

ALPINE SELECT

ANNUAL
REPORT
2017

Investors' Information

Board of Directors

Raymond J. Baer	Chairman
Thomas Amstutz	Member
Dieter Dubs	Member
Michel Vukotic	Member (as of 22-May-17)

Management

Claudia Habermacher	Chief Executive Officer
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Auditors

KPMG Ltd.
Badenerstrasse 172
8036 Zurich / Switzerland

Alpine Select 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	11,202,900
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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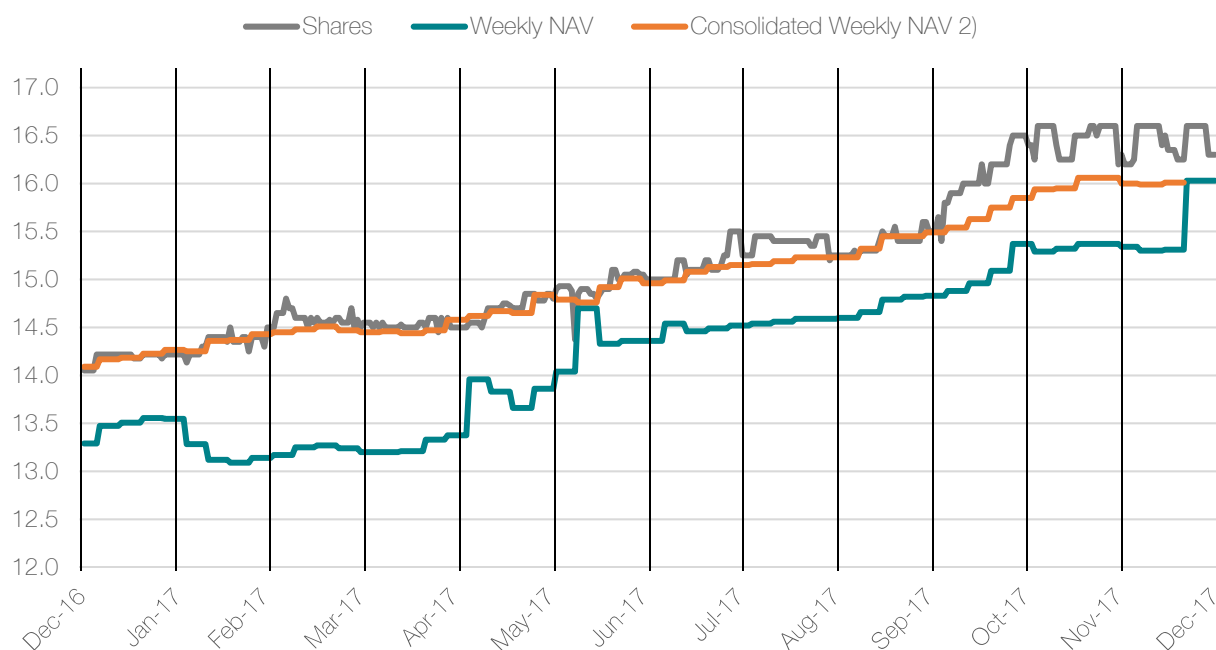
Performance Table ¹⁾

	31 Dec 2017	31 Dec 2016
Share price (CHF)	16.30	14.05
Consolidated NAV (CHF) ²⁾	n/a	14.14
Non-consolidated NAV (CHF)	16.22	13.29

	High YTD 2017	Low YTD 2017
Share price (CHF)	16.60	14.05
Premium / (Discount) to non-consolidated NAV	12.38%	0.49%
Non-consolidated NAV (CHF)	16.22	13.09

12 Months Price-History in CHF for the Year 2017

Daily closing share price and weekly NAVs



Top Positions of the combined Portfolio as per 31 December 2017 as a Percentage of NAV

Cheyne New Europe Fund L.P.	9.29%
Vifor Pharma AG	6.87%
HBM Healthcare Investment Ltd.	5.76%
Sparx Japan Value Impact Fund	5.09%
Akamatsu Bonsai Fund	4.63%
Other Hedge Fund Positions	34.78%
Other Long Positions	20.94%
Cash and other assets/(liabilities), net	12.64%

Monthly NAV Performance in % ^{3) 4)}

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
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	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
2017	0.8	-3.0	0.3	1.8	4.2	2.5	1.3	0.4	1.6	3.2	0.2	4.6	19.2

Monthly Share Price Performance in %

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
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
2017	1.2	2.0	0.3	-0.3	2.1	1.4	1.7	0.0	1.6	5.8	-0.6	0.0	16.0

¹⁾ All figures are adjusted for the dividend payment in February 2017 out of reserves from capital contributions.

²⁾ NAV consolidated: pro forma NAV with Altin Ltd., starting 9 May 2016 and until Altin Ltd. merger with Absolute Invest Ltd. (18 December 2017).

³⁾ 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.

⁴⁾ Change to publication of formerly consolidated NAV in December 2017, following the merger of Altin Ltd. into Absolute Invest Ltd.

Chairman's Statement and Review of Operations

Dear Shareholders

We are very pleased to inform you of another very successful year: The total return to shareholders during the year 2017 was at 16.0% (increase of the share price from CHF 14.05 to CHF 16.30). This includes a dividend of CHF 3.00 per share, paid out to shareholders in February 2017. The non-consolidated Net Asset Value («NAV») recorded a performance of 22.0% for the same period (from CHF 13.29 to CHF 16.22). Throughout the year 2017, the shares traded at or near the NAV thereby delivering again on an important commitment of ours.

Changes in the combined portfolio of Alpine Select Ltd. («Alpine Select») and Absolute Invest Ltd. («Absolute Invest», and together «Alpine Group») during the year 2017 include new investments in Alegra ABSI I (Euro) Fund (a FoF that invests in European CLOs), Elara India Gateway Fund (a first investment in the «Indian market»), Orion Engineered Carbons SA (a company listed on the NYSE), Orchard Liquid Credit Fund (a fund investing solely in investment grade securities), Stats Investment Japan Long & Short Fund (a long-short Japanese focused equity hedge fund) and Three Court Fund Offshore, LP (a GP/LP structure). Furthermore, we also increased our investments in HBM Healthcare Investment Ltd., Aleutian Fund, Vifor Pharma Ltd. and Yuki Japan Rebounding Growth Fund. Lastly, we redeemed our investment in Syngenta Ltd. in full, and partially the one in Northwest Warrant Fund Ltd.

However, the biggest change within the portfolio was induced by the merger of Altin Ltd. («Altin») into Absolute Invest as of 30 June 2017. After holding 87.50% of all outstanding Altin shares at the beginning of the year 2017, Alpine Group increased its holding to 94.02% by 8-Nov-17. Following this, Alpine Select submitted a merger proposal to Altin's board of directors according to which the minority shareholders of Altin shall receive a cash consideration in the amount of USD 11.50 per Altin share from Absolute Invest (squeeze-out merger). The negotiations were completed by 16-Nov-17 and the squeeze-out merger was approved by the extraordinary shareholders' meeting of Altin on 18-Dec-17. SIX Exchange Regulation defined the 28-Dec-17 to be Altin's last trading day and on 29-Dec-17 the Altin shares were delisted. In accordance with the merger agreement, all Altin assets and liabilities were transferred to Absolute Invest. Following this, Alpine Select only publishes the NAV, that was previously described as the «Consolidated Weekly NAV».

In 2017, almost all our positions contributed positively (with approximately CHF 24 million) to Alpine Select's NAV.

One of our biggest challenge in managing our portfolio is keeping track of our currency risks. We are satisfied with the result of the net hedging operations in 2017 and we can report a small net positive contribution from currency exposures in the JPY, USD and EUR of around TCHF 1,440. With the expected return of market volatility, the challenge of managing currency risk will continue!

Our diversified portfolio of Japanese Funds is accountable with approximately CHF 14 million for more than 50% of the year 2017 performance. We are closely monitoring our positions there. Since we continue to be impressed by the investment skills of our managers, we keep our overweight in Japan.

Our investments in the Biotech area have returned net gains of around CHF 4.2 million (of which CHF 1 million from Vifor/Galenica and CHF 2.2 million from HBM Healthcare Investments) and we believe that we will see further positive developments in both positions in the years to come.

The CLO portfolio has again proven its stable and sound return statistics and has generated returns of around CHF 2.0 million for the year.

Currently our biggest position, the legacy position of our takeover of Absolute Invest in 2013, Cheyne New Europe Fund L.P., contributed with around CHF 3 million to the year 2017 result. This is thanks to a booming economy in eastern Europe, predominantly in Prague, where the bulk of the exposure is located. We also benefitted from a strong Czech Krone which unleashed its peg to the Euro in May 2017. As the real estate projects in Prague are entering into their realization status, we expect further meaningful distributions, starting in 2018 to 2020.

Looking ahead to the year 2018, we find that market volatility is back – and we are confident that Alpine Select is well prepared to take advantage of it.

The annual shareholders' meeting held on 22 May 2017 elected Michel Vukotic as a new member of the board of directors. Since 1 September 2017, he also acts as head of the Company's investment committee. All standing board members were re-elected as were 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. The shareholders authorized the board to launch at their discretion a new share buyback program up to a maximum of 10% of the total share capital (in the period between 22 May 2017 and the ordinary shareholders' meeting in 2019). The board has not yet launched such a program.

Due to favorably surpassing our targeted return of 6 – 10% per year, the Board of Directors of Alpine Select proposes to distribute a tax-free dividend of CHF 1.00 per registered share from reserves from capital contributions.

Finally, we would like to inform you about an exciting new «Alpine Select-project»: An investment vehicle, that pursues a similar investment strategy as Alpine Select. Further information is available upon request from Alpine Select.

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

Raymond J. Baer
Chairman of the Board of Directors of Alpine Select Ltd.

Corporate Governance

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1. Company structure and shareholders

1.1 Business

Alpine Select Ltd. (the «Company», «Alpine Select») 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.

