

ALPINE SELECT

ANNUAL
REPORT
2018

Investors' Information

Board of Directors

Raymond J. Baer	Chairman
Thomas Amstutz	Member
Dieter Dubs	Member
Michel Vukotic	Member

Management

Claudia Habermacher	Chief Executive Officer
Lukas Hoppe	Chief Operating Officer

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 accumulated profits

Corporate Calendar

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

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Performance Table ¹⁾

	31 Dec 2018	31 Dec 2017	High YTD 2018	Low YTD 2018
Share price (CHF)	13.90	15.16	15.63	13.80
NAV (CHF)	13.61	15.10	15.44	13.61
Premium / (Discount) to NAV	2.13%	0.40%	2.75%	-3.78%

¹⁾ All figures are adjusted for the dividend payment in May 2018 out of reserves from capital contributions and the issuance of tradeable put options (Nov-18).

Selected Balance Sheet Items ²⁾

	31 Dec 2018	31 Dec 2017
In TCHF		
Current assets	1 832	14 962
Non-current assets	158 542	172 219
Current liabilities	15 442	4 391
Non-current liabilities	48	1 025
Total equity	144 884	181 765

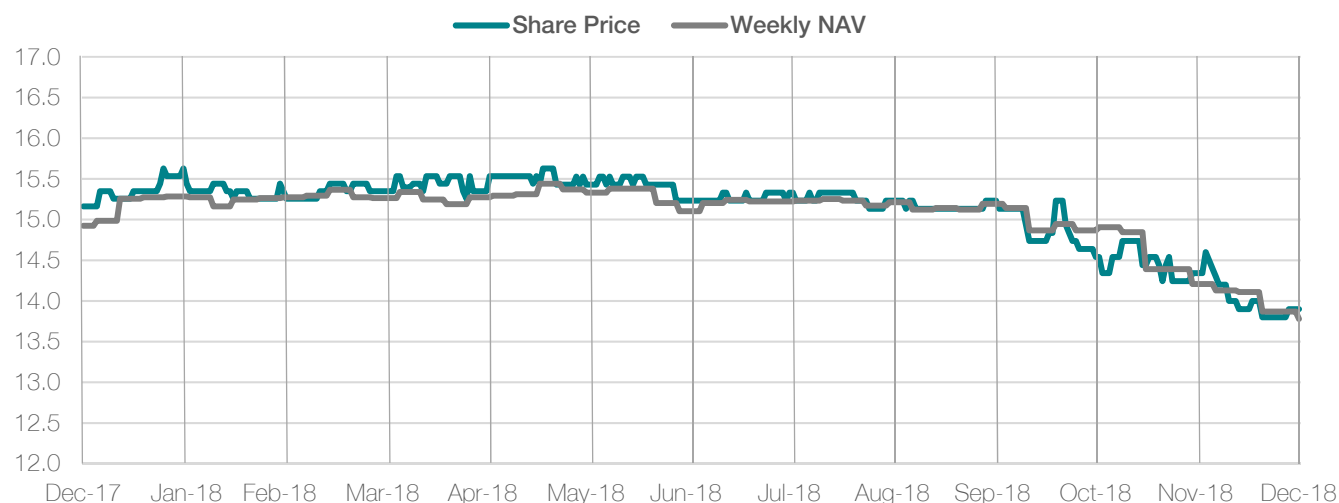
²⁾ Information herein is presented in addition to the financial statements (IFRS).

Top Positions of the Alpine Group Portfolio as per 31 December 2018 (per cent of NAV)

Fund name	Investment Type	Allocation
Alpine Select Alternative Fund	Diversified Fund of Funds	46.06%
Cheyne New Europe Fund Limited	Legacy (Real Estate)	12.16%
HBM Healthcare Investment Ltd.	Listed Equity	8.37%
Vifor Pharma Ltd.	Listed Equity	5.53%
SFP Value Realization Fund Ltd.	Hedge Funds	5.39%
Other long positions	Long Positions	18.81%
Other hedge funds positions	Hedge Funds	2.64%
Cash and other assets / (liabilities), net		1.04%
Total		100.00%

12 Months Price-History in CHF for the year 2018

Daily closing share price and weekly NAV



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

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
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
2018	2.4	0.3	-0.2	-0.1	0.4	-1.5	0.9	-0.2	-0.0	-1.9	-4.7	-3.0	-7.7

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.

Monthly Share Price Performance in %

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
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
2018	1.8	0.0	-0.6	0.0	0.5	-1.3	0.6	-0.7	0.0	-4.6	-1.4	-3.1	-8.3

Chairman's Statement and Review of Operations

Dear Shareholders

2018 has been a challenging year for market participants as the extended bull market was about to end abruptly. The total return to shareholders during the year 2018 was -8.33% (decrease of the share price from CHF 15.16 to CHF 13.90). This includes a distribution of a dividend of CHF 1.00 and of a tradable put option of CHF 0.15 per registered share. The Net Asset Value («NAV») recorded a decrease of 9.87% for the year (from CHF 15.10 to CHF 13.61). Throughout the year, the shares traded at or near the NAV thereby delivering on an important commitment of ours. Due to the disappointing annual performance 2018, on the back of a very 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.

Portfolio Development

Normalization of the FED policy with two rate hikes led to a strengthening of the USD, particularly against emerging market currencies. Tax cuts in the US introduced by the Trump administration fueled the continuation of the US equity rally for the first nine months of the year and especially the NASDAQ. The rest of the world suffered under less generous monetary conditions and under heightened political uncertainty (e.g. trade dispute between America and China, higher trade tariffs in general, etc.). Remarkably, the Swiss Franc did not strengthen in this period of high uncertainty and higher volatility.

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. The fourth quarter caused most of the damage to the Japan portfolio. Fundamentally, Japan's continuation of economic expansion, while at modest scale, has become the most extended growth period since WWII. While we acknowledge the excessive pessimistic sentiment towards Japanese equities at year-end 2018, we also see a range of factors supporting our position: Bank of Japan stability, improving corporate governance and modest-to-very-low equity valuations are encouraging factors to maintain the local overweight.

Our China exposure could limit losses due to good Long/Short exposure outperforming the benchmark in a very difficult year for Chinese equities. Our India positions on the other hand suffered primarily from the weak currency that led to a book loss of CHF 0.6 million for the reporting period.

Our listed portfolio positions contributed a net unrealized loss of CHF 0.6 million. The negative contribution from Vifor Pharma («Vifor», which was down CHF 2.2 million) and NCR Corporation (a new investment; down CHF 0.2 million) could partly be offset with positive contribution by HBM Healthcare Investments («HBM», up CHF 1.8 million). We exited our investment in IBM Corporation («IBM»), and Swissquote Group Holding («Swissquote») and realized losses of CHF 0.2 million.

The development of our legacy real estate investment in Cheyne New Europe Fund continues to perform along our expectations, benefitting from a strong Czech economy and therefore solid demand for residential real estate. We expect more redemptions from this position in the years 2019 and beyond.

Investment Activity

During the second half of 2018, Alpine Group further reduced the single equity positions in HBM, Vifor, IBM, Swissquote and Private Equity Holding. New investments during H2 2018 were made to Malleus Capital (USD 2m), an absolute return fund manager and Acoro Capital (CHF 1m), a market neutral Swiss based fund manager.

In addition to the mentioned investment activities we built up a reportable stake (>5%) in Castle Alternative Invest («Castle») at an attractive discount. Castle manages a defensive and well-diversified alternative investment portfolio and mastered the challenge of Q4-2018 with remarkable stability (contributing CHF 0.5 million on this position). We maintain this position as a stability component to our overall portfolio.

Annual Shareholders' Meeting and corporate actions

At the annual shareholders' meeting held on 16 May 2018, shareholders passed all agenda items and proposals submitted by the Board of Directors of Alpine Select. The distribution of a withholding tax-free dividend out of *reserves from capital contributions* in the amount of CHF 1.00 per registered share was paid to shareholders on 24 May 2018.

In November the company issued tradeable put options for the purpose of capital reduction and each shareholder was granted 1 put option for each registered share held. By 18 December 2018, 4.98% of all shares outstanding were tendered. On 27 December 2018 the company announced a new share buyback program for max. 5% of all outstanding shares on a separate trading line subject to market availability.

Outlook

As mentioned in our year-end statement 2017 we correctly anticipated the return of volatility in. Our rigorous approach to portfolio construction held volatility low at 6.20% compared to Swiss Performance Index (SPI: 11.02%) and Global Hedge Fund Index CHF (HFRX: 5.78%). We maintain our view of heightened volatility in the global markets. Therefore, we slightly adjusted the overall portfolio strategy, further reducing our long-only equity exposure and 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 board of directors proposes to the ordinary shareholders' meeting to be held on 16 May 2019 to distribute a dividend of CHF 0.30 gross per outstanding share, to be paid to the shareholders from the disposable retained earnings.

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

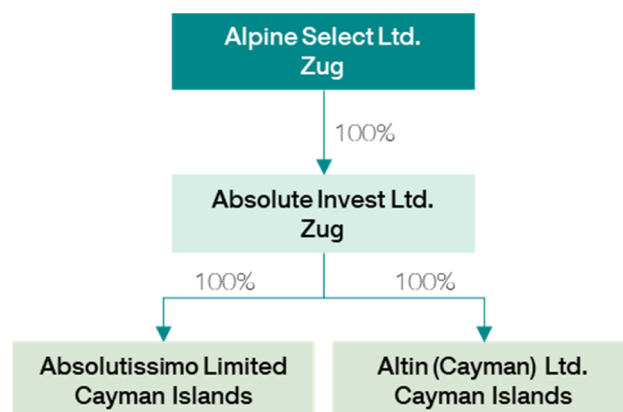
1.1 Business

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 18 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 2018, market capitalization stood at CHF 148.0 million (2017: CHF 182.6 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.



