

ALPINE SELECT

ANNUAL
REPORT
2019

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.
Räffelstrasse 28
8045 Zurich / Switzerland

Alpine Select Facts

Incorporation date	17 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	10,283,105
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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<http://www.alpine-select.ch/>

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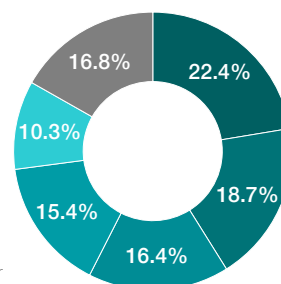
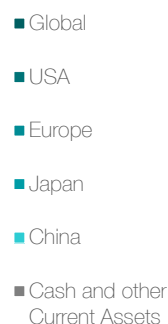
Key Figures

Performance Table ¹⁾

	Share price (CHF)	NAV (CHF)	Premium / Discount to NAV
31 Dec 2019	14.30	14.45	-1.04%
31 Dec 2018	13.44	13.16	2.13%
High YTD 2019	14.40	14.45	2.13%
Low YTD 2019	13.25	13.16	-4.12%

¹⁾ All figures are adjusted for the dividend payment in May 2019 out accumulated profits and the issuance of tradeable put options (July 2019).

Allocation by Region (in % of Total Assets)

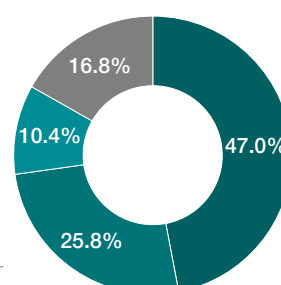


Selected Balance Sheet Items ^{2) 3)}

In TCHF	31-Dec-19	31-Dec-18
Current assets	25 630	3 907
Non-current assets	127 150	159 494
Current liabilities	1 857	4 268
Non-current liabilities	877	403
Equity attributable to shareholders of Alpine Select Ltd.	134 804	144 884
Non-controlling interests	15 242	13 846

²⁾ Information herein is presented in addition to the consolidated financial statements. | ³⁾ Preparation of the consolidated financial statements has been carried out in accordance with Swiss GAAP FER since the beginning of 2019. The previous year's figures were adjusted accordingly (restatement).

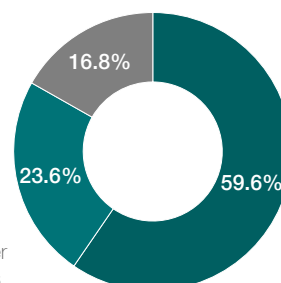
Allocation by Asset Class (in % of Total Assets)



Top Positions of the Portfolio as per 31 December 2019 (in % of Total Assets)

