positions (incl. equalization shares)		311,882	17,175	(245,383)	43,837	(39,203)	88,308		

7. Other current assets

in TCHF	2016	2015 (restated)
Withholding tax	15,646	988
Other receivables	81	73
Total	15,727	1,061

8. 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
Balance as at 31 December 2014	(1,291)	489	(802)
Restatement due to IFRS 10	802	0	802
Balance as at 1 January 2015	(489)	489	0
Deferred tax income / (expense)	179	(489)	(310)
Balance as at 31 December 2015	(310)	0	(310)
Deferred tax (expense) / income	(706)	57	(649)
Balance as at 31 December 2016	(1,016)	57	(959)

Deferred tax assets and deferred tax liabilities are netted in case there is a legally enforceable right. 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 at 31 December 2016, Alpine has tax losses of approximately CHF 0.7 million which will expire in the year 2023 and of which CHF 0.7 million were capitalized as deferred tax assets. In 2015 there were no tax losses.

9. Share capital and treasury shares

9.1 Share capital

As of 31 December 2016, the Company's fully paid-in share capital amounts to CHF 286,324.64 (2015: CHF 286,324.64) and is divided into 14,316,232 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. The Company does not have participation certificates.

9.2 Authorized share capital

The board of directors is authorized to increase the share capital according to article 4a of the articles of association by a maximum 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 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, method of payment, the conditions for existing subscription rights and the date of the dividend entitlement.

9.3 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 to be granted in connection with bonds or similar debt instruments of the Company or its subsidiary, and/or through the exercise of option rights to be granted to the shareholders. No such rights existed at 31 December 2016 and 2015, respectively.

9.4 Treasury shares

The annual shareholders' meeting held on 20 May 2015 entitled the Company's board of directors to repurchase own shares up to a maximum of 10% of the share capital, starting 21 May 2015 and until the ordinary shareholders' meeting in 2017. In February 2016 the repurchase program was started and by 31 December 2016 the Company had acquired 148,350 treasury shares (equal to 1.0% of the issued share capital) at an average price of CHF 16.43 per share for a total of TCHF 2,443. No treasury shares were held by the Company as at 31 December 2015.

The annual shareholders' meeting held on 24 May 2016 authorized the Company's board of directors to buy-back in 2016 and at its own discretion up to 25% of the shares outstanding. The so purchased shares would then be cancelled as part of a capital reduction. With press release dated 29 November 2016 Alpine Select informed about the board's decision to start a share buy-back program at a fixed price for up to 3,580,000 own shares, corresponding to around 25% of the share capital registered in the share register. Following the publication of the advertisement in the Swiss Official Commercial Gazette on 14 December 2016, the repurchase offer was open for acceptance from 15 December 2016 to 29 December 2016, 16:00 CET. The repurchase price for each Alpine Select registered share tendered was CHF 17.00. During the repurchase period, Alpine Select repurchased a total of 2,964,982 own shares for a total amount of CHF 50.4 million. The extraordinary shareholders' meeting held on 7 February 2017 approved the cancellation of the 2,964,982 shares acquired under the share buy-back program at a fixed price and to reduce the share capital by CHF 59,299.64. The respective entry in the Commercial Register of the Canton of Zug will be executed following the expiration of the filing period on 18 April 2017.

Notes to the Financial Statements (IFRS)

10. (Loss) / gain on financial assets and financial liabilities at fair value through profit or loss, net – trading

in TCHF	2016	2015 (restated)
Financial assets held for trading (Long positions)		
Realized gains	7,491	43,028
Realized losses	(4,664)	(1,158)
Net realized currency losses	(339)	(480)
Net realized	2,488	41,390
Unrealized gains	5,861	5,805
Unrealized losses	(7,726)	(42,011)
Net unrealized currency gains	952	1,033
Net unrealized	(913)	(35,173)
Total long positions, net	1,575	6,217
Financial assets held for trading (Trading options)		
Realized gains	0	128
Unrealized gains	88	0
Total trading options, net	88	128
Financial assets sold short held for trading (Short positions)		
Realized losses	0	(2,068)
Realized currency losses	0	(2,794)
Total short positions, net	0	(4,862)
Currency forwards		
Realized gains	21,087	30,936
Realized losses	(27,441)	(28,952)
Unrealized gains	1,799	1,740
Unrealized losses	0	(1,257)
Total currency forwards, net	(4,555)	2,467
(Loss) / gain on financial assets and financial liabilities at fair value through profit or loss, net – trading	(2,892)	3,950