1.3 Significant shareholders

The Company received the following disclosure notification of shareholders during 2018:

- Hans Ulrich Rihs, Stäfa submitted one disclosure notification: <3 % (29-Dec-18);
- Stefan Rihs, Hong Kong submitted one disclosure notification: 5.36% (29-Dec-18);
- Alpine Select Ltd., Zug submitted one disclosure notifications (in regard to its purchase of own shares): 4.98% (22-Dec-18).

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

92 management transactions were reported to the SIX Swiss Exchange in 2018. 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 2018, 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:

	2018	2017
Hans Müller, Hergiswil	11.36%	12.85%
Raymond J. Baer, Küsnacht	8.64%	8.64%
Trinsic Ltd., Zug ¹⁾	7.18%	5.08%
Stefan Rihs, Hong Kong	5.36%	n/a
Alpine Select Ltd., Zug ²⁾	4.98%	n/a
Hans Hornbach sel., Vufflens-le-Château	4.23%	4.23%
Hans Ulrich Rihs, Stäfa	n/a	5.36%

¹⁾ Number of shares, including 77,760 shares directly held by the beneficial owners of Trinsic Ltd. as per 31 December 2018 (2017: 168,000 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).

²⁾ Treasury shares, see also Note 2.4.

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 11.

2.4 Treasury shares

The annual shareholders' meeting held on 22 May 2017 authorized the board of directors to repurchase for the purpose of subsequent cancellation by way of a capital reduction and at their discretion a share buyback program of up to 10% of the total share capital (in the period between 22 May 2017 and up to the ordinary shareholders' meeting in 2019).

On 29 November 2018, Alpine Select announced a share buyback program by issuing put options tradable on SIX Swiss Exchange. A total of 558,134 registered shares were tendered. Consequently, Alpine Select holds 4.98% of the share capital registered in the commercial register. It is intended to seek approval for the cancellation of all registered shares repurchased at the Annual Shareholders' Meeting 2019.

On 27 December 2018, in addition – and to follow the termination of the buyback program via issuance of tradable put options – the Board of Directors of Alpine Select announced the launch of a new share buyback program on a separate trading line at SIX Swiss Exchange, with the first trading day being 3 January 2019.

2.5 Shares

The Company's share capital at 31 December 2018 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 the president of the Association of Swiss Commercial & Investment Banks (2003 – 2012) and a 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, before 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) before 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 current key activities and functions held by 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-chairman of the Board of Directors of Crypto Fund AG, Zug
- 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 Finance AG, Zug

Thomas Amstutz

- Member of the Board of Directors of Castle Private Equity Ltd., Freienbach; Baloise Bank SoBa Ltd., Solothurn; Model Holding AG, Weinfelden and Vicenda Asset Management AG, Baar
- Member of the Asset Allocation Committee of Hesta AG, Zug and of Spida Personalvorsorgestiftung, Zurich

Michel Vukotic

- Member of the Board of Directors of richnerstutz ag, Villmergen and Trinsic Ltd., Zug
- 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:

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

3.4 Elections and term of office

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

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

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

Member	Function	1st time election	Elected until
Raymond J. Baer	Chairman and non-executive member BoD	25 April 2013	2019
	Chairman of the compensation committee	26 May 2014	2019
Thomas Amstutz	Non-executive member BoD	18 April 2012	2019
Dieter Dubs	Non-executive member BoD	25 April 2013	2019
	Member of the compensation committee	26 May 2014	2019
Michel Vukotic	Executive member BoD	22 May 2017	2019

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 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 2018, the board convened four 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 2018, the compensation committee met once. As per 31 December 2018, 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 2018, the investment committee met twice. Further discussion took place within the board meetings and bilateral. At 31 December 2018, the committee consists of Michel Vukotic (head), Raymond J. Baer (member) 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 the members of the management.

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.

Lukas Hoppe, Swiss citizen, born 1983, joined the Company on 1 May 2018 and acts as the Company's chief operating officer. Before joining Alpine Select, Lukas Hoppe was with Bank Julius Baer in a Business Development role (2015-2018). Before that he held various business and risk management functions with Credit Suisse Group Ltd. as well as with UBS Ltd. (2009-2015). Lukas Hoppe holds a Bachelor's Degree in Business Management (Major in International Management) from Zurich University of Applied Sciences (2009).

Michel Vukotic, Swiss citizen, born 1958, is a member of the Board of Directors of Alpine Select since 1 May 2017 and acts as the Company's chief investment officer since 1 September 2017. For more on Michel Vukotic please see the respective section in Note 3.1 and 3.2.

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 a maximum of 100% of the total amount approved for the management for the year in question is available for their compensation and to offset any disadvantages in connection with the change of job. This does not require the approval of the shareholders' meeting.

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

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

5.5 Advisory contracts

Among others, Thomas Amstutz is also a member of the Board of Directors of JAAM AG. 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 2018.

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. For the year 2018, Alpine Select paid CHF 81,395 to Baer & Karrer Ltd. for their legal services (2017: CHF 140,006).

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 2018 and for the compensation report 2018 amount to CHF 123,500 (2017: 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 2018 (2017: CHF 45,000).

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 2018, three such meetings took place.

9. Information policy

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

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

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

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

Alpine Select can be contacted at tel. +41 41 720 4411 or investorrelations@alpine-select.ch.

Compensation Report

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

This compensation report for the financial year 2018 sets out the compensation system and the compensation paid to members of the Board of Directors and the members of the Management 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.

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

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 2018 (audited)

in CHF

Name / Function	Period	Gross salary	Social security contributions	Pension fund contributions	Total compensation
Raymond J. Baer <i>Chairman and non-executive member BoD</i>	1-Jan to 31-Dec-18	150 000	12 004	14 009	176 013
Thomas Amstutz <i>Non-executive member BoD</i>	1-Jan to 31-Dec-18	40 000	3 204		43 204
Dieter Dubs <i>Non-executive member BoD</i>	1-Jan to 31-Dec-18	40 000	3 204		43 204
Michel Vukotic <i>Executive member BoD</i>	1-Jan to 31-Dec-18	40 000	3 204		43 204
<i>Head of the investment committee</i>	1-Jan to 31-Dec-18	200 000	15 482	19 111	234 593
Claudia Habermacher <i>Chief executive officer</i>	1-Jan to 31-Dec-18	150 000	12 014	10 568	172 582
Lukas Hoppe <i>Chief operating officer</i>	1-May to 31-Dec-18	133 333	10 469	7 281	151 083

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 15,000
- Lukas Hoppe CHF 10,000

For further compensation paid in 2018 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 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

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 2018.

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 2018, and there were none outstanding at year-end 2018.

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 2018, JAAM received a total fee of CHF 120,000 (2017: CHF 120,000).

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. During the year to 31 December 2018, TCH 81 (2017: TCHF 140) were booked in connection with legal services rendered by Baer & Karrer of which TCHF 50 were not yet paid at 31 December 2018.

**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 31 December 2018. 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 31 December 2018 of Alpine Select AG complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Alexander Fährndrich
Licensed Audit Expert
Auditor in Charge

Stefan Schwittler
Licensed Audit Expert

Zurich, 9 April 2019

KPMG AG, Badenerstrasse 172, PO Box, CH-8038 Zurich

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Financial Statements (IFRS)

STATEMENT OF FINANCIAL POSITION

in TCHF	Note	31-Dec-18	31-Dec-17
ASSETS			
Current assets			
Cash and cash equivalents		655	1 773
Financial assets at fair value through profit or loss	6	94	541
Other receivables from Absolute Invest Ltd.		0	104
Other current assets	8	1 083	12 544
Total current assets		1 832	14 962
Non-current assets			
Financial assets at fair value through profit or loss	6	27 974	52 564
Investments in non-consolidated subsidiaries at fair value through profit or loss	6	130 568	119 655
Total non-current assets		158 542	172 219
Total assets		160 374	187 181
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		697	0
Financial liabilities at fair value through profit or loss	6	2 048	9
Loan payable to Absolute Invest Ltd.	9	12 116	4 051
Accounts payable and accrued liabilities		581	331
Total current liabilities		15 442	4 391
Non-current liabilities			
Deferred tax liabilities	10	48	1 025
Total non-current liabilities		48	1 025
Equity			
Share capital	11	224	224
Additional paid-in capital		0	9 937
Treasury shares	11	-9 878	0
Retained earnings		154 538	171 604
Total equity		144 884	181 765
Total liabilities and equity		160 374	187 181
Net asset value (NAV) per share in CHF	19	13.61	16.22

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2018	2017
INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net	12	0	7 811
Dividend income	13	453	70 291
Interest income from financial assets at fair value through profit or loss		36	0
Net foreign exchange gains		7	0
Other income		282	30
Total income		778	78 132
EXPENSES			
Loss on financial assets and financial liabilities at fair value through profit or loss, net	12	-3 344	0
Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net	14	-11 618	-43 759
Administrative expenses	15	-1 822	-1 403
Commissions and other bank fees		-397	-275
Interest expenses		-59	-178
Net foreign exchange losses		0	-16
Total expenses		-17 240	-45 631
(Loss) / profit before tax		-16 462	32 501
Income tax income / (expense)	17	662	-70
(Loss) / profit for the year		-15 800	32 431
Other comprehensive income for the year		0	0
Total comprehensive (loss) / income for the year		-15 800	32 431
Earnings per share in CHF (basic and diluted)	18	(1.41)	2.89