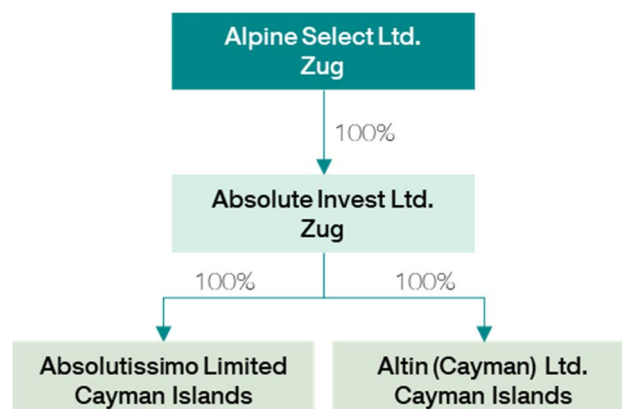
1.2 Company structure

Alpine Select, 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 Select are listed on the SIX Swiss Exchange under the Stock Exchange symbol ALPN, ISIN code: CH0019199550. At 31 December 2017, market capitalization stood at CHF 182.6 million (2016: CHF 189.3 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 two subsidiaries: Absolutissimo Limited («Absolutissimo») and Altin (Cayman) Ltd. («Altin CY»), both domiciled in the Cayman Islands.

The Board of Directors of Alpine Select submitted on 8 November 2017 a merger proposal to the Board of Directors of Altin Ltd. («Altin»), according to which Altin should merge with Absolute Invest. Altin shareholders approved the squeeze-out merger at the extraordinary shareholders meeting held on 18 December 2017. Following this and in accordance with the merger agreement, Altin

transferred all assets and liabilities to Absolute Invest, and thus Altin CY became a wholly owned subsidiary of Absolute Invest.



1.3 Significant shareholders

The Company received the following disclosure notification of shareholders during 2017:

- Trinsic Ltd., Zug submitted three disclosure notifications: 3.09% (21-Jan-17), 4.72% (6-May-17), 5.02% (25-Jul-17).
- Hans Ulrich Rihs, Stäfa submitted one disclosure notification: 5.4% (27-Apr-17)
- Alpine Select Ltd., Zug submitted two disclosure notifications in regards to the purchase and cancellation of own shares: 21.75% (4-Jan-17), <3% (26-Apr-17)

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

Sixteen management transactions were reported to the SIX Swiss Exchange in 2017. 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 2017, Alpine Select had 11,202,900 shares issued. The Company has knowledge of the following investors which held 3% or more of the total number of Alpine Select shares issued:

	2017	2016
Hans Müller, Hergiswil	12.94%	10.13%
Raymond J. Baer, Küsnacht	8.64%	6.76%
Hans Ulrich Rihs, Stäfa	5.36%	4.28%
Trinsic Ltd., Zug *)	5.08%	<3.00%
Hans Hornbach, Vufflens-le-Château	4.23%	3.31%

*) Number of shares, including 168,000 shares directly held by the beneficial owners of Trinsic Ltd. (2016: 170,000 shares). Beneficial owners of Trinsic Ltd. comprise Daniel Sauter, Zug; Regina Barbara Young, Walchwil; Viktoria Louise Sauter, Zug; Florian Sauter, Hagendorn, 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 11,202,900 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 22 May 2019 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

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 10.

2.4 Treasury shares

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. Under this buyback program, Alpine Select repurchased a total 2,964,982 own shares (for a total amount of CHF 50.4 million), which then were approved for cancellation by the extraordinary shareholders' meeting held on 7 February 2017, reducing the share capital by CHF 59,299.64. The respective entry was registered in the Commercial Register of the Canton of Zug on 20 April 2017.

The annual shareholders' meeting held on 22 May 2017 decided to cancel 148,350 treasury shares in the

amount of TCHF 2,443 that the Company repurchased under a share buyback program during the period February to December 2016. The respective entry was registered in the Commercial Register of the Canton of Zug on 3 August 2017. At the occasion of the same annual shareholders' meeting, the shareholders authorized the board of directors to launch at their discretion a new share buyback program of up to 10% of the total share capital (in the period between 22 May 2017 and the ordinary shareholders' meeting in 2019). As per 31 December 2017, the board has not yet launched such a program.

2.5 Shares

The Company's share capital at 31 December 2017 amounts to CHF 224,058.00 and consists of 11,202,900 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

Raymond J. Baer, born 1959, Swiss citizen – non-executive member

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 Select or its subsidiary.

Thomas Amstutz, born 1962, Swiss citizen – non-executive member

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 Select (for more see Note 5.5 below).

Dieter Dubs, born 1965, Swiss citizen – non-executive member

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 Select in legal matters (for more see Note 5.5 below).

Michel Vukotic, born 1958, Swiss citizen – executive member

Michel Vukotic completed the Wirtschaftsgymnasium, Freudenberg with certificate, Type E in 1978. Between 1978 and 1984 he studied at University of St. Gallen and graduated with a Business Management degree. Following this, he completed four post-graduate Seminares at University of Zurich.

During his studies he held an Internship at FIDES Revision, Zurich, bevor joining Etterlin, Klipstein & Partner AG, Zurich, as a tax advisor (1984 – 1987). Between 1987 and 2017, he held various positions at Bank Julius Baer, Zurich, starting in the Capital Market Department (1987 – 1992), then Derivatives Switzerland (1992) bevor being the sector head at Equity Trading (1993 – 1997). Following this he was the head of the Securities Department (1997 – 2001), key account manager at Special Client Services (2001 – 2004) and relationship manager in the Zurich Special Client Services department (2004 – 2017).

Since May 2017, Michel Vukotic is also a non-executive member of the Board of Directors of Absolute Invest and since September 2017, he acts as the head of the Investment Committee of Alpine Select Ltd.

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 Select 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 and of Bank Julius Baer & Co. AG, Zurich
- President of the Julius Baer Group pension fund
- Chairman of the Board of Directors of Longbow Finance SA, Lutry
- Chairman of Benecare Foundation, Vaduz
- Vice-president of the Foundation Board of the Asia Society Switzerland Foundation, Zurich
- Member of the Advisory Board of Deloitte Ltd., Zurich
- Member of the Board of Directors of AMAG Automobil und Motoren AG, Zurich and of Crypto Fund AG, Zug

Thomas Amstutz

- President of the Board of Directors of Jade Invest SA, Neuchatel
- Member of the Board of Directors of Castle Private Equity AG, Freienbach; Baloise Bank SoBa AG, Solothurn; Model Holding AG, Weinfelden; FinOps AG in Liquidation, Zurich (also acting as liquidator); Vicenda Asset Management AG, Baar
- Member of the Asset Allocation Committee of Hesta AG, Zug and of Spida Personalvorsorgestiftung, Zurich

Michel Vukotic

- Senior advisor for Bank Julius Baer & Co. AG, Zurich

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:

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

3.4 Elections and term of office

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

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

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

Member	Function	1st time election	Elected until
Raymond J. Baer	Chairman and non-executive member BoD	25 April 2013	2018
	Chairman of the compensation committee	26 May 2014	2018
Thomas Amstutz	Non-executive member BoD	18 April 2012	2018
Dieter Dubs	Non-executive member BoD	25 April 2013	2018
	Member of the compensation committee	26 May 2014	2018
Michel Vukotic	Executive member BoD	22 May 2017	2018

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 2017, 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 Select

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 the 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 of the compensation report to the board of directors;
6. Proposal for amendments of the compensation rules;
7. Other duties and responsibilities entrusted to it by the articles of association or the board of directors.

In 2017, the compensation committee met once. As per 31 December 2017, the committee consists of Raymond J. Baer (chairman) and Dieter Dubs.

The investment committee of Alpine Select

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 2017, the investment committee met once. Further discussion took place within the board meetings and bilateral. At 31 December 2017, the committee consists of Raymond J. Baer (chairman), Michel Vukotic (head) and Thomas Amstutz (member).

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 FAIAF (fund-academy AG, Zurich).

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

4.2 Statutory clause regarding the number of allowed mandates

Members of the management may, subject to the approval of the board of directors, exercise a maximum of five mandates in listed or unlisted companies (art. 13, para. 5 of the articles of association). 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. Under the service agreement between Alpine Select and JAAM, as of 1 January 2017, the latter received a total compensation of CHF 120,000 for 2017.

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. For the year 2017, Alpine Select paid CHF 140,006 to Baer & Karrer Ltd. for their legal services (2016: CHF 133,000).

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. Alexander Fährndrich is the auditor in charge since 2017. 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 2017 and for the compensation report 2017 amount to CHF 123,500 (2016: 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 2017 (2016: CHF 45,000). In addition, the following amounts were paid to KPMG in connection with extraordinary audit work: CHF 7,500 regarding the Alpine Select capital reduction (7 February 2017); CHF 7,500 regarding the extraordinary dividend distribution of Alpine Select (7 February 2017); CHF 15,000 regarding the merger Altin / Absolute Invest (November 2017) and CHF 6,500 regarding the distribution of an extraordinary dividend of Absolute Invest (15 December 2017).

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 2017, one such meeting 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 Select can be contacted at tel. +41 41 720 4411 or investorrelations@alpine-select.ch.

Compensation Report

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Compensation Report

This compensation report for the financial year 2017 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 Select»). The content and scope are 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 Select 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 Select is subject to oversight and regulation by the SIX Swiss Exchange and, inter alia, the provisions of ERCO. Accordingly, Alpine Select is exempted from the oversight by the Swiss Financial Market Supervisory Authority («FINMA») and the regulations from the CISA.

As an investment company Alpine Select'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.
- 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 Select 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 Select'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 2017 (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-17	150 000		11 926	13 471	175 397
Thomas Amstutz <i>Non-executive member BoD</i>	1-Jan to 31-Dec-17	40 000		3 183		43 183
Dieter Dubs <i>Non-executive member BoD</i>	1-Jan to 31-Dec-17	40 000		3 183		43 183
Michel Vukotic <i>Executive member BoD</i>	22-May to 31-Dec-17	24 409		1 943		26 352
<i>Head of the investment committee</i>	1-Sep to 31-Dec-17	66 667		5 300	7 401	79 368
Claudia Habermacher <i>Chief executive officer</i>	1-Jan to 31-Dec-17	150 000	20 000	13 398	9 857	193 255

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
- Michel Vukotic CHF 5,000

For further compensation paid in 2017 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 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		43 183
Dieter Dubs <i>Non-executive member BoD</i>	1-Jan to 31-Dec-16	40 000		3 183		43 183
Walter Berchtold <i>Non-executive member BoD</i>	1-Jan to 31-Dec-16	40 000		3 183		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

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

No loans or credits to present or past members of the board of directors or the management were outstanding at year-end 2017.