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

11. Net loss on investments in non-consolidated subsidiaries at fair value through profit or loss

in TCHF	2016	2015 (restated)
Realized losses	(42,326)	(11,000)
Unrealized gains / (losses)	16,911	(3,650)
Net loss on investments in non-consolidated subsidiaries at fair value through profit or loss	(25,415)	(14,650)

12. Administrative expenses

in TCHF	2016	2015 (restated)
Personnel expenses and board of directors' fees incl. social costs	(532)	(525)
Legal, consulting, accounting and auditing fees	(563)	(435)
Advisory fees	(540)	(720)
Other office expenses	(48)	(34)
Total administrative expenses	(1,683)	(1,714)

13. 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 21 for the year ended 31 December 2016 (2015: TCHF 18).

The Company has no material defined benefit pension or post-retirement schemes; hence, no further disclosures are provided for the years ended 31 December 2016 and 2015.

14. Income tax expense

in TCHF	2016	2015 (restated)
Current tax expense	0	(4)
Deferred tax expense	(649)	(310)
Total income tax expense	(649)	(314)

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

Notes to the Financial Statements (IFRS)

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

in TCHF	2016	2015 (restated)
Profit / (loss) before tax	11,312	(2,197)
Company's domestic income tax rate	7.83%	7.83%
Tax (expense) / income using the Company's domestic income tax rate	(886)	172
Effect of income exempt from tax on deferred tax assets recognized in prior year	0	(489)
Effect of income exempt from tax	237	0
Prior year adjustments	0	3
Income tax expense	(649)	(314)
Effective tax rate	5.7%	(14.3%)

15. Earnings per share

	2016	2015 (restated)
Net profit / (loss) in TCHF as per the statement of comprehensive income for the year ended 31 December	10,663	(2,511)
Weighted average number of outstanding shares	14,205,216	13,810,605
Earnings per share in CHF (basic and diluted)	0.75	(0.18)

16. Net asset value (NAV) per share

	31 Dec 2016	31 Dec 2015 (restated)	1 Jan 2015 (restated)
Equity as per the statement of financial position (in TCHF)	182,990	239,343	238,951
Total number of shares outstanding	11,202,900	14,316,232	13,377,954
Net asset value per share (in CHF)	16.33	16.72	17.86
Adjusting factor		0.94152	0.89248
Net asset value per share (in CHF) when adjusted for the distribution out of capital contributions in May 2016 and May 2015 respectively	-	15.74	15.94

17. Contingencies, commitments and pledged assets

Alpine, Absolute Invest and Absolute Invest's wholly owned subsidiary 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 180.1 million as at 31 December 2016 (2015: CHF 221.3 million) and of which CHF 94.4 million (2015: CHF 137.7 million) relate to Alpine, are pledged as security for any amounts due to BJB.

18. Significant shareholders

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

	2016	2015
Hans Müller, Hergiswil	10.13%	10.13%
Raymond J. Baer, Küsnacht	6.76%	6.27%
Hans Ulrich Rihs, Stäfa	4.28%	4.28%
Hans Hornbach, Vufflens-le-Château	3.31%	3.31%
Trinsic Ltd., Zug ¹⁾	<3.00%	15.09%

¹⁾ Number of shares, including 170,000 shares directly held by the beneficial owners of Trinsic Ltd. Beneficial owners of Trinsic Ltd. comprise Daniel Sauter, Zug; Regina Barbara Young, Walchwil; Viktoria Louise Sauter, Zug; Florian Sauter, Zug, Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Bever and Fabienne Vukotic, Zurich. Joint holding in Trinsic Ltd., Zug (partially indirectly through Talpas Ltd., Bever).

19. Related party transactions

Baer & Karrer Ltd, Zurich («Baer & Karrer») is the legal advisor of Alpine and Absolute Invest. Dr. Dieter Dubs, partner of Baer & Karrer is a member of the board of directors of Alpine and of the Absolute Invest. During the year to 31 December 2016, TCHF 133 (2015: TCHF 95) 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»). The agreement was terminated as of 30 September 2016. Thomas Amstutz, member of the Board of Directors of Alpine, is a founding partner and member of the Board of Directors of JAAM. For the nine months until 30 September 2016, JAAM received advisory fees of TCHF 540 (2015: TCHF 720 for the whole year).