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2018	2017
Cash flows from operating activities			
(Loss) / profit before tax		-16 462	32 501
Adjustments for:			
• Loss / (gain) on financial assets and financial liabilities at fair value through profit or loss, net	12	3 344	-7 811
• Loss on investments in non-consolidated subsidiaries at fair value through profit or loss	14	11 618	43 759
• Dividend income	13	-453	-70 291
• Interest expenses, net		23	178
• Net foreign exchange (gain) / loss		-7	16
• Non-cash changes in accrued liabilities		78	-26
Decrease in other current assets		-24	-45
(Decrease) / increase in accounts payable and accrued liabilities		-124	118
Decrease / (increase) in other receivables from Absolute Invest Ltd.		104	-83
Withholding taxes received		12 415	15 646
Dividends received		404	23 073
Interest paid		-94	-127
Income tax paid		-7	0
Net cash from operating activities		10 815	36 908
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss			
• Long positions	7.1	-38 591	-20 142
• Trading options	6.8	-576	-254
Proceeds from:			
• Sale of financial assets at fair value through profit or loss	7.2	23 641	10 676
• Sale of trading options at fair value through profit or loss	6.8	114	0
• Sale of investments in non-consolidated subsidiaries at fair value through profit or loss	6.8	14 422	0
• Short sale of financial assets at fair value through profit or loss	6.8	5 718	27
Purchase of financial assets at fair value through profit or loss previously sold short	6.8	-3 298	0
Net cash (outflow) / inflow from currency forwards	6.8	-1 077	666
Net cash from / (used) in investing activities		353	-9 027

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2018	2017
Cash flows from financing activities			
Short-term loans received from:	9		
• Absolute Invest Ltd.		9 600	31 700
• Altin Ltd.		0	20 000
• Trinsic Ltd.		0	8 500
Short-term loans paid back to:	9		
• Absolute Invest Ltd.		-1 500	-11 900
• Altin Ltd.		0	-15 000
• Trinsic Ltd.		0	-8 500
Transaction costs paid on the cancellation of treasury shares		0	-51
Acquisition of treasury shares	11.4	-9 887	0
Dividend paid to shareholders of Alpine Select Ltd.		-11 203	-33 609
Net cash used in financial activities		-12 990	-8 860
Net foreign exchange difference		7	-16
Net (decrease) / increase in cash and cash equivalents		-1 815	19 005
Cash and cash equivalents at 1 January		1 773	-17 232
Cash and cash equivalents at 31 December		-42	1 773
Cash and cash equivalents at 31 December consist of:			
• Current accounts at banks		655	1 773
• Less bank overdrafts		-697	0
Cash and cash equivalents as defined for the statement of cash flows		-42	1 773

STATEMENT OF CHANGES IN EQUITY

in TCHF	Note	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2017		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	11.4	-62		52 848	-52 837	-51
Income tax on transaction costs					4	4
Total 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
Loss					-15 800	-15 800
Other comprehensive income						0
Total comprehensive loss		0	0	0	-15 800	-15 800
Allocation within equity ²⁾			1 266		-1 266	0
Dividend paid to shareholders of Alpine Select Ltd. ¹⁾			-11 203			-11 203
Acquisition of treasury shares	11.4			-9 887		-9 887
Income tax on transaction costs included in «Acquisition of treasury shares»	11.4			9		9
Total distributions to owners of the Company		0	-9 937	-9 878	-1 266	-21 081
Balance at 31 December 2018		224	0	-9 878	154 538	144 884

¹⁾ Paid out of the reserves from capital contributions | ²⁾ The reserve classification under Swiss CO does not directly correlate with that under IFRS and – hence – a reclassification is made for presentation purposes

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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 2018, the Company has three employees.

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

The accompanying IFRS financial statements for the year ended 31 December 2018 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»).

2.1 Alpine Select Alternative Fund

The Alpine Select Alternative Fund («Alpine Fund») was founded in May 2018 under Liechtenstein law and by the initiative of Alpine Select. The Alpine Fund is an open-ended fund, domiciled in the Principality of Liechtenstein. Alpine Group owned 100% of the Alpine Fund at the date of incorporation. By 31 December 2018, third parties had participated in the Alpine Fund, which reduced Alpine Group's stake to 82.8%.

a) Investment entity

Management assessed the influence on the Alpine Fund by using the criteria of IFRS 10.7, which are:

- Power over the investee;
- Exposure, or rights, to variable returns of its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

Based on an analysis of above criteria, Alpine Select concluded to have control over the Alpine Fund; this mainly due to Alpine Select's contractual right to dismiss or elect the investment manager of the Alpine Fund.

Furthermore, management assessed that the Alpine Fund meets the criteria of an investment entity in accordance with IFRS 10.27 because of the following facts:

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

As the investment entities consolidation exception is mandatory for an entity that meets the above-mentioned criteria of an investment entity, Alpine Select (the parent investment entity) is required to account for its investment in the controlled entity Alpine Fund as an investment in a non-consolidated subsidiary at fair value through profit or loss.

b) Contribution in kind into the Alpine Select Alternative Fund

The Alpine Fund portfolio was established through contributions in kind of securities at fair value through profit or loss (long positions) out of the Alpine Group's portfolio as set out below:

- Alpine Select of TCHF 36,953 (see Note 6.8)
- Absolute Invest of TCHF 55,368 (see Note 6.10)

The performance of the transferred securities until their contribution in kind into the Alpine Fund was a gain of CHF 0.2 million which is included in the statement of comprehensive income in the caption *gain on financial assets and financial liabilities at fair value through profit or loss, net*.

The transfer of positions into the Alpine Fund is disclosed in Alpine Select's and Absolute Invest's investment table (Note 6.8 and Note 6.10) in the caption *investments in non-consolidated subsidiaries at fair value through profit or loss*. The transfers of the positions as set out in the table above are included in the respective investment tables in the column *reductions*.

During the period from launch of the fund until 31 December 2018 Alpine Select reduced its holding in the Alpine Fund from an initial 40.0% to 23.6% by selling units to the Alpine Fund, thereby realizing a loss of CHF 0.4 million which 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*. Absolute Invest did not sell any Alpine Fund units during the period under review.

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 which are recorded at fair value.

3.1 Changes in accounting policies

a) Standards effective 1 January 2018

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of IFRS 9 Financial Instruments (effective 1 January 2018).

Notes to the Financial Statements (IFRS)

Alpine Select has initially adopted IFRS 9 Financial Instruments effective as of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement.

IFRS 9 includes revised guidance on the recognition, classification and measurement of financial assets and financial liabilities and replaces the incurred loss model in IAS 39 with an expected credit loss model («ECL»). The new impairment model applies to financial assets measured at amortized cost and debt investments at fair value through other comprehensive income, but not to investments in equity instruments.

The transition from IAS 39 to IFRS 9 as of 1 January 2018 did not have any material impact on the measurement of Alpine Select's financial assets and financial liabilities and – hence – did not impact its opening equity as at 1 January 2018 as financial assets in the scope of ECL (*cash and cash equivalents, receivables from Absolute Invest and other current financial assets*) are of a short-term nature and the major counterparties have investment grade credit rating.

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.

The following table sets out the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each item of Alpine Select's financial assets and financial liabilities as at 1 January 2018:

in TCHF	Note	Classification		Carrying amount	
		under IAS 39	under IFRS 9	under IAS 39	under IFRS 9
Financial assets					
Cash and cash equivalents	6	Loans and receivables	Amortized cost	1 773	1 773
Positive fair value of currency forward contracts		At fair value through p/l	At fair value through p/l	541	541
Receivables from Absolute Invest Ltd.		Loans and receivables	Amortized cost	104	104
Other current financial assets		Loans and receivables	Amortized cost	61	61
Securities	6	At fair value through p/l	At fair value through p/l	52 564	52 564
Investments in non-consolidated subsidiaries	6	At fair value through p/l	At fair value through p/l	119 655	119 655
Total financial assets				174 698	174 698
Financial liabilities					
Negative fair value of currency forwards contracts	6	At fair value through p/l	At fair value through p/l	9	9
Short-term loan from and other payables to Absolute Invest Ltd.	9	Amortized cost	Amortized cost	4 051	4 051
Accounts payable and accrued liabilities		Amortized cost	Amortized cost	321	321
Total financial liabilities				4 381	4 381

Under IAS 39, currency forward contracts and investments in non-consolidated subsidiaries were mandatorily at fair value through profit or loss. Investments in securities (long and short positions) were designated as at fair value through profit or loss because they were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as mandatorily measured at fair value through profit or loss under IFRS 9.

Cash and cash equivalents, other receivables from Absolute Invest and other current financial assets previously classified as loans and receivables under IAS 39 are now classified at amortized cost. No impairment is recognized, neither on the transition to IFRS 9 as of 1 January 2018 (in retained earnings) nor during the year to 31 December 2018. The impairment balance at 31 December 2018 is not material and therefore has not been recognized, as financial assets in the scope of ECL (*cash and cash equivalents* and *other current financial assets*) are of a short-term nature and the major counterparties have investment grade credit rating.

b) Standards issued but not yet effective

Effective 1 January 2019, the Company will adopt IFRS 16: Leases. IFRS 16 was issued in January 2016 and replaces the following: IAS 17 – Leases, IFRIC 4 – Determining whether an arrangement contains a lease, SIC-15 – Operating leases-incentives, SIC-27 – Evaluating the substance of transactions involving the legal form of a lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: Leases of «low-value» assets and short-term leases (leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The current undiscounted operating lease obligations of the Company which are reported in Note 20.2 amount to around TCHF 348 as of the end of the year 2018. They provide an indication of the impact of the introduction of IFRS 16 on the Company's balance sheet, taking into account the standard's requirements. When the new standard is implemented, some of the annual operating lease costs currently recognized fully as functional costs will be reported as depreciation charge and interest expense. The share of the annual lease payments reported as a repayment of the lease obligation will also be reported as outflow from financing activities in the future (it is currently reported fully as outflow from operating activities in the cash flow statement). Management expects that the overall impact on net assets from the implementation of IFRS 16 will not be significant.

