



Press Release

Zug, 9 April 2019

Alpine Select Ltd.: Annual result 2018, investment activities, corporate actions and outlook

Annual result 2018

Following a very successful 2017 for Alpine Select Ltd. («Alpine Select», the «Company»), the year 2018 proved to be challenging, not just for Alpine Select but for all market participants. The Alpine Select share price declined in this challenging market environment and closed the financial year 2018 with a loss of 8.33% (including the distribution of a dividend of CHF 1.00 and a tradable put option of CHF 0.15, each per registered share) while the Net Asset «NAV» recorded a decrease per year-end of 9.87%.

In the IFRS financial reporting 2018, a loss of CHF 15.8 million as at 31 December 2018 is disclosed. In the comparative period (financial year 2017) a profit of CHF 32 million was reported. The result for the comparative period of 2017 was characterized, among other things, by an extraordinary dividend income of CHF 35.3 million from Altin Ltd., which was merged into Absolute Invest Ltd. at the end of 2017, effective as of 30 June 2017. In the financial year 2018, the general negative market development, mostly towards the end of 2018, contributed to the annual loss.

Due to the disappointing annual performance 2018 – especially following the strong performance in 2017 – the members of the board of directors decided to waive 10% of their 2019 compensation, granted besides their ordinary board fee. In addition, no variable remuneration was paid to the management for the year 2018.

Investment activity in 2018

Our overweight in Japan – which was the big positive in the year 2017 – led to unrealized losses across all sub-strategies of around CHF 11 million. Most of this was booked in the 4th quarter of 2018.

The China exposure was increased in mid-2018 by adding three new investments (About Capital Asian Special Opportunities Fund, Fenghe Asia (USTE) Fund Ltd., GH China Century Offshore Feeder Fund; each with an investment size of USD 1m). Losses in this space were limited due to good Long/Short exposure outperforming the benchmark in a very difficult year for Chinese equities. The exposure to India on the other hand suffered primarily from the weak currency that led to a book loss of CHF 0.6 million during the reporting period.

The listed portfolio positions contributed a net unrealized loss of CHF 0.6m. The negative contribution from Vifor Pharma (down CHF 2.2m) and NCR Corporation (a new investment; down CHF 0.2m.) could partly be offset with positive contribution by HBM Healthcare Investments (up CHF 1.8m). The investments in IBM Corporation and Swissquote Group Holding were redeemed and losses of CHF 0.2 million realized.

In 2018, new investments were made, among others in IBM Corp., Swissquote Group Holding Ltd. and Leonteq Ltd., whereby the first two were fully redeemed in the course of the financial year 2018 (IBM with a loss and Swissquote with a profit). In addition, the Company newly invested in Malleus Capital Master Fund, LP (an absolute return fund manager; USD 2 Mio.) and Acoro Global Ltd. (a market neutral Swiss based fund manager; CHF 1 Mio.).

In the reporting period, Alpine Select built a reportable stake (>5%) in Castle Alternative Investments («Castle AI») at an attractive discount. Castle AI manages a defensive and well-diversified alternative investment portfolio and mastered the challenge of Q4-2018 with a remarkable stability. This position shall be a complementary stability component to the overall Alpine Select portfolio.

In addition to above-mentioned investment activities – and with the largest impact to the Alpine Select portfolio composition – was the launch of the Alpine Select Alternative Funds («Alternative Fund») in May 2018. Alpine Select acts as the Alternative Fund's promoter and has funded – together with its wholly owned subsidiary Absolute Invest – the Alternative Fund with contributions in kind of around CHF 92 million. Following subscriptions by third parties, Alpine Group held 82.8% of the Alternative Fund as at 31 December 2018.

Corporate Actions

Alpine Select has applied to the Swiss Financial Market Supervisory Authority (FINMA) for a distribution license under the Federal Act on Collective Investment Schemes (CISA) for the distribution of the Alternative Fund. To meet the legal requirements, the purpose of the Company must be amended. Therefore, the board of directors will propose to the shareholders at the ordinary shareholders' meeting on 16 May 2019, to change the purpose of the Company accordingly. We are confident in the new opportunities offered by the opening up of Alpine Select's business and hope that shareholders will approve this request.

A total of 558,134 registered shares (equal to 4.98% of the total share capital registered in the commercial register) were tendered under the share buyback program by issuing put options tradable on the SIX Swiss Exchange, and that was completed end of 2018. And under the newly launched buyback program (up to a maximum of 5% of the total share capital) launched on 3 January 2019 (first trading day) on a separate trading line on the SIX Swiss Exchange, a total of 308,513 own shares were repurchased by 5 April 2019 (equal to 2.75% of the share capital). The board of directors will seek approval for the cancellation of all registered shares repurchased until 15 May 2019 at the next ordinary shareholders meeting.

In addition, the board of directors proposes to the ordinary shareholders' meeting that a dividend of CHF 0.30 gross per outstanding registered share be paid to the shareholders from the disposable retained earnings of CHF 3,744,042.

Outlook

The Company expects the volatility to remain at a high level for the time being. Accordingly, the overall portfolio strategy was slightly adjusted on the one hand by further reducing the long-only equity exposure and on the other hand by adding long short and global macro strategy exposure. With this, we believe to be positioned well to generate absolute return given the current global market sentiment.

The annual report 2018 of Alpine Select is available as of 16 April 2019 at the seat of the Company and can be downloaded as of this day from the Company's website.

For further information, please contact Claudia Habermacher (chabermacher@alpine-select.ch) or visit our website www.alpine-select.ch.

About Alpine Select

Alpine Select Ltd. is an investment company domiciled in Zug and has been listed on the SIX Swiss Exchange since 1998. The company offers institutional and individual investors the opportunity to buy into a broad portfolio. Alpine Select maintains an active and constructive dialogue with management and board of directors of its portfolio companies in the best interest of its shareholders. Alpine Select does not charge any management or performance fees. The Company's shares are liquid and have traded at or close to its Net Asset Value.