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

Notes to the Financial Statements (IFRS)

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 2016 and 2015:

in TCHF		2016	2015
Remuneration of the Board of Directors of Alpine Select			
Raymond J. Baer	Chairman and non-executive member	175	170
Thomas Amstutz	Non-executive member	43	43
Walter Berchtold	Non-executive member until 31 December 2016	43	43
Dieter Dubs	Non-executive member	43	43
Total		304	299

Transactions of Alpine with its subsidiary Absolute Invest are disclosed within these financial statements, either in the primary statements or in the notes. There were no related party transactions with Altin.

20. Events after the balance sheet date

The extraordinary shareholders' meeting held on 7 February 2017 approved the cash distribution of an extraordinary dividend out of the reserves from capital contributions of CHF 3.00 per registered share (free of withholding tax) as well as the cancellation of 2,694,982 shares (see also Note 9.4 of the IFRS financial statements).

These IFRS financial statements and the statutory financial statements for the year ended 31 December 2016 were authorized for issue by the board of directors on 12 April 2017. There were no significant events to report until this date.

The annual shareholders' meeting to be held on 22 May 2017 will vote on the final approval of the IFRS financial statements, the statutory financial statements and the compensation report.

**Report of the
Statutory Auditor on the
Financial Statements (IFRS)**

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



Statutory Auditor's Report

To the General Meeting of Alpine Select AG, Zug

Report on the Audit of the Financial Statements (IFRS)

Opinion

We have audited the financial statements of Alpine Select AG (the Company), which comprise the statement of financial position as at 31 December 2016 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 36 to 82) give a true and fair view of the financial position of the Company as at 31 December 2016, and its financial performance and its cash flows for the year then ended 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.

Basis for Opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters



Valuation of unlisted financial assets at fair value through profit or loss and investments in non-consolidated subsidiaries at fair value through profit or loss

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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



Valuation of unlisted financial assets at fair value through profit or loss and investments in non-consolidated subsidiaries at fair value through profit or loss

Key Audit Matter

The investment portfolio of Alpine Select AG, held either directly or through its subsidiaries, comprises a number of unlisted investments. These investments are included in Financial assets at fair value through profit or loss - trading or are part of the investment portfolio of its investments in non-consolidated subsidiaries at fair value. Unlisted investments consist of investments in hedge funds, direct investments and Collateralized Loan Obligations (CLOs).

Owing to the unlisted nature of these investments, the assessment of the fair value can be subjective and sometimes requires a number of significant judgements and estimates to be made by management.

Alpine Select AG recognizes such directly held unlisted investments at the latest available net asset value reported by the investment manager or the broker of the fund, adjusted by certain discounts if deemed necessary, being the adjusted net asset value (fair value).

The fair value of the investments in non-consolidated subsidiaries primarily relates to a number of unlisted investments, which are measured at the adjusted net asset value.

Due to the inherent uncertainty related to the valuation of such unlisted investments and due to the absence of a liquid market and the involved judgement, we consider the valuation of unlisted financial assets and investments in non-consolidated subsidiaries at fair value a key audit matter.

Our response

Our procedures included, amongst others, obtaining an understanding of management's processes and controls around the valuation of unlisted investments by performing walkthrough procedures, testing relevant controls and reviewing the valuation governance structure. We also involved our valuation specialists to evaluate the adequacy of the Company's valuation methodology.

We tested the valuation of the unlisted investments by reconciling the portfolio to independent custodian confirmations and/or – specific to hedge funds – by obtaining confirmations directly from the investment manager of the hedge fund on a sample basis.

For a sample of unlisted investments, we challenged with the support of our valuation specialists the critical assumptions used by comparing the adjusted net asset value to available market data.

We also conducted back-testing on the accuracy of the prior year reported adjusted net asset values by comparing these to the final net asset values disclosed in the audited financial statements of the investment funds.

We also considered the appropriateness of disclosures in relation to the valuation of unlisted investments in the financial statements.