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. The significant judgments made by the management in applying Alpine Select's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the IFRS financial statements as at and for the year ended 31 December 2017.

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 investments in Absolute Invest and Alpine Fund, valued at fair value through profit or loss. Unlisted investments as well as the non-consolidated investments in Absolute Invest and Alpine Fund 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 the Alpine Fund meet the three main characteristics of an investment entity in accordance with IFRS 10 paragraph 27. Accordingly, Alpine Select, Absolute Invest and the Alpine Fund:

- 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 the Alpine Fund 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 its investment in the Alpine Fund 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 / (loss) on financial assets and financial liabilities at fair value through profit or loss, net* (see also Note 12).

Notes to the Financial Statements (IFRS)

The following exchange rates were applied:

		2018	2017
EUR / CHF			
Balance sheet	End of December	1.12690	1.17015
Items of profit and loss	Average rate for the year	1.15509	1.11147
JPY / CHF			
Balance sheet	End of December	0.00898	0.00865
Items of profit and loss	Average rate for the year	0.00886	0.00878
USD / CHF			
Balance sheet	End of December	0.98570	0.97450
Items of profit and loss	Average rate for the year	0.97857	0.98448

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 with a positive fair value balance at the balance sheet date. 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 reporting date. Transactions are recognized on the trade 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.

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.

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.

The following indicators are taken into consideration by the board of directors in order to determine whether a market is active or not:

- 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 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, subscription or other miscellaneous events. Other current assets are initially recognized at their fair values; subsequently they are measured at amortized cost, which approximates fair 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 fair 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 fair value.

3.9 Short-term loans and other payables to Absolute Invest Ltd.

The positions are expected to be settled within twelve months after the reporting period. They are carried at amortized cost, which approximates fair 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 fair 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 in case there is a legally and enforceable right.

3.12 Dividend income

Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established. 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».

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 and Alpine Fund are reported in the caption investments in non-consolidated subsidiaries at 31 December 2018.

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.

As outlined in Note 2.1, Alpine Select and Absolute Invest initiated the incorporation of Alpine Fund during the first half of the year 2018. Both companies account for the investment in Alpine Fund as an investment in a non-consolidated subsidiary at fair value through profit or loss.

Alpine Fund acts as an independent investment fund, managed by IFM Independent Fund Management AG, Vaduz. Alpine Fund's portfolio manager is Quorus Vermögensverwaltung AG («Quorus»), Vaduz. Alpine Select's board of directors only reviews and evaluates the fair value development of its investment in Alpine Fund and does not manage Alpine Fund's single investments.

Notes to the Financial Statements (IFRS)

Therefore, Alpine Select's risk management information presented in these IFRS financial statements follows the management approach. This includes details on credit, liquidity, interest rate and equity price risk to which Alpine Select and its wholly owned subsidiary Absolute Invest are exposed to and how they are managed or mitigated. The investment in Alpine Fund is only included in the equity price risk.

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 6.12).

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 2018 is 21.0% (standard deviation) and 19.0% (standard deviation) for the five years period until 31 December 2017.

For the year under review it means, that with a probability of 68% the Company's performance may vary by $\pm 21.0\%$ (one standard deviation) or \pm CHF 32.8 million. With a probability of 95% the Company's performance may vary by $\pm 42.0\%$ (two standard deviations) or \pm CHF 65.6 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	655	821	1 476
Bonds investments	2 809	0	2 809
CLO-investments	197	0	197
Positive fair value of currency forward contracts	94	159	253
Loan receivable from Alpine Select	n/a	12 116	12 116
Other assets	25	34	59
Total credit risk at 31 December 2018	3 780	13 130	16 910
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
Loan receivable from Alpine Select	n/a	4 051	4 051
Other assets	61	22	83
Total credit risk at 31 December 2017	3 363	18 390	21 753

Cash and cash equivalents is mainly held with Bank Julius Baer & Co. Ltd. («BJB»), Zurich. Moody's rates BJB with A3. 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 2018				
Financial assets / (liabilities) at fair value through profit or loss				
• Short sale of financial assets	0	-2 044	0	-2 044
• Forward exchange contracts, settled gross	0	244	0	244
- of which: inflow (Alpine Select)	0	21 401	0	21 401
- of which: inflow (Absolute Invest)	0	21 316	0	21 316
- of which: outflow (Alpine Select)	0	-21 310	0	-21 310
- of which: outflow (Absolute Invest)	0	-21 163	0	-21 163
Financial liabilities at amortized cost				
• Bank overdrafts	0	-697	0	-697
• Loan payable by Alpine Select to Absolute invest	0	-16	-12 100	-12 116
• Accounts payable and accrued liabilities	0	-225	-131	-356
Net inflow / (outflow)	0	-2 738	-12 231	-14 969
31 December 2017				
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
Financial liabilities at amortized cost				
• Loan payable by Alpine Select to Absolute invest	0	-51	-4 000	-4 051
• Other payables by 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

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 2018			
Cash and cash equivalents	655	821	1 476
Less bank overdrafts	-697	0	-697
Net interest rate risk exposure	-42	821	779
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

An increase of 20 basis points in short-term interest rates at 31 December 2018 would have increased the result before tax by approximately TCHF 2 (2017: increase of TCHF 19). 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 mainly 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).

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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 2018					
• EUR	267	-19 605	0	19 173	-165
• JPY	1	-1 257	0	958	-298
• USD	379	-21 163	0	25 400	4 616
• Other	2	-448	0	1 048	602
Total	649	-42 473	0	46 579	4 755
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

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	2018		2017	
	Currency change in %	Gain / (loss)	Currency change in %	Gain / (loss)
CHF to (strengthen) versus the EUR	-5.0%	8	-5.0%	-537
CHF to (strengthen) versus the JPY	-5.0%	15	-5.0%	-579
CHF to (strengthen) versus the USD	-5.0%	-231	-5.0%	-504
Total		-208		-1 620

If – at 31 December 2018 – 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 208 (2017: a loss of TCHF 1,620). An adverse change of the Swiss Franc versus these foreign currencies would have resulted in an equal but opposite effect for 2018 and 2017.

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	2018		2017	
	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	94	94	541	541
• non-current	27 974	27 974	52 564	52 564
Investments in non-consolidated subsidiaries at fair value through profit or loss	130 568	130 568	119 655	119 655
Financial assets at amortized cost				
Cash and cash equivalents	655	655	1 773	1 773
Other receivables from Absolute Invest	0	0	104	104
Other current assets	25	25	61	61
Financial liabilities at fair value through profit or loss				
Current financial liabilities at fair value through profit or loss	2 048	2 048	9	9
Financial liabilities at amortized cost				
Bank overdrafts	697	697	0	0
Loan payable to Absolute Invest	12 116	12 116	4 051	4 051
Accounts payable and accrued liabilities	558	558	317	317

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, other receivables from Absolute Invest, other current assets, bank overdrafts, short-term loan payable 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	2018	2017
Current assets	1 832	14 962
Non-current assets	158 542	172 219
Total assets	160 374	187 181
Current liabilities	-15 442	-4 391
Non-current liabilities	-48	-1 025
Total liabilities	-15 490	-5 416
Net assets	144 884	181 765

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	2018	2017
Financial assets at fair value through profit or loss		
Positive fair value of currency forward contracts	94	541
Securities	27 974	52 564
Total	28 068	53 105
• current	94	541
• non-current	27 974	52 564
Financial liabilities at fair value through profit or loss		
Negative fair value of currency forward contracts	4	9
Securities sold short	2 044	0
Total	2 048	9
• current	2 048	9
• non-current	0	0

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 and the Alpine Fund.

in TCHF	Note	2018	2017
Opening balance at 1 January		119 655	163 414
Additions (contribution in kind of long positions into the Alpine Fund)	6.8	36 953	0
Reductions (sale of Alpine Select units)	6.8	-14 422	0
Realized losses	14	-405	-35 272
Unrealized losses	14	-11 213	-8 487
Ending balance at 31 December		130 568	119 655
• of which Absolute Invest Ltd.		111 515	119 655
- of which financial assets and financial liabilities at fair value through profit or loss (Note 6.10)		99 320	106 722
- of which other current assets		13 124	19 331
- of which liabilities		-929	-6 398
• of which Alpine Fund		19 053	0

The Alpine Fund – in which Alpine Select has a share of 23.6% at 31 December 2018 – mainly consists of the investments disclosed in Note 6.12.

The following table analyzes Absolute Invest's financial assets and financial liabilities and investments in non-consolidated subsidiaries at fair value through profit or loss by level in fair value hierarchy:

in TCHF	2018	2017
Level 1	13 971	11 454
Level 2	60 878	55 790
Level 3	24 471	39 478
Total	99 320	106 722

Absolute Invest invests directly – and indirectly through its wholly owned subsidiaries Absolutissimo and Altin (CY), both domiciled in the Cayman Islands as well as through its investment in the Alpine Fund – 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.