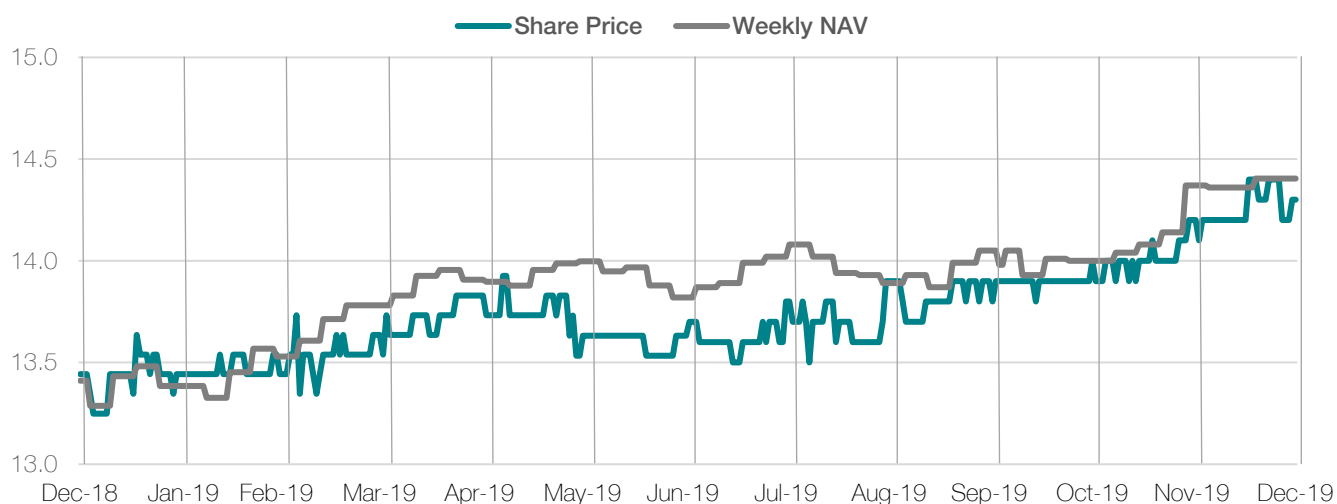
Fund name	Investment Type	Allocation
Cash and other Current Assets	n/a	16.8%
Castle Alternative Invest AG	Listed Equity	12.1%
Cheyne New Europe Fund Ltd.	Legacy (Real Estate)	10.4%
HBM Healthcare Investment Ltd.	Listed Equity	5.8%
CQS Directional Opp. Feeder Fund	Hedge Funds	4.8%
Other long positions	Long Positions	20.0%
Other hedge funds positions	Hedge Funds	30.1%
Total		100.0%

Allocation by Quoted/Unquoted Investments and Cash (in % of Total Assets)



12 Months Price-History in CHF for the year 2019

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
2019	0.5	1.1	1.8	0.9	0.5	-0.9	1.7	-1.3	0.4	0.1	2.7	0.5	9.5
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	-9.9
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	22.0
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	3.7
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	-1.2
2014	2.3	1.4	-1.8	-0.8	5.8	1.2	-1.1	0.6	-2.2	2.9	0.9	1.6	11.1

³⁾ The monthly NAV performance as disclosed is based on the estimated monthly NAV as published by the Company. Published NAVs are not adjusted except for the effect of dividend distributions and the issuance of tradeable put options 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
2019	0.0	0.7	0.7	1.4	-1.4	0.0	1.2	0.7	0.0	0.7	1.4	0.7	6.4
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
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
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
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
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

Chairman's Statement and Review of Operations

Dear Shareholders

As I write these notes the world is responding with full capacity to address the various and complex challenges of historic proportions caused by COVID-19. We are experiencing a worldwide health pandemic with economic impacts, a solvency crisis in the energy sector and a liquidity crisis simultaneously. As the consequences are not yet foreseeable, sorrow and concerns have become dominant in the news.

Given these circumstances the solid business year 2019 has dwarfed in importance. Nevertheless, a roundup is due and part of good corporate responsibility to reassure common grounds and aligned interest.

Total return to shareholders during the year 2019 was +6.4% (increase of the share price from CHF 13.44 to CHF 14.30). This includes a dividend of CHF 0.30 per share (paid out to shareholders in May 2019) and the issuance of a tradable put option of CHF 0.17 per registered share (in July 2019). The Net Asset Value («NAV») recorded an increase of 9.8% for the same period (from CHF 13.16 to CHF 14.45). Throughout the year, the shares traded at or near the NAV thereby delivering on an important commitment of ours. Due to the reduced total assets (following the share buyback programs), the members of the Board of Directors of Alpine Select Ltd. («Alpine Select») continue to waive 10% of their compensation, which is granted in addition to their ordinary board of directors' fee. In addition, no variable remuneration was paid to the management for 2019.

Portfolio Development

Global equity markets were buoyed as risk assets rallied strongly at the beginning of 2019 to make up for Q4 2018 losses, and again at year-end 2019 as sentiment found support from the US and China agreeing in principle to a Phase 1 of a trade deal. In addition, the US announced they would delay proposed tariffs on auto exports from Europe. There seemed to be a degree of complacency in the market, after an almost 30% rise in the S&P 500 in 2019.