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 2017, and there were none outstanding at year-end 2017.

3.5 Advisory contracts

Among others, Thomas Amstutz is also a member of the Board of Directors of JAAM Ltd. Effective 1 January 2017, Alpine signed a service agreement under which JAAM provides the Company with consultancy services. For the year 2017, JAAM received a total fee of CHF 120,000 (Under a different service agreement and for the period from January to September 2016: CHF 540,000).

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. For the year 2017, Alpine paid CHF 140,006 to Baer & Karrer Ltd. for legal services (2016: CHF 133,000).

**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, 2017. 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.

Opinion

In our opinion, the compensation report for the year ended December 31, 2017 of Alpine Select AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Alexander Fähndrich
Licensed Audit Expert
Auditor in Charge

David Odermatt
Licensed Audit Expert

Zurich, April 12, 2018

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

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Financial Statements (IFRS)

STATEMENT OF FINANCIAL POSITION

in TCHF	Note	31-Dec-17	31-Dec-16
ASSETS			
Current assets			
Cash and cash equivalents		1 773	951
Financial assets at fair value through profit or loss	6	541	1 177
Other receivables from Absolute Invest Ltd.		104	21
Other current assets	7	12 544	15 727
Total current assets		14 962	17 876
Non-current assets			
Financial assets at fair value through profit or loss	6	52 564	35 551
Investments in non-consolidated subsidiaries at fair value through profit or loss	6	119 655	163 414
Total non-current assets		172 219	198 965
Total assets		187 181	216 841
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		0	18 183
Financial liabilities at fair value through profit or loss	6	9	470
Short-term loan from and other payables to Absolute Invest Ltd.	8	4 051	14 000
Accounts payable and accrued liabilities		331	239
Total current liabilities		4 391	32 892
Non-current liabilities			
Deferred tax liabilities	9	1 025	959
Total non-current liabilities		1 025	959
Equity			
Share capital	10	224	286
Additional paid-in capital		9 937	43 546
Treasury shares		0	-52 848
Retained earnings		171 604	192 006
Total equity		181 765	182 990
Total liabilities and equity		187 181	216 841
Net asset value (NAV) per share in CHF	18	16.22	16.33

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2017	2016
INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net	11	7 811	0
Dividend income	12	70 291	42 425
Interest income from financial assets		0	21
Other income		30	62
Total income		78 132	42 508
EXPENSES			
Loss on financial assets and financial liabilities at fair value through profit or loss, net	11	0	-2 892
Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net	13	-43 759	-25 415
Administrative expenses	14	-1 403	-1 683
Commissions and other bank fees		-275	-743
Interest expenses		-178	-111
Net foreign exchange losses		-16	-352
Total expenses		-45 631	-31 196
Profit before tax		32 501	11 312
Income tax expense	16	-70	-649
Profit for the year		32 431	10 663
Other comprehensive income for the year		0	0
Total comprehensive income for the year		32 431	10 663
Earnings per share in CHF (basic and diluted)	17	2.89	0.75

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 December

in TCHF	Note	2017	2016
Cash flows from operating activities			
Profit before tax		32 501	11 312
Adjustments for:			
• (Gain) / loss on financial assets and financial liabilities at fair value through profit or loss, net	11	-7 811	2 892
• Loss on investments in non-consolidated subsidiaries at fair value through profit or loss	13	43 759	25 415
• Dividend income	12	-70 291	-42 425
• Interest expenses, net		178	90
• Net foreign exchange losses		16	352
• Other non-cash income		-26	-38
Increase in other current assets		-45	-8
Increase / (decrease) in accounts payable and accrued liabilities		118	-146
Increase in short-term receivables from Absolute Invest Ltd.		-83	-25
Withholding taxes received		15 646	1 971
Dividends received		23 073	27 577
Interest received		0	21
Interest paid		-127	-111
Net cash from operating activities		36 908	26 877
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss	6.8	-20 142	-20 861
Investments in non-consolidated subsidiaries at fair value through profit or loss	6.1	0	-89 846
Proceeds from:			
• Sale of financial assets at fair value through profit or loss	6.8	10 676	42 971
• Capital repayment of non-consolidated subsidiaries	6.1	0	37 269
• Short sale of financial assets at fair value through profit or loss	6.8	27	558
Disposal of financial liabilities at fair value through profit or loss	6.8	-254	0
Net cash inflow / (outflow) from currency forwards	6.8	666	-6 354
Short-term loan repaid by Absolute Invest Ltd.		0	3 000
Net cash used in investing activities		-9 027	-33 263

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2017	2016
Cash flows from financing activities			
Short-term loans received from:	8		
• Absolute Invest Ltd.		31 700	14 000
• Altin Ltd.		20 000	0
• Trinsic Ltd.		8 500	0
Short-term loans paid back to:	8		
• Absolute Invest Ltd.		-11 900	0
• Altin Ltd.		-15 000	0
• Trinsic Ltd.		-8 500	0
Transaction costs paid in connection with the cancellation of treasury shares		-51	0
Acquisition of treasury shares	10.4	0	-52 848
Dividend paid to shareholders of Alpine Select Ltd.		-33 609	-14 168
Net cash used in financial activities		-8 860	-53 016
Net foreign exchange difference		-16	-353
Net increase / (decrease) in cash and cash equivalents		19 005	-59 755
Cash and cash equivalents at 1 January		-17 232	42 523
Cash and cash equivalents at 31 December		1 773	-17 232
Cash and cash equivalents at 31 December consist of:			
• Current accounts at banks		1 773	951
• Less bank overdrafts		0	-18 183
Cash and cash equivalents as defined for the statement of cash flows		1 773	-17 232

STATEMENT OF CHANGES IN EQUITY

in TCHF	Note	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2016		286	57 714	0	181 343	239 343
Profit					10 663	10 663
Other comprehensive income						0
Total comprehensive income		0	0	0	10 663	10 663
Dividend paid to shareholders of Alpine Select Ltd. ¹⁾			-14 168			-14 168
Acquisition of treasury shares	10.4			-52 848		-52 848
Total contributions by and distributions to owners of the Company		0	-14 168	-52 848	0	-67 016
Balance at 31 December 2016		286	43 546	-52 848	192 006	182 990
Profit					32 431	32 431
Other comprehensive income						0
Total comprehensive income		0	0	0	32 431	32 431
Dividend paid to shareholders of Alpine Select Ltd. ¹⁾			-33 609			-33 609
Cancellation of treasury shares, net of transaction costs	10.4	-62		52 848	-52 837	-51
Income tax on transaction costs					4	4
Total contributions by and distributions to owners of the Company		-62	-33 609	52 848	-52 833	-33 656
Balance at 31 December 2017		224	9 937	0	171 604	181 765

¹⁾ Paid out of the reserves from capital contributions

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1. Corporate information

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 office at Gotthardstrasse 31, Zug/Switzerland.

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

Alpine Select 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 2017, the Company has two employees.

1.1 Merger of Altin Ltd. into Absolute Invest Ltd.

Absolute Invest Ltd. («Absolute Invest»), Zug/Switzerland is a wholly owned subsidiary of Alpine Select. At 31 December 2016, Alpine Select held 68.16% (and together with Absolute Invest 87.50%) of all outstanding shares and voting rights of Altin Ltd. («Altin»), Zug/Switzerland, a company at that time listed on the SIX Swiss Exchange. Alpine Select and Absolute Invest are hereafter referred to as «Alpine Group».

Until 30 June 2017 Alpine Group increased its holding in Altin to 93.82% and until 8 November 2017 to 94.02%. Following this, Alpine Select submitted a merger proposal to Altin's board of directors, according to which Altin shall be merged into Alpine Select's wholly owned subsidiary Absolute Invest as of 30 June 2017; with the minority shareholders of Altin receiving a cash consideration of USD 11.50 per Altin share, paid by Absolute Invest («squeeze-out merger»). The negotiations were completed by 16 November 2017. The squeeze-out merger was approved by the extraordinary shareholders' meeting of Altin on 18 December 2017. SIX Exchange Regulation defined the 28 December 2017 to be the last trading day of Altin shares. On 29 December 2017 Altin was delisted.

In accordance with the merger agreement, all Altin assets and liabilities were transferred to Absolute Invest at 30 June 2017, whereupon Absolute Invest's investment in the non-consolidated subsidiary Altin of CHF 9.5 million was dissolved. Simultaneously, Alpine Select transferred its investment in the non-consolidated subsidiary Altin (CHF 25.3 million at 30 June 2017) to its non-consolidated subsidiary Absolute Invest.

Alpine Select and Absolute Invest used to measure their non-consolidated investment in Altin at fair value through profit or loss using Altin's (unadjusted) quoted price. After the merger of Altin, the financial assets and financial liabilities of Altin that were merged into Absolute Invest are measured using the «adjusted net asset method», as described hereafter in Note 3.4. The impact of this change being USD 2.28 per Altin share is included in the statement of comprehensive income in the caption loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net.

Following the merger, Altin's wholly owned subsidiary Altin (Cayman) Ltd., Cayman Islands became a wholly

owned subsidiary of Absolute Invest as of the date of the merger.

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

The accompanying IFRS financial statements for the year ended 31 December 2017 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 and for financial assets and financial liabilities at fair value through profit or loss and for all derivative financial 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 2017.

- 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);
- Annual Improvements to IFRS 2014 – 2016 Cycle (Amendments to IFRS 12 Disclosure of Interests in Other Entities).

The adoption of the amended standards during the year 2017 did not have any effect on the financial statements or the performance of the Company.

In 2018 and afterwards, the Company will adopt the following new and amended standards:

- IFRS 9: Financial Instruments (effective 1 January 2018);
- IFRS 16: Leases (effective 1 January 2019);
- IFRIC 23: Uncertainty over Income Tax Treatments (effective 1 January 2019);
- IFRIC 22: Foreign Currency Transactions and Advance Consideration (effective 1 January 2018);
- Prepayment Features with Negative Compensation – Amendments to IFRS 9 (effective 1 January 2019).