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

in TCHF	Level 1	Level 2	Level 3	Total
31 December 2018				
Positive fair value of currency forward contracts	0	94	0	94
Long positions	22 005	5 969	0	27 974
Negative fair value of currency forward contracts	0	-4	0	-4
Short positions	-2 044	0	0	-2 044
Total financial assets / (liabilities)	19 961	6 059	0	26 020
Investments in non-consolidated subsidiaries	0	19 053	111 515	130 568
31 December 2017				
Positive fair value of currency forward contracts	0	541	0	541
Long positions	21 910	30 654	0	52 564
Trading options sold short	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

The level 2 position in the caption *investments in non-consolidated subsidiaries* at 31 December 2018 pertains to Alpine Select's investment in the Alpine Fund; the level 3 position reported in the same caption pertains to its wholly owned subsidiary Absolute Invest at 31 December 2018 and 31 December 2017, respectively. Both investments are recognized at the adjusted net asset value.

All investments in Japanese hedge-funds («Japan-investments») that formed part of the Level 2 investments at 31 December 2017 were contributed in kind into the Alpine Fund in May 2018 (see also Note 2.1). Another Level 2 investment was sold in 2018. In the second half of the year under review, Alpine Select started again investing in new Level 2 investments (see also Note 6.3).

Level 2 investments as at 31 December 2018 comprise also currency forwards and CLO-investments. 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 years to 31 December 2018 and 2017 no transfer happened between the levels.

6.3 Movements in level 2 and level 3 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 and level 3 inputs to determine fair value for the year ended 31 December 2018 and 2017 are as follows:

in TCHF	Level 2	Level 3
Fair value at 1 January 2017	25 064	0
Purchase of investments	4 196	0
Proceeds on disposal of investments	-1 132	0
Net gains recognized in the statement of comprehensive income ^{*)}	3 058	0
Fair value at 31 December 2017	31 186	0
Purchase of investments	6 000	0
Contribution in kind into the Alpine Fund (see Note 6.8)	-29 638	0
Proceeds on disposal of investments	-828	-36
Net (losses) / gains recognized in the statement of comprehensive income ^{*)}	-661	36
Fair value at 31 December 2018	6 059	0

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

6.4 Movements in level 2 and 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 2 and level 3 inputs to determine fair value for the year ended 31 December 2018 and 2017, are as follows:

in TCHF	Level 2	Level 3
Fair value at 1 January 2017	0	104 623
Effect of the merger of Altin (level 1 investment) into Absolute Invest as of 30 June 2017	0	25 333
Net gain / (loss) recognized in the statement of comprehensive income ¹⁾		
• Unrealized loss as a consequence of the recognized dividend income	0	-34 800
• Unrealized gain	0	24 499
Fair value at 31 December 2017	0	119 655
Contribution in kind into the Alpine Fund (Note 2.1)	36 953	0
Proceeds on disposals	-14 422	0
Net gain / (loss) recognized in the statement of comprehensive income ¹⁾		
• Realized loss	-405	0
• Unrealized loss	-3 073	-8 140
Fair value at 31 December 2018	19 053	111 515

¹⁾ 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 2 and level 3 investments in non-consolidated subsidiaries held at 31 December 2018 resulted in a loss of TCHF 3,073 and TCHF 8,140 respectively for the year then ended (2017: none for level 2 and a loss of TCHF 10,301 for level 3). 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 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.

	2018			2017		
	Fair value in TCHF	Ownership in %	Place of business	Fair value in TCHF	Ownership in %	Place of business
Absolute Invest Ltd.	111 515	100.00%	Switzerland	119 655	100.00%	Switzerland
Alpine Select Alternative Fund	19 053	23.65%	Principality of Liechtenstein	—	—	—

Notes to the Financial Statements (IFRS)

6.8 Investment table of Alpine Select at 31 December 2018

in TCHF	Number of shares at 1-Jan-18	Fair value at 1-Jan-18	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-18	Number of shares at 31-Dec-18	Level at 31-Dec-18
LONG POSITIONS									
About Capital Asian Special Opportunities Fund	0	0	991			-152	839	1 000	II
Acoro Global Ltd.	0	0	1 000			-25	975	10 000	II
Alegra ABSI I (Euro) Fund ⁴⁾	469	2 367		-2 406	100	-61	0	0	
Aleutian Fund ⁴⁾	54 125	7 097	35	-7 053	1 450	-1 529	0	0	
Alpine Select – Oil Basket investments ³⁾	n/a	0	2 754	-223	28	-1 030	1 529	n/a	I
Arcus Genseki Fund ⁴⁾	30 000	4 745		-4 927	2 181	-1 999	0	0	
Castle Alternative Invest Ltd.	0	0	9 267	-3 496	536	25	6 332	413 827	I
Chemoxentrix Inc.	0	0	1 099			-131	968	90 000	I
CPH Chemie & Papier Holding AG	0	0	2 805			4	2 809	2 780 000	I
DWS Group GmbH & Co. KGaA	0	0	4 563	-3 603	-960		0	0	
Fenghe Asia (USTE) Fund Ltd.	0	0	994			30	1 024	1 000	II
GCI Japan Hybrids ⁴⁾	20 813	3 441		-3 393	587	-635	0	0	
GH China Century Offshore Feeder Fund	0	0	999			-31	968	7 506	II
Hayate Japan Equity Long-Short Fund ⁴⁾	111	5 404		-5 120	2 190	-2 474	0	0	
HBM Healthcare Investments Ltd.	0	0	4 067	-4 328	261		0	0	
NCR Corporation	0	0	838			-155	683	30 000	I
Orion Engineered Carbons SA	100 000	2 495		-3 440	1 157	-212	0	0	
SPDR ® S&P Biotech ETF	0	0	2 983	-1 526	-463	-286	708	10 000	I
Malleus Capital Master Fund, LP	0	0	1 981			-15	1 966	2 000	II
UMJ Kotoshiro Feeder Fund ⁴⁾	30 113	6 716		-6 739	2 273	-2 250	0	0	
Vifor Pharma Ltd.	100 000	12 490	2 946	-7 045	1 871	-2 244	8 018	75 000	I
Voya CLO IV, Ltd.	2 000	884		-828		141	197	2 000	II
Yuki Japan Rebounding Growth Fund ⁴⁾	20 413	6 925	1 305	-7 315	3 005	-2 962	958	4 000	I
Other ⁵⁾	n/a	0		-36	18	18	0	n/a	III
Total long positions		52 564	38 627	-61 478	14 234	-15 973	27 974		
of which gains					15 677	707			
of which losses					-1 443	-16 680			
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES									
Absolute Invest Ltd.	5 995 552	119 655				-8 140	111 515	5 995 552	III
Alpine Select Alternative Fund ⁴⁾	0	0	36 953	-14 422	-405	-3 073	19 053	221 265	II
Total investments in non-consolidated subsidiaries		119 655	36 953	-14 422	-405	-11 213	130 568		
of which gains					0	0			
of which losses					-405	-11 213			

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Alpine Select Oil basket investments |

⁴⁾ Additions of TCHF 36,953 at Alpine Fund and reductions in the same amount of Alpine Select's long positions pertain to Alpine Select's contribution in kind into the Alpine Fund

(see also Note 2.1) | ⁵⁾ The position «Others» includes legacy investments, which individually amount to less than CHF 500'000.

Investment table of Alpine Select at 31 December 2018 (continued)

in TCHF

	Number of shares at 1-Jan-18	Fair value at 1-Jan-18	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 31-Dec-18	Number of shares at 31-Dec-18	Level at 31-Dec-18
TRADING OPTIONS									
Put Castle Alternative Invest Ltd.	0	0	474		-474		0	0	
Put DAX Index	0	0	102	-114	12		0	0	
Total trading options		0	576	-114	-462	0	0		
of which gains					12	0			
of which losses					-474	0			
CURRENCY FORWARDS									
Currency Forwards CHF/EUR; EUR/CHF		-9			639	86	77		II
Currency Forwards CHF/GBP; GBP/CHF		0				17	17		II
Currency Forwards CHF/JPY; JPY/CHF		174			-984	-178	-4		II
Currency Forwards CHF/USD; USD/CHF		367			-732	-367	0		
Total currency forwards		532	0	0	-1 077	-442	90		
of which gains					5 290	104			
of which losses					-6 367	-546			
of which assets		541					94		
of which liabilities		-9					-4		
SHORT POSITIONS									
BB Biotech Inc.	0	0	-5 718	3 298	87	289	-2 044	-35 000	I
Total short positions		0	-5 718	3 298	87	289	-2 044		
of which gains					101	289			
of which losses					-14	0			

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

Notes to the Financial Statements (IFRS)

6.9 Investment table of Alpine Select 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									
Alegra 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 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
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
Other ⁵⁾	n/a	974		-1 053		79	0	n/a	III
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 | ⁵⁾ The position «Others» includes legacy investments, which individually amount to less than CHF 500'000.