For further information on the valuation of unlisted financial assets at fair value through profit or loss and investments in non-consolidated subsidiaries at fair value refer to the following:

— notes 3.2 a), 3.4, 6.1 and 6.5 to the financial statements on pages 45, 47, 59 and 63.

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



Other Information in the Annual Report

The Board of Directors is responsible for the other information in the annual report. The other information comprises all information included in the annual report, but does not include the financial statements, the stand-alone financial statements of the Company, the remuneration report and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information in the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information in the annual report and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS, Article 14 of the Directive on Financial Reporting issued by the SIX Swiss Exchange and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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 recommend that the financial statements submitted to you be approved.

KPMG AG

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Alex Fährdrich
Licensed Audit Expert

Zurich, 12 April 2017

Statutory Financial Statements

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2016	2015
ASSETS			
Current assets			
Cash and cash equivalents		951,098	42,523,173
Unrealized gains from currency forward contracts, net		1,176,657	0
Short-term loan Absolute Invest Ltd.		0	3,000,000
Other short-term receivables and prepaid expenses	3	15,749,129	1,061,443
Total current assets		17,876,884	46,584,616
Non-current assets			
Securities	4	29,490,330	77,508,650
Investments	5	127,822,517	86,904,965
Total non-current assets		157,312,847	164,413,615
TOTAL ASSETS		175,189,731	210,998,231

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2016	2015
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		18,182,796	0
Accounts payable		95,051	57,274
Short-term interest-bearing loan Absolute Invest Ltd.		14,000,000	0
Unrealized losses from currency forward contracts, net		0	622,613
Derivative financial liabilities		557,605	0
Accrued liabilities		144,248	370,228
Total current liabilities		32,979,700	1,050,115
Equity			
Share capital	6	286,325	286,325
Legal capital reserves			
• Reserves from capital contributions		45,233,412	59,401,293
• Reserves from capital contributions – not yet approved	7	8,196,358	8,196,358
• Other capital reserves		6,769,759	6,769,759
Voluntary retained earnings			
• Accumulated profit brought forward		135,294,381	100,706,932
• Net profit / (loss) for the year		(722,750)	34,587,449
Treasury shares	8	(52,847,454)	0
Total equity		142,210,031	209,948,116
TOTAL LIABILITIES AND EQUITY		175,189,731	210,998,231

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2016	2015
INCOME			
Gain on securities, net		6,538,573	34,726,123
Gain on derivative financial instruments, net		0	2,594,759
Dividend income	9	42,424,740	11,000,000
Foreign exchange gains, net		0	448,926
Interest income		21,207	44
Other income		62,355	170,335
TOTAL INCOME		49,046,875	48,940,187
EXPENSES			
Loss on derivative financial instruments, net		(4,554,681)	0
Personnel expenses		(182,520)	(179,292)
Administrative expenses		(1,496,025)	(1,780,366)
Commissions and other bank fees		(743,288)	(1,333,993)
Write-down of investments	10	(42,325,740)	(11,000,000)
Foreign exchange losses, net		(352,246)	0
Interest expenses		(111,378)	(68,516)
TOTAL EXPENSES		(49,765,878)	(14,362,167)
Net profit / (loss) before taxes		(719,003)	34,578,020
Tax income / (expense)		(3,747)	9,429
NET PROFIT / (LOSS) FOR THE YEAR		(722,750)	34,587,449

Notes to the Statutory Financial Statements

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1. Organization and business activity

Alpine Select Ltd. (the «Company», «Alpine Select») 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 (32nd 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 gains / (losses) from currency forward contract, net

Open currency forward contracts are valued at market prices.

3. Other short-term receivables and prepaid expenses

in CHF	2016	2015
Withholding tax	15,646,335	987,482
Prepaid expenses	56,390	38,457
Receivables Absolute Invest Ltd.	21,201	0
Other	25,203	35,504
Total	15,749,129	1,061,443

The withholding tax of CHF 15.6 million was received on 17 February 2017.

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	2016	2015
Carrying amount of quoted securities		
• Altin Ltd.	0	30,665,818
• Other quoted securities	11,061,025	29,277,432
Carrying amount of unquoted securities	18,429,305	17,565,400
Total	29,490,330	77,508,650

During the year 2016 the voting and capital rights of Alpine Select in Altin Ltd. was increased to 68.2% and therefore the position was classified as investments as of 31 December 2016 (see also Note 5).