The Company analyzed the potential impact of the above mentioned new standards and interpretations and concludes, that these new standards have no material impact on the Company's accounting policies, its financial statements and performance.

IFRS 9 «Financial Instruments» replaces IAS 39 and has the objective to establish general principles for the financial reporting of financial assets and financial liabilities. The standard rules the requirements for classifications for classification, measurement, derecognition, hedge accounting and introduces a new impairment model for financial assets.

Notes to the Financial Statements (IFRS)

From 1 January 2018, Alpine Select classifies its financial assets in the following measurement categories:

- those to be measured at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Alpine Select has assessed which business models apply to the financial assets held. No reclassifications will have to be made to the financial assets and there is no impact on the retained earnings due to classification and measurement of financial instruments as at 1 January 2018 in accordance with IFRS 9.

Impairment of financial assets

The new standard replaces the «incurred loss» with an «expected loss» impairment approach for relevant debt instruments. Alpine Select has identified the debt instruments not measured at fair value through profit or loss subject to the expected credit loss and noted that the revised impairment approach will have no significant impact on the Alpine Group's retained earnings o transition.

Transition

In accordance with the transitional provisions in IFRS 9, comparative figures will not be restated.

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

The board of directors has assessed the definition of an investment entity and has concluded that Alpine Select (the parent investment entity), Absolute Invest and Altin (until its merger into Absolute Invest as of 30 June 2017) meet the three main characteristics of an investment entity in accordance with IFRS 10 paragraph 27. Accordingly, Alpine Select, 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 Select 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 Select recognizes and measures its subsidiary Absolute Invest and – until the merger into Absolute Invest as of 30 June 2017 – 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 Select.

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 (see also Note 11).

Notes to the Financial Statements (IFRS)

The following exchange rates were applied:

		2017	2016
EUR / CHF			
Balance sheet	End of December	1.17015	1.07200
Items of profit and loss	Average rate for the year	1.11147	1.08981
JPY / CHF			
Balance sheet	End of December	0.00865	0.00871
Items of profit and loss	Average rate for the year	0.00878	0.00908
USD / CHF			
Balance sheet	End of December	0.97450	1.01635
Items of profit and loss	Average rate for the year	0.98448	0.98542

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.

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 (for example if there is evidence that the investment cannot be redeemed at the net asset value or if other restrictions, for example capital commitments exist). 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;
- Review of the fund investments 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, 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

Notes to the Financial Statements (IFRS)

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 Other receivables from Absolute Invest

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 loans and other payables

Short-term loans and other payables are expected to be settled within twelve months after the reporting period. They are carried at amortized cost, which approximates nominal value.

3.10 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.

3.11 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. 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.

3.12 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.

3.13 Taxes

Alpine Select 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 Select 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 Select's financial statement its investment in Absolute Invest is reported in the caption investments in non-consolidated subsidiaries at 31 December 2017.

The board of directors implemented the identical investment policy for Alpine Select and Absolute Invest and reviews and manages the investments held by Alpine Select and Absolute Invest at its regular meetings. Investment decisions to invest in new opportunities, divest or ask for redemption for both entities (Alpine Select and Absolute Invest) are taken by the board of directors 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 Select's risk management information as presented here in the IFRS financial statements follows the management approach and the reader of Alpine Select's IFRS financial statements receives the same information as Alpine Select's board of directors reviews. This information includes details on credit, liquidity, interest rate and equity price risk to which Alpine Select and Absolute Invest are exposed to and how they are managed or mitigated.

Based on the SIX Swiss Exchange requirements for investment companies, Alpine Select 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 Select and its subsidiary invest; however, they do not represent a comprehensive review of all risks associated with Alpine Select 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 6.13).

Certain investments are managed by fund managers who implement a variety of different strategies in the financial markets. The level of systematic market exposure is left to the discretion of these managers. The portfolio is expected to have some degree of correlation to the equity markets in which many of the fund managers trade. It will be sought to limit the correlation between the managers in order to dampen the volatility of the portfolio as a whole. The market risk is managed on a daily basis by the asset manager in accordance with policies and procedures in place. Although the strategy is to diversify the investments by allocating no more than 25% of assets to any single fund manager and by investing in at least five investment vehicles per subsidiary, it is possible that at any given time significant concentrations of investments may be made in markets and/or individual investments, including other investment companies which may be both, volatile and illiquid. Most of these investments are also subject to specific restrictions on transferability and disposal. Consequently, the risk exists that the 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 Select 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 2017 is 19.0% (standard deviation) and 18.5% (standard deviation) for the five years period until 31 December 2016.

For the year under review it means, that with a probability of 68% the Company's performance may vary by $\pm 19.0\%$ (one standard deviation) or \pm CHF 32.6 million. With a probability of 95% the Company's performance may vary by $\pm 38.0\%$ (two standard deviations) or \pm CHF 65.2 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	1 773	9 653	11 426
CLO-investments	884	4 167	5 051
Positive fair value of currency forward contracts	541	497	1 038
Other receivables from Absolute Invest	104	n/a	104
Loans and other receivables from Alpine Select	n/a	4 051	4 051
Other current assets	61	22	83
Total credit risk at 31 December 2017	3 363	18 390	21 753
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
Other receivables from Absolute Invest	21	n/a	21
Loans and other receivables from Alpine Select	n/a	14 000	14 000
Other current assets	19	0	19
Total credit risk at 31 December 2016	4 068	17 327	21 395

Cash and cash equivalents is mainly held 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.

Notes to the Financial Statements (IFRS)

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 2017				
Derivative financial assets / (liabilities) at fair value through profit or loss				
• Forward exchange contracts, settled gross	0	1 029	0	1 029
- of which: inflow (Alpine Select)	0	61 685	0	61 685
- of which: inflow (Absolute Invest)	0	41 461	0	41 461
- of which: outflow (Alpine Select)	0	-61 153	0	-61 153
- of which: outflow (Absolute Invest)	0	-40 964	0	-40 964
Non-derivative financial liabilities at amortized cost				
• Short-term loan and other payables				
- Alpine Select to Absolute Invest	0	-51	-4 000	-4 051
- Absolute Invest to Alpine Select	0	-104	0	-104
• Accounts payable and accrued liabilities	0	-2 724	-132	-2 856
Net inflow / (outflow)	0	-1 850	-4 132	-5 982
31 December 2016				
Derivative financial assets / (liabilities) at fair value through profit or 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

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 interest rate risk due to fluctuations in the prevailing market interest rates is very limited.

in TCHF	Alpine Select	Absolute Invest	Total
31 December 2017			
Cash and cash equivalents	1 773	9 653	11 426
Less bank overdrafts	0	-1 730	-1 730
Net interest rate risk exposure	1 773	7 923	9 696
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

An increase of 20 basis points in short-term interest rates at 31 December 2017 would have increased the result before tax by approximately TCHF 19 (2016: decrease of TCHF 34). 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 Alpine Select 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 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 2017					
• EUR	15	-11 699	0	22 426	10 742
• JPY	0	-22 475	0	34 056	11 581
• USD	2 234	-67 943	0	75 799	10 090
Total	2 249	-102 117	0	132 281	32 413
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

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	2017		2016	
	Currency	Gain / (loss)	Currency	Gain / (loss)
CHF to (strengthen) versus the EUR	-5.0%	-537	-5.0%	-400
CHF to (strengthen) versus the JPY	-5.0%	-579	-5.0%	-190
CHF to (strengthen) versus the USD	-5.0%	-504	-5.0%	1 061
Total		-1 620		471

If – at 31 December 2017 – had the Swiss Franc again strengthened versus the US Dollar, Euro and the Japanese Yen by 5% – and had all other variables remained constant – the effect on Alpine Select's net profit before tax and equity in the year under review would have been a loss of TCHF 1,620 (2016: a profit of TCHF 471). An adverse change of the Swiss Franc versus these foreign currencies would have resulted in an equal but opposite effect for 2017 and 2016.

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 at 31 December:

in TCHF	2017		2016	
	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				
• current	541	541	1 177	1 177
• non-current	52 564	52 564	35 551	35 551
Investments in non-consolidated subsidiaries at fair value through profit or loss	119 655	119 655	163 414	163 414
Loans and receivables				
Cash and cash equivalents	1 773	1 773	951	951
Other short-term receivables from Absolute Invest	104	104	21	21
Other current assets	61	61	25	25
Financial liabilities at fair value through profit or loss				
Current financial liabilities at fair value through profit or loss	9	9	470	470
Financial liabilities at amortized cost				
Bank overdrafts	0	0	18 183	18 183
Short-term loan and other payables to Absolute Invest	4 051	4 051	14 000	14 000
Accounts payable and accrued liabilities	317	317	216	216

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, short-term loan and other receivables from Absolute Invest, other current assets, bank overdrafts, short-term loan and other 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 at 31 December is represented by its net assets as set out in the table below:

in TCHF	2017	2016
Current assets	14 962	17 876
Non-current assets	172 219	198 965
Total assets	187 181	216 841
Current liabilities	-4 391	-32 892
Non-current liabilities	-1 025	-959
Total liabilities	-5 416	-33 851
Net assets	181 765	182 990

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 Select 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 consist of the following:

in TCHF	2017	2016
Financial assets at fair value through profit or loss		
Positive fair value of currency forward contracts	541	1 177
Securities	52 564	35 551
Total	53 105	36 728
• current	541	1 177
• non-current	52 564	35 551
Financial liabilities at fair value through profit or loss		
Trading options sold short (current)	0	470
Negative fair value of currency forward contracts (current)	9	0
Total	9	470

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 Select's investment in its wholly owned subsidiary Absolute Invest. In the previous year, this caption also included Alpine Select's holding in Altin Ltd. of 68.16% at 31 December 2016. As outlined in Note 1.1, Altin was merged into Absolute Invest as of 30 June 2017.

in TCHF	2017	2016
Opening balance at 1 January	163 414	98 546
Reclassification of Altin Ltd. from long positions	0	37 706
Investments in non-consolidated subsidiaries	0	89 846
Reductions (capital repayment and distribution out of reserves from capital contributions)	0	-37 269
Realized losses (Note 13)	-35 272	-42 326
Unrealized gains (Note 13)	-8 487	16 911
Ending balance at 31 December	119 655	163 414
• of which Absolute Invest Ltd.	119 655	104 623
- of which financial assets and financial liabilities at fair value through profit or loss (Note 6.10)	106 722	86 376
- of which other current assets	19 331	19 729
- of which liabilities	-6 398	-1 482
• of which Altin Ltd. ^{*)}	0	58 791

^{*)} See also Note 6.8 for the transfer of the investment in Altin of CHF 25.3 million to the investment in Absolute Invest as of 30 June 2017.