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)

6.10 Investment table of Alpine Select's non-consolidated investment Absolute Invest at 31 December 2018

in TCHF	Number of shares at 1-Jan-18	Fair value at 1-Jan-18	Additions	Reductions ¹⁾	Realized gains/(losses)	Unrealized gains/(losses) ²⁾	Currency translation adjustments	Fair value at 31-Dec-18	Number of shares at 31-Dec-18	Level at 31-Dec-18
LONG POSITIONS										
Akamatsu Bonsai Fund ⁴⁾	25 100	8 422		-8 472	4 677	-4 627		0	0	
Arbiter Partners Offshore Limited	2 592	3 040		-2 747	-1	-230		62	69	III
Arcus Genseki Fund ⁴⁾	20 000	3 322		-3 438	1 519	-1 403		0	0	
Cheyne New Europe Fund Limited ³⁾	990 343	16 880				545	198	17 623	990 343	III
Cheyne TR Credit Fund – June 2022 ⁴⁾	31 037	4 058		-4 216	816	-658		0	0	
CQS Directional Opp. Feeder Fund Ltd. ⁴⁾	1 150	6 825		-7 121	2 418	-2 122		0	0	
Elara India Gateway Fund	1 436	479	3 470			-632		3 317	12 135	II
HBM Healthcare Investments Ltd.	78 472	10 460		-197	30	1 828		12 121	78 000	I
IBM Corp.	0	0	1 859	-1 422	-437			0	0	
Julius Baer Balkan Tiger Fund in liquidation	50 000	953				-953		0	50 000	III
Leonteq Ltd.	0	0	1 660			-589		1 071	26 125	I
New Carpathian Fund	1 000	1 338				-127		1 211	1 000	II
Northwest Feilong Fund Ltd. ⁴⁾	3 090	5 076		-5 455	2 730	-2 351		0	0	
Northwest Warrant Fund Limited ^{4) 5)}	900	2 873		-2 520	1 027	-1 380		0	0	
Orchard Liquid Credit Fund ⁴⁾	50 000	4 891		-5 138	215	32		0	0	
Private Equity Holding Ltd.	12 982	994		-25		-190		779	12 982	I
Romanian Investment Fund	690	876		-400	-69	-75		332	317	III
Schroder International Select. Fund SICAV	0	0	986			-282		704	8 665	II
SFP Value Realization Fund Ltd. ⁶⁾	25 452	7 958		-418	143	42	90	7 815	24 179	II
Sparx Japan Value Impact Fund ⁴⁾	75 000	9 258		-9 100	2 476	-2 634		0	0	
Stats Investment Japan Long & Short Fund ⁴⁾	9 367	7 483		-7 373	383	-493		0	0	
Swissquote Group Holding Ltd.	0	0	847	-1 108	261			0	0	
Three Court Fund Offshore, LP	2 086 166	2 033			-27	-28		1 978	2 354	III
Titan Structured Credit, Ltd. – CLO	1 641	1 702		-1 657		-45		0	0	
Truston Asset Management Co., Ltd.	19 492	584				-24		560	19 492	III
Valens Offshore Fund ³⁾	4 035	2 653				141	31	2 825	4 035	III
Venture XIX CLO, Ltd. ⁴⁾	4 000 000	2 465		-2 535	664	-594		0	0	
Other ⁷⁾	n/a	1 602		-636	-1 143	1 257	11	1 091	n/a	III
Total long positions		106 225	8 822	-63 978	15 682	-15 592	330	51 489		
of which gains					17 939	5 708				
of which gains from second line trades					0	0				
of which losses					-2 257	-21 300				
of which losses from second line trades					0	0				
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES										
Alpine Select Alternative Fund ⁴⁾	0	0	55 368			-7 691		47 677	553 683	II
Total investments in non-consolidated subsidiaries		0	55 368	0	0	-7 691	0	47 677		
of which gains					0	0				
of which losses					0	-7 691				

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⁾ Additions of TCHF 55,368 at Alpine Fund and reductions in the same amount of Absolute Invest's long positions pertain to Absolute Invest's contribution in kind into the Alpine Fund (see also Note 2.1) | ⁵⁾ Includes negative / positive equalization | ⁶⁾ Held by Altin (Cayman) Ltd. | ⁷⁾ The position «Others» includes legacy investments held by Absolute Invest, Absolutissimo or Altin Cayman, which individually amount to less than CHF 500'000.

Investment table of Alpine Select's non-consolidated investment Absolute Invest Ltd. at 31 December 2018 (continued)

in TCHF	Number of shares at 1-Jan-18	Fair value at 1-Jan-18	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Currency translation adjustments	Fair value at 31-Dec-18	Number of shares at 31-Dec-18	Level at 31-Dec-18
CURRENCY FORWARDS										
Currency Forwards CHF/JPY; JPY/CHF		23			-221	-23		0		
Currency Forwards CHF/USD; USD/CHF		474			-1 572	-321		154		II
Total currency forwards		497	0	0	-1 793	-344	0	154		
of which gains					4 681	159				
of which losses					-6 474	-503				
of which assets		497						159		
of which liabilities		0						-5		

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)

6.11 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 Limited	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 Limited 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	II
CQS Directional Opportunities Feeder Fund Ltd.	1 150	6 716				109		6 825	1 150	II
Elara India Gateway Fund	0	0	484			-5		479	1 436	II
HBM Healthcare Investments Ltd.	58 000	5 742	5 810	-3 260	473	1 695		10 460	78 472	I
Julius Baer Balkan Tiger Fund in liquidation	50 000	873				80		953	50 000	III
LLSOF L.P. ⁶⁾	0	0	814	-875	318	-280	23	0	0	
Marathon Special Opportunity Fund Ltd. ⁶⁾	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 Limited	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
Romanian Investment Fund	877	818		-184	-53	295		876	690	III
SFP Value Realization Fund Ltd. ^{5) 6) 7)}	0	0	7 194			643	121	7 958	25 452	II
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	
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
Valens Offshore Fund ³⁾	8 481	3 017		-187	-1 371	1 316	-122	2 653	4 035	III
Venture XIX CLO, Ltd.	4 000 000	2 744		-291		12		2 465	4 000 000	II
Other ^{3) 7) 8)}	n/a	562	3 046	-2 202	212	-270	68	1 416	n/a	III
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. ¹⁰⁾	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				

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 | ⁷⁾ Held by Altin (Cayman) Ltd. | ⁸⁾ The position «Others» includes legacy investments held by Absolute Invest, Absolutissimo or Altin Cayman, which individually amount to less than CHF 500'000 | ⁹⁾ 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.

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
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

Notes to the Financial Statements (IFRS)

6.12 Investment table of Alpine Select's non-consolidated investment Alpine Select Alternative Fund at 31 December 2018 ¹⁾

in TCHF	Number of shares at 1-Jan-18	Fair value at 1-Jan-18	Additions ²⁾	Reductions	Realized gains/ (losses)	Unrealized gains/ (losses)	Fair value at 31-Dec-18	Number of shares at 31-Dec-18	Level at 31-Dec-18
LONG POSITIONS									
Akamatsu Bonsai Fund	0	0	8 472			-1 835	6 637	25 100	II
Alegra ABSI I (Euro) Fund	0	0	2 406			-189	2 217	469	II
Aleutian Fund ³⁾	0	0	7 053			-664	6 389	32 878	II
Arcus Genseki Fund	0	0	8 365			-1 759	6 606	50 000	II
Cheyne Total Return Credit Fund	0	0	4 216			-220	3 996	31 037	II
CQS Directional Opportunities Feeder Fund Ltd.	0	0	7 121			-455	6 666	1 150	II
GCI Japan Hybrids	0	0	3 393			-147	3 246	20 813	II
Hayate Japan Equity Long-Short Fund	0	0	5 120			-422	4 698	111	II
Nishkama Capital Offshore Fund Ltd.	0	0	3 956			-154	3 802	4 000	II
Northwest Feilong Fund Ltd.	0	0	5 455			-502	4 953	3 090	II
Northwest Warrant Fund Limited	0	0	2 520			-1 305	1 215	900	II
Orchard Liquid Credit Fund	0	0	5 138			50	5 188	50 000	II
Sparx Japan Value Impact Fund	0	0	9 100	-1 984	-87	-1 163	5 866	56 679	II
Stats Investment Japan Long & Short Fund	0	0	7 373			-1 140	6 233	9 367	II
UMJ Kotoshiro Feeder Fund	0	0	6 739			-372	6 367	30 113	II
Venture XIX CLO, Ltd.	0	0	2 535			-174	2 361	4 000 000	II
Yuki Japan Rebounding Growth Fund	0	0	7 315	-1 993	58	-1 792	3 588	15 013	I
Total long positions		0	96 277	-3 977	-29	-12 243	80 028		
of which gains					58	50			
of which losses					-87	-12 293			

¹⁾ Currency forwards with a positive fair value of approximately TCHF 100 at 31 December 2018 are not included in this table | ²⁾ Additions of TCHF 92,321 pertain to contribution in kind of Alpine Select and Absolute Invest (see also Note 2.1) | ³⁾ Change of share class upon contribution in kind by Absolute Invest

7. Cash flows from purchase and disposal of investments

7.1 Cash flows from purchase of investments

in TCHF	Note	2018	2017
Purchase of investments at fair value through profit or loss as per the investment table (additions total long positions)	6.8	-38 627	-20 142
Adjustment for stock-dividends and other non-cash additions		36	0
Effective cash outflow from purchases		-38 591	-20 142

7.2 Cash flows from disposal of investments

in TCHF	Note	2018	2017
Disposal of investments at fair value through profit or loss as per the investment table (reductions total long positions)	6.8	61 478	10 676
Incorporation of Alpine Select Alternative Fund by contribution in kind as per the investment table	6.8	-36 953	0
Withholding tax on disposal of investments at fair value through profit or loss		-884	0
Effective cash inflow from disposals		23 641	10 676

8. Other current assets

in TCHF	2018	2017
Withholding tax	933	12 418
Other receivables	150	126
Total	1 083	12 544

9. Loan payable to Absolute Invest Ltd.

During the reporting period Alpine Select received further short-term borrowings from Absolute Invest. As at 31 December 2018 the total outstanding short-term loan was CHF 12.1 million (31 December 2017: CHF 4 million). The short-term loan is denominated in CHF, has no fixed contractual maturity and is interest bearing at rate of 0.25% p.a.