5. Investments

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.

Altin Ltd.

As of 31 December 2016, Alpine Select holds 68.2% of Altin Ltd. («Altin») (2015: 18.0%). In the financial statements for the year 2015, Altin was classified within the caption securities. Altin is domiciled in Baar, Switzerland with a nominal share capital of CHF 103,491.18. The investment in Altin is stated at acquisition costs less value adjustment. Altin invests – indirectly through its wholly owned subsidiary Altin (Cayman) Ltd., Cayman Islands – in unquoted hedge funds.

During the year 2016, Altin reduced its share capital by reducing the nominal value per share from CHF 17.00 to CHF 0.03 and additionally paid a dividend out of its capital contribution reserves of CHF 7.03 per share. The investment book value of Altin was reduced by the cash inflow from these two transactions of CHF 37.3 million.

6. Share capital

As of 31 December 2016, and unchanged to prior year, the Company's fully paid-in share capital amounts to CHF 286,324.64 and is divided into 14,316,232 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.

6.1 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.

6.2 Conditional share capital

As of 31 December 2016, 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 subsidiaries, and/or through the exercise of option rights granted to the shareholders.

7. 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) refused to approve an amount of CHF 8,196,358 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 – at 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.

8. Treasury shares

The annual shareholders' meeting held on 20 May 2015 entitled the Company's board of directors to repurchase own shares up to a maximum of 10% of the share capital starting 21 May 2015 until the ordinary annual shareholders' meeting in the year 2017. In 2016 the Company acquired 148,350 treasury shares under this re-purchase program at an average price of CHF 16.43 per share for a total amount of CHF 2,443. The Company held no treasury shares as of 31 December 2015.

The annual shareholders' meeting held on 24 May 2016 authorized the Company's board of directors to buy-back in 2016 and at its own discretion up to 25% of the shares outstanding. The so purchased shares would then be cancelled as part of a capital reduction. With press release dated 29 November 2016 Alpine Select informed about the board's decision to start a share buy-back program at a fixed price for up to 3,580,000 own shares, corresponding to around 25% of the share capital registered in the share register. Following the publication of the advertisement in the Swiss Official Commercial Gazette on 14 December 2016, the repurchase offer was open for acceptance from 15 December 2016 to 29 December 2016, 16:00 CET. The repurchase price for each Alpine Select registered share tendered was CHF 17.00. During the repurchase period, Alpine Select repurchased a total of 2,964,982 own shares for a total amount of CHF 50.4 million. The extraordinary shareholders' meeting held on 7 February 2017 approved the cancellation of the 2,964,982 shares acquired under the share buy-back program at a fixed price and to reduce the share capital by CHF 59,299.64. The respective entry in the Commercial Register of the Canton of Zug will be executed following the expiration of the filing period on 18 April 2017.

9. Dividend income

In the year under review, the dividend income includes a dividend of CHF 42.3 million received from Altin. In the prior year, the dividend income relates to a dividend received from Absolute Invest.

10. Write-down of investments

Following the dividend income as described in above Note 9, the book value of the investments in Altin and Absolute Invest respectively were written down by the same amount.

11. 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:

in CHF		2016	2015
Raymond J. Baer	Chairman and non-executive member	967,708	897,708
Thomas Amstutz	Non-executive member	313,550	313,550
Walter Berchtold ^{*)}	Non-executive member	300,000	300,000
Dieter Dubs	Non-executive member	6,000	6,000
Total		1,587,258	1,517,258

^{*)} Walter Berchtold resigned as a member of the board effective 31 December 2016.

12. Significant shareholders

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

	2016	2015
Hans Müller, Hergiswil	10.13%	10.13%
Raymond J. Baer, Küsnacht	6.76%	6.27%
Hans Ulrich Rihs, Stäfa	4.28%	4.28%
Hans Hornbach, Vufflens-le-Château	3.31%	3.31%
Trinsic Ltd., Zug ^{*)}	<3.00%	15.09%

^{*)} Number of shares, including 170,000 shares directly held by the beneficial owners of Trinsic Ltd. Beneficial owners of Trinsic Ltd. comprise Daniel Sauter, Zug; Regina Barbara Young, Walchwil; Viktoria Louise Sauter, Zug; Florian Sauter, Zug, Michel Vukotic, Meilen; Corinne Vukotic, Meilen; Aline Vukotic, Bever and Fabienne Vukotic, Zurich. Joint holding in Trinsic Ltd., Zug (partially indirectly through Talpas Ltd., Bever).