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

in TCHF	2017	2016
Level 1	11 454	22 979
Level 2	55 790	29 684
Level 3	39 478	33 713
Total	106 722	86 376

Absolute Invest invests directly – and indirectly through its wholly owned subsidiaries Absolutissimo Limited and Altin (Cayman) Ltd., both domiciled in the Cayman Islands – in equity investments, hedge funds, bonds or collective investment schemes.

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 Select 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 2017				
Positive fair value of currency forward contracts	0	541	0	541
Securities	21 910	30 654	0	52 564
Negative fair value of currency forward contracts	0	-9	0	-9
Total financial assets / (liabilities)	21 910	31 186	0	53 096
Investments in non-consolidated subsidiaries	0	0	119 655	119 655
31 December 2016				
Positive fair value of currency forward contracts	0	1 177	0	1 177
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

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 Select'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 investments in Japanese hedge-funds («Japan-investments»). The total fair value of these Japan-investments amounts to CHF 20.3 million at 31 December 2017 (2016: CHF 22.0 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 2016 one transfers happened between the levels when the investment in Altin Ltd. of CHF 37.7 million was transferred as of 1 January 2016 from securities (long positions) to investments in non-consolidated subsidiaries. During the year to 31 December 2017, no transfer between the levels took place.

6.3 Movements in level 2 financial assets and financial liabilities at fair value through profit or loss

Movements of investments measured at fair value for which the Company has used level 2 inputs to determine fair value for the year ended 31 December 2017 and 2016 are as follows:

in TCHF	2017	2016
Fair value at 1 January	25 064	20 538
Purchase of investments	4 196	968
Proceeds on disposal of investments	-1 132	-1 201
Net gains recognized in the statement of comprehensive income ^{*)}	3 058	4 759
Fair value at 31 January	31 186	25 064

*) In the caption gain / (loss) on financial assets and financial liabilities at fair value through profit or loss, net.

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

Movements of investments in non-consolidated subsidiaries measured at fair value for which Alpine Select has used level 3 inputs to determine fair value for the year ended 31 December 2017 and 2016, are as follows:

in TCHF	2017	2016
Fair value at 1 January	104 623	98 546
Effect of the merger of Altin (level 1 investment) into Absolute Invest as of 30 June 2017 ¹⁾	25 333	0
Net (loss) / gain recognized in the statement of comprehensive income ²⁾		
• Unrealized loss as a consequence of the recognized dividend income (see Note 12)	-34 800	0
• Unrealized gain	24 499	6 077
Fair value at 31 December	119 655	104 623

¹⁾ See also Note 1.1 | ²⁾ In the caption loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net.

The net change in unrealized gains / (losses) for the level 3 investments in non-consolidated subsidiaries held at 31 December 2017 resulted in a loss of TCHF 10,301 for the year ended then (2016: gain of TCHF 6,077). 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, net.

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 Select 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 of level 3 fair values

Alpine Select 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.

	2017			2016		
	Fair value in TCHF	Ownership in %	Place of business	Fair value in TCHF	Ownership in %	Place of business
Absolute Invest Ltd.	119 655	100.00%	Switzerland	104 623	100.00%	Switzerland
Altin Ltd.	–	–	–	58 791	68.16%	Switzerland

Notes to the Financial Statements (IFRS)

6.8 Investment table of Alpine Select at 31 December 2017

in TCHF	Number of shares at 1-Jan-17	Fair value at 1-Jan-17	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-17	Number of shares at 31-Dec-17	Level at 31-Dec-17
LONG POSITIONS									
Alegria ABSI I (Euro) Fund	0	0	2 306			61	2 367	469	II
Aleutian Fund	38 978	4 891	1 890			316	7 097	54 125	II
Arcus Genseki Fund	30 000	3 960				785	4 745	30 000	II
GCI Trust / GCI Japan Hybrids	20 813	3 606				-165	3 441	20 813	II
Hayate Japan Equity Long-Short Fund	111	3 814				1 590	5 404	111	II
Orion Engineered Carbons SA	0	0	2 283			212	2 495	100 000	I
Stone Tower CLO VI Ltd.	2 000	843		-916		73	0	2 000	II
Stone Tower CLO VII Ltd.	2 000 000	131		-137		6	0	2 000 000	II
Syngenta Ltd.	9 000	3 623	5 394	-9 544	521	6	0	0	
UMJ Kotoshiro Feeder Fund	30 113	5 716				1 000	6 716	30 113	II
Vifor Pharma AG ³⁾	5 000	5 745	5 878			867	12 490	100 000	I
Voya CLO IV Ltd.	2 000	926		-79		37	884	2 000	II
Yuki Japan Rebounding Growth Fund	10 413	2 296	2 391			2 238	6 925	20 413	I
Total long positions		35 551	20 142	-10 676	521	7 026	52 564		
of which gains					521	8 320			
of which losses					0	-1 294			
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES⁴⁾									
Absolute Invest Ltd.	5 995 552	104 623	25 333			-10 301	119 655	5 995 552	III
Altin Ltd.	2 351 430	58 791		-25 333	-35 272	1 814	0	0	
Total investments in non-consolidated subsidiaries		163 414	25 333	-25 333	-35 272	-8 487	119 655		
of which gains					0	26 313			
of which losses					-35 272	-34 800			
TRADING OPTIONS									
Call Syngenta Ltd., Strike CHF 400	-500	-164		251	-62	-25	0	0	
Put Syngenta Ltd., Strike CHF 400	-800	-306	-27	3	393	-63	0	0	
Total trading options		-470	-27	254	331	-88	0		
of which gains					393	0			
of which losses					-62	-88			
of which assets		0					0		
of which liabilities		-470					0		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Previous name: Galenica Ltd.; share split 1:10 | ⁴⁾ Additions of TCHF 25,333 and reductions of TCHF -25,333 respectively represent the effect of the Altin merger into Absolute Invest as of 30 June 2017 (see also Note 1.1).

Investment table of Alpine Select at 31 December 2017 (continued)

in TCHF

	Number of shares at 1-Jan-17	Fair value at 1-Jan-17	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-17	Number of shares at 31-Dec-17	Level at 31-Dec-17
CURRENCY FORWARDS									
Currency Forwards CHF/EUR; EUR/CHF		42			-417	-51	-9		II
Currency Forwards CHF/JPY; JPY/CHF		11			-158	163	174		II
Currency Forwards CHF/USD; USD/CHF		1 124			1 241	-757	367		II
Total currency forwards		1 177	0	0	666	-645	532		
of which gains					11 653	163			
of which losses					-10 987	-808			
of which assets		1 177					541		
of which liabilities		0					-9		

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 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 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)

6.10 Investment table of Alpine Select's non-consolidated investment Absolute Invest at 31 December 2017

in TCHF	Number of shares at 1-Jan-17	Fair value at 1-Jan-17	Additions	Reductions ¹⁾	Realized gains/(losses)	Unrealized gains/(losses) ²⁾	Currency translation adjustments	Fair value at 31-Dec-17	Number of shares at 31-Dec-17	Level at 31-Dec-17
LONG POSITIONS										
Akamatsu Bonsai Fund	25 100	6 532				1 890		8 422	25 100	II
Arbiter Partners Offshore Ltd.	2 592	3 028				12		3 040	2 592	III
Arcus Genseki Fund	20 000	2 772				550		3 322	20 000	II
Cheyne New Europe Fund L.P. ³⁾	1 041 213	14 787		-906	-145	3 781	-637	16 880	990 343	III
Cheyne TR Credit Fund – Dec 2019	20 092	3 349		-3 400	439	-388		0	0	
Cheyne TR Credit Fund – June 2022 ⁴⁾	0	0	3 400			658		4 058	31 037	III
Claren Road Credit Fund, Ltd. ^{6) 7)}	0	0	418	-374	35	-65	12	26	19	II
Clearline Capital Partners Offshore, Ltd. ^{6) 7)}	0	0	1 387	-1 491	151	-86	39	0	0	
CQS Directional Opportunities Feeder Fund Ltd.	1 150	6 716				109		6 825	1 150	III
Drake Global Opportunities Fund ^{6) 7)}	0	0	56			2	1	59	39	III
Elara India Gateway Fund	0	0	484			-5		479	1 436	II
Firebird Aurora Fund Ltd. ^{6) 7)}	0	0	215	-56	-3	-13	5	148	112	III
Gold Coin Invest Ltd.	84	230				17		247	84	III
HBM Healthcare Investments Ltd.	58 000	5 742	5 810	-3 260	473	1 695		10 460	78 472	I
Hermitage Global ^{6) 7)}	0	0	42			2	1	45	2 149	III
Julius Baer Balkan Tiger Fund in liquidation	50 000	873				80		953	50 000	III
Laurus Master Fund Ltd. ³⁾	35 475	255		-177		-1	-8	69	35 475	III
LL Assets Ltd. ^{6) 7)}	0	0						0	4 724	III
LLSOF L.P. ^{6) 7)}	0	0	814	-875	318	-280	23	0	0	
Marathon Special Opportunity Fund Ltd. ^{6) 7)}	0	0	2 474	-2 371	127	-112	68	186	52	III
New Carpathian Fund	1 000	1 123				215		1 338	1 000	II
Northwest Feilong Fund Ltd.	3 090	4 982				94		5 076	3 090	II
Northwest Warrant Fund Ltd.	1 823	1 895		-2 062	531	2 509		2 873	900	II
Orchard Liquid Credit Fund	0	0	4 923			-32		4 891	50 000	II
Private Equity Holding Ltd.	8 000	558	377	-24		83		994	12 982	I
QVT SLV Offshore Ltd. ^{6) 7)}	0	0	424			1	8	433	477	III
QVT Special Investment Offshore ^{6) 7)}	0	0	156	-30	18	14	3	161	62	III
R3 (C), Ltd. ^{6) 7)}	0	0	103	-26		11	2	90	91	III
Romanian Investment Fund	877	818		-184	-53	295		876	690	III
Sanuwave Health Inc. ³⁾	213 553	38				15	-2	51	213 553	III
SFP Value Realization Fund Ltd. ^{5) 6) 7)}	0	0	7 194			643	121	7 958	25 452	II
Silverbell Capital Ltd.	2 500 000	39				-27		12	2 500 000	III
Sparx Japan Value Impact Fund	100 000	9 397		-2 581	380	2 062		9 258	75 000	II
Stats Investment Japan Long & Short Fund	0	0	6 990			493		7 483	9 367	II
Syngenta Ltd.	0	0	2 135	-2 228	93			0	0	
The Tudor BVI Global Fund Ltd. ^{6) 7)}	0	0	116	-48	11	-7	3	75	60	III
Three Court Fund Offshore, LP	0	0	1 922			111		2 033	2 086 166	III
Titan Structured Credit, Ltd. – CLO ⁶⁾	0	0	1 961	-358	-4	103		1 702	1 641	II
Truston Asset Management Co. Ltd.	19 492	563				21		584	19 492	III
Subtotal long positions		63 697	41 401	-20 451	2 371	14 450	-361	101 107		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Held by Absolutissimo Limited | ⁴⁾ Share split 1:2 | ⁵⁾ Includes negative / positive equalization | ⁶⁾ Addition due to the merger of Altin Ltd. into Absolute Invest Ltd. as of 30 June 2017 (reference is made to Note 6.12; USD amounts converted into CHF at the USD/CHF exchange rate of 0.96) | ⁷⁾ Held by Altin (Cayman) Ltd.