Our listed portfolio contributed a net unrealized gain of CHF 3.6 million. Significant contributions came from Caste Alternative Invest («Castle», CHF 1.8 million) and HBM Healthcare (CHF 0.8 million). The investment in ChemoCentryx, a biopharmaceutical company, contributed CHF 1.7 million realized gains as the stock rallied more than 300% after reporting positive Phase III results on their lead clinical asset. A special situation investment in New Venturetec (Liquidation and subsequent delisting) contributed CHF 1.0 million as we could buy shares on the market at a significant discount to NAV until the last trading day.

Our Japanese managers delivered CHF 3.2 million unrealized gains throughout the year making up in part for their difficult 2018. A highlight with +39% has been the return of Symphony Partners (SFP Value Realization Fund), a Japanese soft activist.

Our Chinese managers contributed solidly with CHF 1.1 million unrealized gains for 2019. As we further strategically seek Chinese exposure, we are optimistic to have selected solid and promising long/short equity managers on the ground.

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 2020 and beyond.

Investment Activity

We further built up a reportable stake (>20%) in Castle at an attractive discount. Castle manages a defensive and well-diversified alternative investment portfolio with remarkable stability. We maintain this position as a stability component to our overall portfolio going into 2020.

We realigned the fund portfolio and reduced the Japanese exposure by redeeming holdings with UMI Kotoshiro Feeder Fund, Stats Investment Japan Long & Short Fund, and Akamatsu Bonsai Fund. The exposure to Arcus Genseki Fund, a deep value investment manager, has been reduced.

Our cash quota was 13.7% at year end to face the in our opinion too complacent markets.

Annual Shareholders' Meeting and corporate actions

At the annual shareholders' meeting held on 16 May 2019, shareholders passed all agenda items and proposals submitted by the Board of Directors of Alpine Select. The distribution of a dividend in the amount of CHF 0.30 gross per registered share was paid to shareholders on 23 May 2019.

Furthermore, shareholders approved the reduction of the share capital to CHF 205,662.10 by cancelling 919,795 registered shares of Alpine Select, which the Company had repurchased under previous share buyback programs. The implementation of the capital reduction was entered in the commercial register on 23 July 2019.

The shareholders also authorized the board to launch at its discretion a new share buyback program up to a maximum of 10% of the total share capital in the period up to the ordinary shareholders meeting in 2021, and for the subsequent cancellation of the shares by capital reduction. Based on this authorization, on 27 June 2019, Alpine Select launched a buyback program at a fixed price by issuing tradable put options. As of 18 July 2019, a total of 510,980 registered shares (or 4.56% of the share capital then registered in the commercial register) were tendered. Based on the same authorization, the board informed on 25 July 2019 of its decision to launch a new share buyback program on a separate trading line at SIX Swiss Exchange. Since 29 July 2019 (first trading day) a maximum of 514,155 registered shares or an equal of 5.00% of the share capital registered in the commercial register are purchased for cancellation purposes. To view the current status of the share buyback program, please refer to our website: <https://www.alpineselect.ch/investors/corporate-actions>.

Chairman's Statement and Review of Operations

Switch to the Swiss Reporting Standard of the SIX Swiss Exchange

The SIX Swiss Exchange approved our application to switch the Standard segment on 25 July 2019: As a consequence the Alpine Select shares are traded in the Swiss Reporting Standard of the SIX Swiss Exchange since 5 August 2019 (Last trading day in the Segment of Investment Companies has been 2 August 2019). A mandatory change in the accounting standard to Swiss GAAP FER is associated with the abovementioned change in the standard. Given the increasing complexity of IFRS and its focus on international companies, we believe Swiss GAAP FER is the more appropriate accounting standard for Alpine Select.

Outlook

The board of directors proposes to the ordinary shareholders' meeting to be held on 20 May 2020 to distribute a dividend of CHF 1.00 gross per outstanding share, to be paid to the shareholders from the disposable retained earnings.