10. 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 2017	-1 016	57	-959
Deferred tax expense	-9	-57	-66
Balance at 31 December 2017	-1 025	0	-1 025
Deferred tax income	977	0	977
Balance at 31 December 2018	-48	0	-48

Deferred tax assets and deferred tax liabilities are netted in case there is a legally enforceable right. Deferred tax assets and deferred tax liabilities are calculated in accordance with the balance sheet method using a tax rate of 7.83%.

Unchanged to the year ended 31 December 2017, Alpine Select has no tax losses.

11. Share capital and treasury shares

11.1 Share capital

As of 31 December 2018, and unchanged to the year ended 31 December 2017, the Company's fully paid-in share capital amounts to CHF 224,058.00 and is divided into 11,202,900 registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. There are two share certificates outstanding for 525 shares in total. The Company does not have participation certificates.

11.2 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.

11.3 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 2018 and 2017, respectively.

11.4 Treasury shares

The annual shareholders' meeting held on 22 May 2017 authorized the Company's board of directors to launch – at its own discretion and between 22 May 2017 and the ordinary shareholders' meeting in 2019 – a new share buyback program of up to 10% of the total share capital.

Based on this authorization, Alpine Select announced on 29 November 2018 to start a re-purchase program for a maximum of 5% of own shares (560,145 shares) by issuing put options that are tradeable at the SIX Swiss Exchange. Each shareholder was granted one put option free of charge for each registered share held. Twenty put options entitled a shareholder to tender one registered share at an exercise price of CHF 17.50 to the Company.

Based on this put option program, the Company recorded a re-purchase liability of CHF 9,802,538 when the program started, being the maximum exposure for 560,145 shares at an exercise price of CHF 17.50 per share. The Company's retained earnings were debited accordingly.

The put options were traded from 3 to 18 December 2018 and during this period 558,134 own shares for a total of CHF 9,767,345 were purchased. Following the re-purchase, the difference in the Company's re-purchase liability of CHF 35,193 was reclassified to retained earnings. The amount recorded in the Company's equity of TCHF 9,887 includes transaction costs of TCHF 120. The income tax effect on these transaction costs amounts to TCHF 9 applying the tax rate of 7.83%.

It is planned to reduce the share capital at the next ordinary shareholders' meeting in May 2019 by cancelling the acquired treasury shares.

On 27 December 2018 the Company announced, that based on the above mentioned authorization, the repurchase program is continued and that the Company's board of directors decided to launch a new repurchase program on a separate trading line at SIX Swiss Exchange for a maximum of 560,145 registered shares (5% of the share capital as registered in the commercial register). This new program started on 3 January 2019.

At 31 December 2018 the Company has 558,134 treasury shares. No treasury shares were held at 31 December 2017.

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

in TCHF	2018	2017
Long positions		
Realized gains	13 948	521
Realized losses	-1 330	0
Net realized currency gains	1 616	0
Net realized	14 234	521
Unrealized gains	1 721	8 768
Unrealized losses	-16 720	-1 954
Net unrealized currency (losses) / gains	-974	212
Net unrealized	-15 973	7 026
Total long positions, net	-1 739	7 547
Securities sold short		
Realized gains	101	0
Realized losses	-14	0
Unrealized gains	289	0
Total securities sold short, net	376	0
Trading options		
Realized gains	12	393
Realized losses	-474	-62
Unrealized losses	0	-88
Total trading options, net	-462	243
Currency forwards		
Realized gains	5 290	11 653
Realized losses	-6 367	-10 987
Unrealized gains	104	163
Unrealized losses	-546	-808
Total currency forwards, net	-1 519	21
(Loss) / gain on financial assets and financial liabilities at fair value through profit or loss, net	-3 344	7 811

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

13. Dividend income

in TCHF	2018	2017
Dividend income from Absolute Invest Ltd.	0	34 800
Dividend income from Altin Ltd.	0	35 272
Dividend income from securities	453	219
Total dividend income	453	70 291

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

in TCHF	2018	2017
Realized losses		
• Altin Ltd.	0	-35 272
• Alpine Select Alternative Fund	-405	0
Total realized losses	-405	-35 272
Unrealized gains		
• Absolute Invest Ltd.	0	24 499
• Altin Ltd.	0	1 814
Unrealized losses		
• Absolute Invest Ltd.	-8 140	-34 800
• Alpine Select Alternative Fund	-3 073	0
Total unrealized losses, net	-11 213	-8 487
Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net	-11 618	-43 759

15. Administrative expenses

in TCHF	2018	2017
Personnel expenses and board of directors' fees incl. social costs	-942	-610
Legal, consulting, accounting and auditing fees	-398	-512
Advisory fees	-120	-120
Other office expenses	-362	-161
Total administrative expenses	-1 822	-1 403

16. Employee benefits

Besides the statutory social security schemes there is an independent pension plan in place covering the members of the management 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 47 for the year ended 31 December 2018 (2017: TCHF 29).

The Company has no material defined benefit pension or post-retirement schemes; hence, no further disclosures are provided for the years ended 31 December 2018 and 2017.

17. Income tax income / (expense)

in TCHF	2018	2017
Current tax expense	-315	-4
Deferred tax income / (expense)	977	-66
Total income tax income / (expense)	662	-70

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

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

in TCHF	2018	2017
(Loss) / profit before tax	-16 462	32 501
Company's domestic income tax rate	7.83%	7.83%
Tax income / (expense) using the Company's domestic income tax rate	1 289	-2 545
Effect of expenses not deductible for tax purpose	-637	0
Effect of income exempt from tax on deferred tax assets recognized in prior year	0	-57
Effect of income exempt from tax	10	2 532
Income tax income / (expense)	662	-70
Effective tax rate	4.0%	0.2%

18. Earnings per share

	2018	2017
Net (loss) / profit in TCHF as per the statement of comprehensive income for the year ended 31 December	-15 800	32 431
Weighted average number of outstanding shares	11 188 947	11 202 900
Earnings per share in CHF (basic and diluted)	(1.41)	2.89

19. Net asset value (NAV) per share

	2018	2017
Equity as per the statement of financial position (in TCHF)	144 884	181 765
Total number of shares outstanding	10 644 766	11 202 900
Net asset value per share (in CHF)	13.61	16.22
Adjusting factor		0.93074
Net asset value per share (in CHF) when adjusted for the distribution out of the reserves from capital contributions in May 2018 and for the issuance of tradeable put options (November 2018)	–	15.10

20. Contingencies, commitments and pledged assets**20.1 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 135.2 million at 31 December 2018 (2017: CHF 157.2 million) and of which CHF 45.2 million (2017: CHF 53.5 million) relate to Alpine Select, are pledged as security for any amounts due to BJB.

20.2 Operating lease

Alpine Select has a lease contract for office space with a non-cancellable term until 31 March 2021 and with an option to extend it for another five years.

At 31 December, the future minimum lease payments were payable as follows:

	2018	2017
Within one year	48	48
Between one and five years	192	192
More than five years	108	156
Total	348	396

21. Significant shareholders

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

	2018	2017
Hans Müller, Hergiswil	11.36%	12.85%
Raymond J. Baer, Küsnacht	8.64%	8.64%
Trinsic Ltd., Zug ¹⁾	7.18%	5.08%
Stefan Rihs, Hong Kong	5.36%	n/a
Alpine Select Ltd. ²⁾	4.98%	n/a
Hans Hornbach sel., Vufflens-le-Château	4.23%	4.23%
Hans Ulrich Rihs, Stäfa	n/a	5.36%

¹⁾ Number of shares, including 77,760 shares directly held by the beneficial owners of Trinsic Ltd. as per 31 December 2018 (2017: 168,000 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).

²⁾ Treasury shares, see also Note 11.4.

22. 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 2018, TCHF 81 (2017: TCHF 140) were booked in connection with legal services rendered by Baer & Karrer of which TCHF 50 were not yet paid at 31 December 2018.

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 2018 (2017: TCHF 120) of which TCHF 32 were not yet paid at 31 December 2018. 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 subsidiary Absolute Invest reference is made to the statement of financial position, the statement of cash flows and Note 9, 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 2018 and 2017:

in TCHF		2018	2017
Remuneration of the Board of Directors of Alpine Select			
Raymond J. Baer	Chairman and non-executive member	176	175
Thomas Amstutz	Non-executive member	43	43
Dieter Dubs	Non-executive member	43	43
Michel Vukotic	Executive member	43	26
	Head of investment committee	235	79
Total		540	366

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

23. Events after the balance sheet date

As outlined in Note 11.4, a new share repurchase program was started on 3 January 2019.

These IFRS financial statements and the statutory financial statements for the year ended 31 December 2018 were authorized for issue by the board of directors on 9 April 2019. There were no other significant events to report until this date.

The annual shareholders' meeting to be held on 16 May 2019 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)**



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 2018 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 34 to 81) give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with article 14 of the Directive on Financial Reporting issued by the SIX Swiss Exchange and with Swiss law.

Basis for Opinion

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

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

Key Audit Matters



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

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

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



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

Key Audit Matter

The investment portfolio of Alpine Select AG, held either directly or through its subsidiaries, comprises a number of unlisted investments. These investments are included in Financial assets at fair value through profit or loss or are part of the investment portfolio of its investments in non-consolidated subsidiaries at fair value through profit or loss. 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 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 investments in non-consolidated subsidiaries at fair value through profit or loss primarily relates to a number of unlisted investments, which are measured at the adjusted net asset value.

Due to the inherent uncertainty related to the valuation of such unlisted investments and due to the absence of a liquid market and the involved judgement, we consider the valuation of unlisted financial assets and investments in non-consolidated subsidiaries at fair value through profit or loss 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 2017 or the subsequent acquisition date and the performance for the year 2018 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 2018.