Investment table of Alpine Select's non-consolidated investment Absolute Invest Ltd. at 31 December 2017 (continued)

in TCHF	Number of shares at 1-Jan-17	Fair value at 1-Jan-17	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Currency translation adjustments	Fair value at 31-Dec-17	Number of shares at 31-Dec-17	Level at 31-Dec-17
Subtotal long positions (from previous page)		63 697	41 401	-20 451	2 371	14 450	-361	101 107		
Valens Offshore Fund ³⁾	8 481	3 017		-187	-1 371	1 316	-122	2 653	4 035	III
Venture Capital Accel VIII ^{4) 5)}	0	0	129			-133	4	0	0	III
Venture XIX CLO Ltd.	4 000 000	2 744		-291		12		2 465	4 000 000	II
Total long positions		69 458	41 530	-20 929	1 000	15 645	-479	106 225		
of which gains					2 273	17 765				
of which gains from second line trades					363	0				
of which losses					-1 636	-2 120				
of which losses from second line trades					0	0				
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES										
Altin Ltd. ⁶⁾	667 110	16 679	5 067	-9 567	-13 095	916		0	0	
Total investments in non-consolidated subsidiaries		16 679	5 067	-9 567	-13 095	916	0	0		
of which gains					21	916				
of which losses					-13 116	0				
CURRENCY FORWARDS										
Currency Forwards CHF/JPY; JPY/CHF		0			-5	23		23		II
Currency Forwards CHF/USD; USD/CHF		239			779	553		474		II
Total currency forwards		239	0	0	774	576	0	497		
of which gains					4 173	815				
of which losses					-3 399	-239				
of which assets		239						497		
of which liabilities		0						0		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Held by Absolutissimo Limited | ⁴⁾ Addition due to the merger of Altin Ltd. into Absolute Invest Ltd. as of 30 June 2017 | ⁵⁾ Held by Altin (Cayman) Ltd. | ⁶⁾ Reductions include an amount of TCHF 9,535 representing the effect of the merger of Altin Ltd. into Absolute Invest Ltd. as of 30 June 2017 (see also Note 1.1); realized losses of TCHF -13,095 relate to the reduction of the investment book value following a dividend distribution in May 2017.

Notes to the Financial Statements (IFRS)

6.11 Investment table of Alpine Select's non-consolidated investment Absolute Invest 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 of TCHF 23,498 represents transfer of Altin position to «investments in non-consolidated subsidiaries» | 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 Select's non-consolidated investment Absolute Invest 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		0	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 Forwards 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)

6.12 Investment table of Alpine Select's non-consolidated investment Altin Ltd. at 30 June 2017 ⁵⁾

in TUSD

	Number of shares at 1-Jan-17	Fair value at 1-Jan-17	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 30-Jun-17	Number of shares at 30-Jun-17	Level at 30-Jun-17
LONG POSITIONS									
(incl. equalization shares)									
Actelion Ltd. ³⁾	0	0	30 408	-30 564	156		0	0	
Aristeia International Ltd.	3 413	4 605		-4 605	711	-711	0	0	
Atlas Enhanced Fund, Ltd.	2 352	3 634		-3 624	592	-602	0	0	
Capstone vol Offshore Ltd.	4 025	4 342		-4 342	364	-364	0	0	
Claren Road Credit Fund, Ltd.	437	730		-322	24	5	437	244	II
Clearline Capital Partners Offshore, Ltd.	3 927	4 136		-2 876	175	14	1 449	1 315	II
Coatue Offshore Fund, Ltd.	20 338	3 779		-3 779	1 177	-1 177	0	0	
Contrarian Emerging Markets	30 632	6 430		-6 430	70	-70	0	0	
Drake Global Opportunities Fund	65	79		-38	13	5	59	39	III
Finisterre Global Opportunity	40 000	4 177		-4 177	177	-177	0	0	
Firebird Aurora Fund Ltd.	151	225					225	151	III
Hermitage Global	2 149	48				-4	44	2 149	III
Idorsia Ltd. ^{3) 4)}	0	0	23	-1 573	1 550		0	0	
Jana Nirvana Offshore Fund, Ltd.	2 956	6 914		-6 914	-71	71	0	0	
LL Assets Ltd.	4 724	0					0	4 724	III
LLSOF L.P.	0	1 771		-1 039	129	-11	850	0	II
Marathon Special Opportunity Fund Ltd.	52 740	7 799		-5 032	267	-450	2 584	17 607	III
Paulson Enhanced Ltd.	76 500	3 055		-3 052	-497	494	0	0	
Providence MBS Offshore Fund Ltd.	767	4 270		-4 270	884	-884	0	0	
QVT SLV Offshore Ltd.	577	522		-94	34	-19	443	477	III
QVT Special Investment Offshore	212	279		-297	158	23	163	74	III
R3 (C), Ltd.	214	199		-87	-8	4	108	118	III
SFP Value Realization Fund Ltd.	27 815	7 878		-360	-141	137	7 514	25 479	II
Stratus Feeder Limited	3 924	6 511		-6 501	1 710	-1 720	0	0	
The Tudor BVI Global Fund Ltd.	134	3 737		-3 616	618	-618	121	98	III
Titan Structured Credit, Ltd. – CLO ³⁾	0	0	2 032			-60	1 972	2 000	II
Venture Capital Accel VIII	0	135					135	0	III
York European Focus Unit Trust	2 475	5 259		-5 259	733	-733	0	0	
ZP Offshore Utility Fund, Ltd.	2 348	7 794		-7 794	3 908	-3 908	0	0	
Total long positions (incl. equalization shares)		88 308	32 463	-106 645	12 733	-10 755	16 104		
CURRENCY FORWARDS									
Currency Forward CHF/USD; USD/CHF ³⁾		0			428	-320	-320		II
Total currency forwards		0	0	0	428	-320	-320		
of which gains					1 407	0			
of which losses					-979	-320			
of which assets		0					0		
of which liabilities		0					-320		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Held by Altin AG | ⁴⁾ Reductions also include Idorsia-shares that were received from Actelion Ltd. as a dividend in kind. | ⁵⁾ Please also view Note 1.1 for more information on the merger with Absolute Invest.

6.13 Investment table of Alpine Select's non-consolidated investment Altin Ltd. 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 Ltd.	71 159	8 942		-9 079	1 494	-1 357	0	0	
Subtotal long positions		210 972	17 175	-163 437	16 143	-15 981	64 872		

Notes to the Financial Statements (IFRS)

Investment table of Alpine Select's non-consolidated investment Altin Ltd. 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
Subtotal long positions (from previous page)		210 972	17 175	-163 437	16 143	-15 981	64 872		
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	
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	2017	2016
Withholding tax	12 418	15 646
Other receivables	126	81
Total	12 544	15 727

8. Short-term loans

Alpine received a short-term loan from Altin of total CHF 20 million (denominated in CHF at an interest rate of 0.75% p.a.) of which CHF 15 million were paid back during the six-month period to 30 June 2017. The remaining loan balance of CHF 5 million was transferred to Absolute Invest when Altin was merged into Absolute Invest (see also Note 1.1).

In addition, Alpine Select received further short-term borrowings from Absolute Invest of total CHF 31.7 million (2016: CHF 14 million) during the year to 31 December 2017 of which the Company paid back CHF 11.9 million and offset CHF 34.8 million with a dividend from Absolute Invest during the year under review. The short-term loan which amounts to CHF 4 million as at 31 December 2017 is denominated in CHF and is interest bearing at rate of 0.25% p.a.

Also, in January 2017, Alpine received a short-term loan of CHF 8.5 million from Trinsic Ltd., Zug. The loan was denominated in CHF at an interest rate of 0.75% p.a. and was fully paid back end of May 2017.

9. 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 at 1 January 2016	-310	0	-310
Deferred tax (expense) / income	-706	57	-649
Balance at 31 December 2016	-1 016	57	-959
Deferred tax expense	-9	-57	-66
Balance at 31 December 2017	-1 025	0	-1 025

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).

At 31 December 2017, Alpine Select has no tax losses (2016: tax losses of approx. CHF 0.7 million, to

expire in the year 2023, and of which CHF 0.7 million were capitalized as deferred tax assets).