13. Pledged assets

Alpine has a standard pledge agreement with Bank Julius Baer & Co. Ltd. («BJB»), Zurich under which the Company's portfolio – valued at cost – of approximately CHF 70 million as at 31 December 2016 (2015: CHF 119 million) is pledged as security for any amounts due to BJB. As at 31 December 2016, the amount due to BJB was CHF 18.2 million (2015: CHF 0 million).

14. Employees (full-time equivalents)

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

15. 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	2016	2015
Not later than 1 year	48,000	36,000
Later than 1 year and not later than 5 years	156,000	192,000
Later than 5 years	0	12,000
Total	204,000	240,000

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

16. Events after the balance sheet date

The extraordinary shareholders' meeting held on 7 February 2017 approved the cash distribution of an extraordinary dividend out of the reserves from capital contributions of CHF 3.00 per registered share (free of withholding tax) as well as the cancellation of 2,964,982 shares (see also Note 8).

The statutory financial statements for the year ended 31 December 2016 were authorized for issue by the board of directors on 12 April 2017. There were no other significant events to report until this date.

The annual shareholders' meeting scheduled to be held on 22 May 2017 will vote on the final approval of the statutory financial statements.

**Proposed Appropriation of
Available Earnings**

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

in CHF	2016	2015
Accumulated profit brought forward	135,294,381	100,706,932
Net profit / (loss) for the year	(722,750)	34,587,449
Accumulated profit at end of year	134,571,631	135,294,381
Dissolution of reserves from capital contributions	0	14,228,082
Decisions of the extraordinary shareholders' meeting dated 7 February 2017		
• Capital reduction ¹⁾	(50,345,394)	0
• Dissolution of reserves from capital contributions	33,608,700	0
• Extraordinary dividend	(33,608,700)	0
Available for distribution after capital reduction and extraordinary dividend	84,226,237	149,522,463
Proposal of the board of directors for appropriation of available earnings		
Dividend	0	14,228,082
To be carried forward	84,226,237	135,294,381
	84,226,237	149,522,463
Total dividend distribution	0	14,228,082
• out of reserves from capital contributions	0	14,228,082
• out of accumulated profits	0	0

¹⁾ Amount of treasury shares repurchased in connection with the capital reduction of CHF 50,404,696 less nominal value of total CHF 59,299.64 (see also Note 8).

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

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



Statutory Auditor's Report

To the General Meeting of Alpine Select AG, Zug

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alpine Select AG, which comprise the balance sheet as at 31 December 2016, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 90 to 100) for the year ended 31 December 2016 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority



Valuation of unlisted investments

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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



Valuation of unlisted investments

Key Audit Matter

The unlisted investment portfolio of the Company consists of investments in hedge funds, direct investments and Collateralized Loan Obligations (CLOs), which are presented as securities, as part of non-current investments.

The Company recognizes such investments at the lower of historical cost or fair value.

Management uses the latest available net asset value reported by the custodian as reference to the fair value.

Due to the inherent uncertainty related to the valuation of such unlisted investments and due to the absence of a liquid market, we consider the valuation of unlisted investments a key audit matter.

Our response

Our procedures included, amongst others, obtaining an understanding of management's processes and controls around the valuation of unlisted investments by performing walkthrough procedures, testing relevant controls and reviewing the valuation governance structure.

For each unlisted investment, we compared historical cost to the latest available net asset value as reported by the custodian and tested whether the Company used the lower amount. For a sample of the hedge fund investments, we furthermore reconciled such net asset values to confirmations obtained directly from the investment manager.

We also conducted back-testing on the accuracy of the prior year reported net asset values by comparing these to the final net asset values disclosed in the audited financial statements of the investment funds.

For further information on the valuation of unlisted investments refer to the following:

- note 4 to the financial statements

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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

Marc Ziegler
Licensed Audit Expert
Auditor in Charge

Alex Fährndrich
Licensed Audit Expert

Zurich, 12 April 2017

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

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ALPINE SELECT

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