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 investments in non-consolidated subsidiaries at fair value through profit or loss refer to the following:

— notes 3.2 a), 3.4, 6.1 and 6.5 to the financial statements on pages 44, 46, 58 and 62.

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

Stefan Schwitler
Licensed Audit Expert

Zurich, 9 April 2019

Statutory Financial Statements

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2018	2017
ASSETS			
Current assets			
Cash and cash equivalents		655 087	1 773 435
Unrealized gains from currency forward contracts, net		90 773	532 392
Other short-term receivables and prepaid expenses	3	1 083 017	12 647 777
Total current assets		1 828 877	14 953 604
Non-current assets			
Securities	4	46 716 777	39 474 297
Investment in Absolute Invest Ltd.	5	78 000 000	78 000 000
Total non-current assets		124 716 777	117 474 297
TOTAL ASSETS		126 545 654	132 427 901

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2018	2017
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		697 364	0
Accounts payable		107 757	269 821
Liabilities from securities sold short		2 332 728	0
Short-term interest-bearing loan payable to Absolute Invest Ltd.		12 100 000	4 000 000
Accrued expenses		489 371	113 443
Total current liabilities		15 727 220	4 383 264
Equity			
Share capital	6	224 058	224 058
Legal capital reserves			
• Reserves from capital contributions		421 812	11 624 712
• 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		101 229 750	81 786 444
• Net profit for the year		3 744 042	19 443 306
Treasury shares	8	-9 767 345	0
Total equity		110 818 434	128 044 637
TOTAL LIABILITIES AND EQUITY		126 545 654	132 427 901

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

in CHF	Note	2018	2017
INCOME			
Gain on securities, net		7 649 382	518 667
Gain on derivative financial instruments, net		0	352 450
Dividend income	9	453 069	70 290 909
Foreign exchange gains, net		7 446	0
Interest income		36 260	0
Other income		281 608	29 929
TOTAL INCOME		8 427 765	71 191 955
EXPENSES			
Loss on derivative financial instruments, net		-1 980 295	0
Personnel expenses		-558 258	-272 623
General and administrative expenses		-1 382 596	-1 182 537
Commissions and other bank fees		-397 272	-274 819
Write-down of investments		0	-49 822 517
Foreign exchange losses, net		0	-16 211
Interest expenses		-58 958	-178 085
TOTAL EXPENSES		-4 377 379	-51 746 792
Net profit before taxes		4 050 386	19 445 163
Tax expense		-306 344	-1 857
NET PROFIT FOR THE YEAR		3 744 042	19 443 306

Notes to the Statutory Financial Statements

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1. Organization and business activity

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

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

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

2. Principles

2.1 General aspects

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

2.2 Unrealized gains / (losses) from currency forward contract, net

Open currency forward contracts are valued at market prices.

3. Other short-term receivables and prepaid expenses

in CHF	2018	2017
Withholding tax	932 860	12 417 933
Prepaid expenses	72 324	50 900
Receivables Absolute Invest Ltd.	0	104 198
Other	77 833	74 746
Total	1 083 017	12 647 777

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	2018	2017
Carrying amount of quoted securities	21 929 506	17 955 269
Carrying amount of unquoted securities	24 787 271	21 519 028
Total	46 716 777	39 474 297

In May 2018 the Alpine Select Alternative Fund («Alpine Fund»), an Alternative Fund pursuant to Liechtenstein Law with the legal form of a trust was launched. Alpine Select acts as the fund's promoter and has funded – together with its wholly owned subsidiary Absolute Invest Ltd. («Absolute Invest») – the Alpine Fund with contributions in kind of mainly unquoted securities with a market value of approximately CHF 92.3 million, of which Alpine Select contributed CHF 37.0 million (carrying amount: CHF 25.1 million). The resulting gain is included in the income statement in the caption *gain on securities, net*. Following subscriptions by third parties, Alpine Select and Absolute Invest (together «Alpine Group») held 82.8% of the Alpine Fund as at 31 December 2018 (of which Alpine Select held 23.65%). The Alpine Fund is included in *unquoted securities* in above table.

5. Investment in 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 («Absolutissimo») and Altin (Cayman) Ltd. («Altin CY»), both domiciled in the Cayman Islands.

6. Share capital

As of 31 December 2018, and unchanged to prior year, the Company's fully paid-in share capital amounts to CHF 224,058.00 and is divided into 11,202,900 registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. There are two share certificates outstanding for 525 shares in total. The Company does not have participation certificates.

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 subsidiary, and/or through the exercise of option rights granted to the shareholders.

7. Reserves from capital contributions – not yet approved

Reserves from capital contributions of CHF 8,196,358 were applied by the Company but not (yet) approved by the Swiss Federal Tax Authorities.

8. Treasury shares

The annual shareholders' meeting held on 22 May 2017 authorized the Company's board of directors to launch – at its own discretion and between 22 May 2017 and the ordinary shareholders' meeting in 2019 – a new share buyback program of up to 10% of the total share capital.

Based on this authorization, Alpine Select announced on 29 November 2018 to start a re-purchase program for a maximum of 5% of own shares (560,145 shares) by issuing put options that are tradeable at the SIX Swiss Exchange. Each shareholder was granted one put option free of charge for each registered share held. Twenty put options entitled a shareholder to tender one registered share at an exercise price of CHF 17.50 to the Company.

The put options were traded from 3 to 18 December 2018 and during this period, 558,134 own shares for a total of CHF 9,767,345 were re-purchased. Treasury shares in the amount of CHF 9,767,345 were recorded in the Company's equity by crediting retained earnings with the same amount.

It is planned to reduce the share capital at the next ordinary shareholders' meeting in May 2019 by cancelling the acquired treasury shares.

On 27 December 2018 the Company announced, that based on the above mentioned authorization, the repurchase program is continued and that the Company's board of directors decided to launch a new repurchase program on a separate trading line at SIX Swiss Exchange for a maximum of 560,145 registered shares (5% of the share capital as registered in the commercial register). This new program started on 3 January 2019.

At 31 December 2018 the Company has 558,134 treasury shares. No treasury shares were held at 31 December 2017.

9. Dividend income

In the year under review, the dividend income includes dividends of CHF 0.5 million received from other securities (2017: CHF 35.3 million from Altin Ltd, CHF 34.8 million from Absolute Invest and CHF 0.2 million from other securities).

10. Share ownership

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

		2018	2017
Raymond J. Baer	Chairman and non-executive member	967 708	967 708
Michel Vukotic ¹⁾	Executive member	363 489	200 500
Thomas Amstutz	Non-executive member	316 000	311 849
Dieter Dubs	Non-executive member	6 000	6 000
Total		1 653 197	1 486 057

¹⁾ Michel Vukotic is a beneficial owner of Trinsic Ltd, indirectly through Talpas Ltd., Bever (see Note 11).

11. Significant shareholders

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

	2018	2017
Hans Müller, Hergiswil	11.36%	12.85%
Raymond J. Baer, Küsnacht	8.64%	8.64%
Trinsic Ltd., Zug ¹⁾	7.18%	5.08%
Stefan Rihs, Hong Kong	5.36%	n/a
Alpine Select Ltd., Zug ²⁾	4.98%	n/a
Hans Hornbach sel., Vufflens-le-Château	4.23%	4.23%
Hans Ulrich Rihs, Stäfa	n/a	5.36%

¹⁾ Number of shares, including 77,760 shares directly held by the beneficial owners of Trinsic Ltd. as per 31 December 2018 (2017: 168,000 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).

²⁾ Treasury shares, see also Note 8.

12. Pledged assets

Alpine Select has a standard pledge agreement with Bank Julius Baer & Co. Ltd. («BJB»), Zurich under which the Company's portfolio of approximately CHF 49.7 million at 31 December 2018 (2017: CHF 40.5 million) is pledged as security for any amounts due to BJB. At 31 December 2018, the amount due to BJB was CHF 0.7 million (2017: CHF 0 million).

13. Employees (full-time equivalents)

The annual average number of full-time equivalents for the reporting year is three (2017: two).

14. Operating lease

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

in CHF	2018	2017
Within one year	48 000	48 000
Between one and five years	192 000	192 000
More than five years	108 000	156 000
Total	348 000	396 000

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

15. Events after the balance sheet date

As outlined in Note 8, a new share repurchase program was started on 3 January 2019.

The statutory financial statements for the year ended 31 December 2018 were authorized for issue by the board of directors on 9 April 2019. There were no other significant events to report until this date.

The annual shareholders' meeting scheduled to be held on 16 May 2019 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	2018	2017
Accumulated profit brought forward at 1 January	101 229 750	81 786 444
Net profit for the year	3 744 042	19 443 306
Accumulated profit at end of year	104 973 792	101 229 750
Dissolution of reserves from capital contributions	0	11 202 900
Available for distribution at 31 December	104 973 792	112 432 650
Proposal of the board of directors for appropriation of available earnings		
Dividend ¹⁾	3 100 876	11 202 900
To be carried forward	101 872 916	101 229 750
	104 973 792	112 432 650
Total dividend distribution	3 100 876	11 202 900
out of reserves from capital contributions	0	11 202 900
out of accumulated profits	3 100 876	0

¹⁾ 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 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 2018, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements (pages 90 to 100) for the year ended 31 December 2018 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 and alternative investment 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 2017 or the subsequent acquisition date and the performance for the year 2018 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 2018.

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 Fährdrich
Licensed Audit Expert
Auditor in Charge

Stefan Schwitter
Licensed Audit Expert

Zurich, 9 April 2019

ALPINE SELECT

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