10. Share capital and treasury shares

10.1 Share capital

As of 31 December 2017, the Company's fully paid-in share capital amounts to CHF 224,058.00 (2016: CHF 286,324.64) and is divided into 11,202,900 (2016: 14,316,232) registered shares with a nominal value of CHF 0.02 each. Alpine's extraordinary shareholders' meeting held on 7 February 2017 decided to reduce the Company's share capital by CHF 59,299.64 from CHF 286,324.64 to CHF 227,025.00 by cancelling 2,964,982 treasury shares with a nominal value of CHF 0.02 each. On 22 May 2017, Alpine's ordinary shareholders' meeting decided to reduce the Company's share capital again by CHF 2,967.00 from CHF 227,025.00 to CHF 224,058.00 by cancelling 148,350 treasury 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.

10.2 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 22 May 2019 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.

10.3 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 2017 and 2016, respectively.

10.4 Treasury shares

During the year to 31 December 2016, the Company acquired 148,350 own shares for a total of TCHF 2,443 and on 30 December 2016 another 2,964,982 own shares for CHF 50.4 million, resulting in a total of 3,113,332 own shares at 31 December 2016.

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 was made on 20 April 2017.

The annual shareholders' meeting held on 22 May 2017 decided to cancel those 148,350 treasury shares

that the Company repurchased under a share buyback program during the period February to December 2016 and to reduce the Company's share capital by CHF 2,967. The respective entry in the Commercial Register of the Canton of Zug was effective on 3 August 2017. The cancellation of own shares is recorded net of transaction costs of TCHF 51. The income tax effect on these transaction costs amounts to TCHF 4 applying the tax rate of 7.83%. The same meeting entitled the Company's board of directors to repurchase own shares up to a maximum of 10% of the share capital, starting 22 May 2017 until the ordinary shareholders' meeting in 2019. The Company has no treasury shares purchased since and until 31 December 2017.

11. Gain / (loss) on financial assets and financial liabilities at fair value through profit or loss, net

in TCHF	2017	2016
Financial assets at fair value through profit or loss: long positions		
Realized gains	521	7 491
Realized losses	0	-4 664
Net realized currency losses	0	-339
Net realized	521	2 488
Unrealized gains	8 768	5 861
Unrealized losses	-1 954	-7 726
Net unrealized currency gains	212	952
Net unrealized	7 026	-913
Total long positions, net	7 547	1 575
Financial assets at fair value through profit or loss: trading options		
Realized gains	393	0
Realized losses	-62	0
Unrealized (losses) / gains	-88	88
Total trading options, net	243	88
Currency forwards		
Realized gains	11 653	21 087
Realized losses	-10 987	-27 441
Unrealized gains	163	1 799
Unrealized losses	-808	0
Total currency forwards, net	21	-4 555
Gain / (loss) on financial assets and financial liabilities at fair value through profit or loss, net	7 811	-2 892

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

12. Dividend income

in TCHF	2017	2016
Dividend income from Absolute Invest Ltd.	34 800	0
Dividend income from Altin Ltd.	35 272	42 326
Dividend income from securities	219	99
Total dividend income	70 291	42 425

13. Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net

in TCHF	2017	2016
Realized losses		
• Altin Ltd.	-35 272	-42 326
Total realized losses	-35 272	-42 326
Unrealized gains		
• Absolute Invest Ltd.	24 499	6 077
• Altin Ltd.	1 814	10 834
Unrealized losses		
• Absolute Invest Ltd.	-34 800	0
Total unrealized (losses)/gains, net	-8 487	16 911
Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net	-43 759	-25 415

The dividend received from Altin resulted in a decrease of the respective investment and was considered a realized loss as this dividend was closely related to Altin's decision to set all investments into redemption.

14. Administrative expenses

in TCHF	2017	2016
Personnel expenses and board of directors' fees incl. social costs	-610	-532
Legal, consulting, accounting and auditing fees	-512	-563
Advisory fees	-120	-540
Other office expenses	-161	-48
Total administrative expenses	-1 403	-1 683

15. 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 29 for the year ended 31 December 2017 (2016: TCHF 21).

The Company has no material defined benefit pension or post-retirement schemes; hence, no further disclosures are provided for the years ended 31 December 2017 and 2016.

16. Income tax expense

in TCHF	2017	2016
Current tax expense	-4	0
Deferred tax expense	-66	-649
Total income tax expense	-70	-649

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

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

in TCHF	2017	2016
Profit before tax	32 501	11 312
Company's domestic income tax rate	7.83%	7.83%
Tax expense using the Company's domestic income tax rate	-2 545	-886
Effect of income exempt from tax on deferred tax assets recognized in prior year	-57	0
Effect of income exempt from tax	2 532	237
Income tax expense	-70	-649
Effective tax rate	0.2%	5.7%

17. Earnings per share

	2017	2016
Net profit in TCHF as per the statement of comprehensive income for the year ended 31 December	32 431	10 663
Weighted average number of outstanding shares	11 202 900	14 205 216
Earnings per share in CHF (basic and diluted)	2.89	0.75

18. Net asset value (NAV) per share

	2017	2016
Equity as per the statement of financial position (in TCHF)	181 765	182 990
Total number of shares outstanding	11 202 900	11 202 900
Net asset value per share (in CHF)	16.22	16.33
Adjusting factor		0.81384
Net asset value per share (in CHF) when adjusted for the distribution out of the reserves from capital contributions in February 2017	–	13.29

19. Contingencies, commitments and pledged assets

Alpine Select, 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 157.2 million at 31 December 2017 (2016: CHF 180.1 million) and of which CHF 53.5 million (2016: CHF 94.4 million) relate to Alpine Select, are pledged as security for any amounts due to BJB.

20. Significant shareholders

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

	2017	2016
Hans Müller, Hergiswil	12.94%	10.13%
Raymond J. Baer, Küsnacht	8.64%	6.76%
Hans Ulrich Rihs, Stäfa	5.36%	4.28%
Trinsic Ltd., Zug ¹⁾	5.08%	<3.00%
Hans Hornbach, Vufflens-le-Château	4.23%	3.31%

¹⁾ Number of shares, including 168,000 shares directly held by the beneficial owners of Trinsic Ltd. as per 31 December 2017 (2016: 170,000 shares). Beneficial owners of Trinsic Ltd. comprise Daniel Sauter, Zug; Regina Barbara Young, Walchwil; Viktoria Louise Sauter, Zug; Florian Sauter, Hagendorn, 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).

21. Related party transactions

Baer & Karrer Ltd., Zurich («Baer & Karrer») is the legal advisor of Alpine Select and Absolute Invest. Dr. Dieter Dubs, partner of Baer & Karrer is a member of the board of directors of Alpine Select and of Absolute Invest. During the year to 31 December 2017, TCHF 151 (2016: TCHF 133) were booked in connection with legal services rendered by Baer & Karrer of which TCHF 133 were not yet paid at 31 December 2017.

Under the service agreement between Alpine Select and JAAM Ltd., effective as of 1 January 2017, the

latter received a total compensation of TCHF 120 for 2017 of which TCHF 32 were not yet paid at 31 December 2017. In prior year and under a different service agreement, JAAM Ltd. received a total compensation of TCHF 540. Thomas Amstutz, member of the Board of Directors of Alpine Select, is a founding partner and member of the Board of Directors of JAAM.

Regarding the short-term loan transactions between Alpine Select and its non-consolidated subsidiaries Absolute Invest and – until its merger into Absolute Invest – Altin and between Alpine Select and Trinsic Ltd. during the financial year 2017, reference is made to the statement of financial position, the statement of cash flows and Note 8, respectively.

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

Furthermore, the following table provides information on the remuneration of and – if any – other significant transactions with members of the board of directors during the year ended 31 December 2017 and 2016:

in TCHF			2017	2016
Remuneration of the Board of Directors of Alpine Select				
Raymond J. Baer	Chairman and non-executive member		175	175
Thomas Amstutz	Non-executive member		43	43
Walter Berchtold	Non-executive member	until 31 December 2016	0	43
Dieter Dubs	Non-executive member		43	43
Michel Vukotic	Executive member	from 22 May 2017	26	n/a
	Head of investment committee	from 1 September 2017	79	n/a
Total			366	304

Transactions of Alpine Select with its subsidiary Absolute Invest are disclosed within these financial statements, either in the primary statements or in the notes.

22. Events after the balance sheet date

These IFRS financial statements and the statutory financial statements for the year ended 31 December 2017 were authorized for issue by the board of directors on 12 April 2018. There were no significant events to report until this date.

The annual shareholders' meeting to be held on 16 May 2018 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 2017 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 give a true and fair view of the financial position of the Company as at 31 December 2017, 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 investment in non-consolidated subsidiary 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 investment in non-consolidated subsidiary 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 or are part of the investment portfolio of its investment in non-consolidated subsidiary 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 (NAV) 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 investment in non-consolidated subsidiary 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 the investment in non-consolidated subsidiary 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. For a sample of the unlisted investments, we created our own estimate based on the NAV reported by the independent custodian as of 31 December 2016 and the performance for the year 2017 as reported by the investment manager of the fund and compared this estimate to the NAV confirmed by the independent custodian as of 31 December 2017.

For a sample of unlisted investments and with the support of our valuation specialists, we challenged 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 the investment in non-consolidated subsidiary at fair value refer to the following:

— notes 3.2 a), 3.4, 6.1 and 6.5 to the financial statements on pages 42, 44, 55 and 58.

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

Alexander Fährndrich
Licensed Audit Expert
Auditor in Charge

David Odermatt
Licensed Audit Expert

Zurich, 12 April 2018

Statutory Financial Statements

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2017	2016
ASSETS			
Current assets			
Cash and cash equivalents		1 773 435	951 098
Unrealized gains from currency forward contracts, net		532 392	1 176 657
Other short-term receivables and prepaid expenses	3	12 647 777	15 749 129
Total current assets		14 953 604	17 876 884
Non-current assets			
Securities	4	39 474 297	29 490 330
Investments	5	78 000 000	127 822 517
Total non-current assets		117 474 297	157 312 847
TOTAL ASSETS		132 427 901	175 189 731

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2017	2016
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		0	18 182 796
Accounts payable		269 821	95 051
Short-term interest-bearing loan Absolute Invest Ltd.		4 000 000	14 000 000
Derivative financial liabilities		0	557 605
Accrued liabilities		113 443	144 248
Total current liabilities		4 383 264	32 979 700
Equity			
Share capital	6	224 058	286 325
Legal capital reserves			
• Reserves from capital contributions		11 624 712	45 233 412
• 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		81 786 444	135 294 381
• Net profit / (loss) for the year		19 443 306	-722 750
Treasury shares	8	0	-52 847 454
Total equity		128 044 637	142 210 031
TOTAL LIABILITIES AND EQUITY		132 427 901	175 189 731

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2017	2016
INCOME			
Gain on securities, net		518 667	6 538 573
Gain on derivative financial instruments, net		352 450	0
Dividend income	9	70 290 909	42 424 740
Interest income		0	21 207
Other income		29 929	62 355
TOTAL INCOME		71 191 955	49 046 875
EXPENSES			
Loss on derivative financial instruments, net		0	-4 554 681
Personnel expenses		-272 623	-182 520
General and administrative expenses		-1 182 537	-1 496 025
Commissions and other bank fees		-274 819	-743 288
Write-down of investments	10	-49 822 517	-42 325 740
Foreign exchange losses, net		-16 211	-352 246
Interest expenses		-178 085	-111 378
TOTAL EXPENSES		-51 746 792	-49 765 878
Net profit / (loss) before taxes		19 445 163	-719 003
Tax expense		-1 857	-3 747
NET PROFIT / (LOSS) FOR THE YEAR		19 443 306	-722 750

Notes to the Statutory Financial Statements

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Notes to the Statutory Financial Statements

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	2017	2016
Withholding tax	12 417 933	15 646 335
Prepaid expenses	50 900	56 390
Receivables Absolute Invest Ltd.	104 198	21 201
Other	74 746	25 203
Total	12 647 777	15 749 129

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	2017	2016
Carrying amount of quoted securities	17 955 269	11 061 025
Carrying amount of unquoted securities	21 519 028	18 429 305
Total	39 474 297	29 490 330

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 hedge funds, partly indirectly through its wholly owned subsidiaries Absolutissimo Limited and Altin (Cayman) Ltd. («Altin CY»), both domiciled in the Cayman Islands.

Altin Ltd. (merged into Absolute Invest as of 30 June 2017)

As of 31 December 2016, Alpine Select held 68.2% of Altin Ltd. («Altin»). In May 2017, Altin paid out a dividend of CHF 15.00 per share, resulting in a dividend income for Alpine Select of CHF 35.3 million. Following this, Alpine Select reduced its investment book value of Altin by the same amount. At the occasion of the extraordinary shareholders' meeting held on 18 December 2017, Altin shareholders approved the squeeze-out merger with Absolute Invest. In accordance with the merger agreement, Altin transferred all assets and liabilities to Absolute Invest as per 30 June 2017. Following this transaction, Altin's former subsidiary Altin CY – through which Altin invested in quoted and unquoted hedge funds – became a wholly owned subsidiary of Absolute Invest.

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. Both transactions were recorded as a reduction of the book value of the investment in Altin. In the same year, Alpine Select also received a dividend of CHF 42.3 million from Altin and reduced the investment book value of Altin by the same amount at 31 December 2016.

in CHF	Absolute Invest	Altin
Carrying amount at 1 January 2016	86 904 965	0
Transfer from securities as of 1 January	0	30 665 818
Purchases	0	89 846 498
Repayment of share capital	0	-26 352 306
Distribution out of reserves from capital contributions	0	-10 916 718
Write-down (Note 10)	0	-42 325 740
Carrying amount at 31 December 2016	86 904 965	40 917 552
Write-down (Note 10)	-14 551 067	-35 271 450
Merger of Altin into Absolute Invest as of 30 June 2017	5 646 102	-5 646 102
Carrying amount at 31 December 2017	78 000 000	0

6. Share capital

Alpine Select's extraordinary shareholder's meeting held on 7 February 2017 approved the reduction of the share capital of the Company by CHF 59,299.64 from CHF 286,324.64 to CHF 227,025.00 by cancelling

2,964,982 treasury shares with a nominal value of CHF 0.02 each.

The annual shareholders' meeting of Alpine Select held on 22 May 2017 decided to reduce the share capital of the Company by CHF 2,967.00 from CHF 227,025.00 to CHF 224,058.00 by cancelling 148,350 treasury shares with a nominal value of CHF 0.02 each.

As of 31 December 2017, the Company's fully paid-in share capital amounts to CHF 224,058.00 (2016: CHF 286,324.64) and is divided into 11,202,900 (2016: 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 22 May 2019 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.

6.2 Conditional share capital

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 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. Under this buyback program, Alpine Select repurchased a total 2,964,982 own shares (for a total amount of CHF 50.4 million), which then were approved for cancellation by the extraordinary shareholders' meeting held on 7 February

2017, reducing the share capital by CHF 59,299.64. The respective entry was registered in the Commercial Register of the Canton of Zug on 20 April 2017.

The annual shareholders' meeting held on 22 May 2017 decided to cancel 148,350 treasury shares in the amount of TCHF 2,443 that the Company repurchased under a share buyback program during the period February to December 2016. The respective entry was registered in the Commercial Register of the Canton of Zug on 3 August 2017. At the occasion of the same annual shareholders' meeting, the shareholders authorized the board of directors to launch at their discretion a new share buyback program of up to 10% of the total share capital (in the period between 22 May 2017 and the ordinary shareholders' meeting in 2019). As per 31 December 2017, the board has not yet launched such a program.

9. Dividend income

In the year under review, the dividend income includes a dividend of CHF 35.3 million received from Altin, a dividend of CHF 34.8 million from Absolute Invest and dividends in the total amount of CHF 0.2 million received from other securities (2016: CHF 42.3 million from Altin and CHF 0.1 million from other securities).

10. Write-down of investments

Following the dividend income as described in above Note 9, the book value of the investments in Altin was written down by CHF 35.3 million (2016: CHF 42.3 million); the book value of the investment in Absolute Invest was written down by CHF 14.5 million.

11. Share ownership

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

		2017	2016
Raymond J. Baer	Chairman and non-executive member	967 708	967 708
Thomas Amstutz	Non-executive member	311 849	313 550
Walter Berchtold ^{*)}	Non-executive member	n/a	300 000
Dieter Dubs	Non-executive member	6 000	6 000
Michel Vukotic ^{**)}	Executive member	200 500	n/a
Total		1 486 057	1 587 258

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

^{**)} Michel Vukotic was elected as a member of the board on the annual shareholders' meeting, held on 22 May 2017. He is a beneficial owner of Trinsic Ltd, indirectly through Talpas Ltd., Bever (see Note 12).

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:

	2017	2016
Hans Müller, Hergiswil	12.94%	10.13%
Raymond J. Baer, Küsnacht	8.64%	6.76%
Hans Ulrich Rihs, Stäfa	5.36%	4.28%
Trinsic Ltd., Zug ¹⁾	5.08%	<3.00%
Hans Hornbach, Vufflens-le-Château	4.23%	3.31%

¹⁾ Number of shares, including 168,000 shares directly held by the beneficial owners of Trinsic Ltd. (2016: 170,000 shares). Beneficial owners of Trinsic Ltd. comprise Daniel Sauter, Zug; Regina Barbara Young, Walchwil; Viktoria Louise Sauter, Zug; Florian Sauter, Hagendorn, 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 of approximately CHF 40.5 million at 31 December 2017 (2016: CHF 70 million) is pledged as security for any amounts due to BJB. At 31 December 2017, the amount due to BJB was CHF 0 million (2016: CHF 18.2 million).

14. Employees (full-time equivalents)

The annual average number of full-time equivalents for the reporting year was two (2016: 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	2017	2016
No later than 1 year	48 000	48 000
Later than 1 year and no later than 5 years	108 000	156 000
Total	156 000	204 000

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 statutory financial statements for the year ended 31 December 2017 were authorized for issue by the board of directors on 12 April 2018. There were no other significant events to report until this date.

The annual shareholders' meeting scheduled to be held on 16 May 2018 will vote on the final approval of the statutory financial statements.

**Proposed Appropriation of
Available Earnings**

Proposed Appropriation of Available Earnings (Proposal of the board of directors)

in CHF	
Accumulated profit brought forward at 1 January 2016	135 294 381
Net loss for the year 2016	-722 750
Accumulated profit at 31 December 2016	134 571 631
Decisions of the extraordinary shareholders' meeting dated 7 February 2017	
Capital reduction ¹⁾	-50 345 394
Dissolution of reserves from capital contributions	33 608 700
Extraordinary dividend	-33 608 700
Decisions of the annual shareholders' meeting dated 22 May 2017	
Capital reduction ²⁾	-2 439 793
Net profit for the year 2017	19 443 306
Available for distribution at 31 December 2017	101 229 750
Proposal of the board of directors for appropriation of available earnings	
Dissolution of reserves from capital contributions ³⁾	11 202 900
Dividend ³⁾	-11 202 900
To be carried forward	101 229 750
	101 229 750
Total dividend distribution	-11 202 900
out of reserves from capital contributions	11 202 900
out of accumulated profits	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).

²⁾ Amount of treasury shares repurchased in connection with the capital reduction of CHF 2,442,760 less nominal value of total CHF 2,967.00 (see also Note 8).

³⁾ The proposed dividend is calculated based on all outstanding registered shares less those shares held by the Company (treasury shares) – if any – as they are not entitled to a dividend. At the date of declaration of the dividend, the number of shares held by the Company could be different from the amount reported here and therefore the reported dividend sum (as well as the dissolution of reserves from capital contributions) may differ as well.

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

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 2017, 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 for the year ended 31 December 2017 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 unlisted investments, we created our own estimate based on the NAV reported by the independent custodian as of 31 December 2016 and the performance for the year 2017 as reported by the investment manager of the fund and compared this estimate to the NAV confirmed by the independent custodian as of 31 December 2017.

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.

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



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:

- 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

Alexander Fähndrich
Licensed Audit Expert
Auditor in Charge

David Odermatt
Licensed Audit Expert

Zurich, 12 April 2018

ALPINE SELECT

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