Coming back to my introductory remarks it seems too early to look ahead and leave reassuring comments on the economic and international market impact of the COVID-19 crisis. From a humanitarian perspective, this pandemic revealed the international shortcomings in public health and its necessary investments. Public health initiatives are likely to become accentuated topics of future public discourse.

Let me assure you that our team is attentive and alert to the various developments currently unfolding. Once this crisis normalizes, we are confident to capture opportunities in the best interest of our shareholders.

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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Alpine Select Ltd. (the «Company», «Alpine Select») is committed to good corporate governance and transparency and accountability to its shareholders.

The following Corporate Governance report is structured in accordance with the Directive on Information relating to Corporate Governance (DCG) published by SIX Swiss Exchange. All information presented reflects the situation at 31 December 2019, unless otherwise stated.

1. Group structure and shareholders

1.1 Group structure

Alpine Select is a limited liability company incorporated on 17 September 1997 under the laws of Switzerland. The address of its registered office is Gotthardstrasse 31, 6300 Zug / 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 2019, market capitalization stood at CHF 133.4 million (2018: CHF 148.0 million).

Alpine Select offers its shareholders the key benefit of investing into a diversified alternative investment portfolio with core investment strategies: discount-, risk-arbitrage, tactical exploitation of under-researched companies / situations, short-term opportunities and liquid hedge funds.

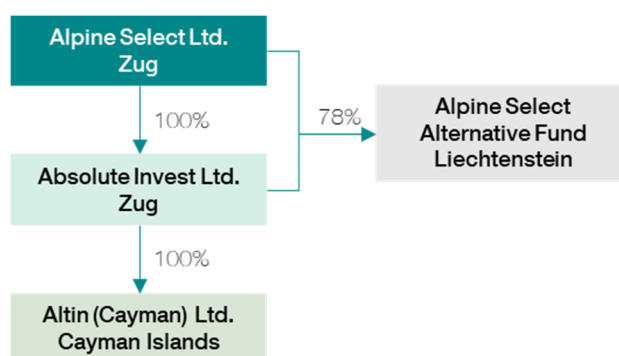
The Alpine Group comprises Alpine Select and its subsidiary Absolute Invest Ltd., c/o Alpine Select Ltd., Gotthardstrasse 31, Zug/Switzerland («Absolute Invest»), wholly owned by Alpine Select. In addition, Altin (Cayman) Ltd. based in the Cayman Islands is a wholly owned subsidiary of Absolute Invest.

Absolutissimo Limited, Cayman Islands, a former subsidiary of Absolute Invest, had ceased to carry on business and thus it was decided to put the company into voluntary liquidation and its remaining assets were transferred to Altin (Cayman) Ltd.

The certificate of dissolution was issued on 20 December 2019 and Absolutissimo Limited will be deemed to be dissolved on 2 March 2020 and

thereupon removed from the Companies Register, Cayman Islands.

In addition, Alpine Select and Absolute Invest are both invested in Alpine Select Alternative Fund and together hold an investment size of 77.86% at 31 December 2019.



1.2 Significant shareholders

As of 31 December 2019, Alpine Select had 10,283,105 shares issued and 464 registered shareholders. Shareholders are institutional and private investors.

For details of shareholders with equity holdings of three percent or more, see Note 18 of the Consolidated Financial Statements on page 58.

All changes in the Company's shareholder base that were reported and disclosed in accordance with Art. 120 of the Swiss Financial Market Infrastructure Act (FMIA) and the provisions of the Swiss Financial Market Infrastructure Ordinance (FMIO) can be obtained from the SIX Exchange Regulation website at: <https://www.six-exchange-regulation.com/de/home/publications/significant-shareholders.html?companyId=ALPINE>.

1.3 Cross-shareholdings

As of 31 December 2019, there were no cross-shareholdings.

2. Capital structure

2.1 Capital

As of 31 December 2019, the Company's share capital amounts to CHF 205,662.10 and is divided into 10,283,105 registered shares with a nominal value of CHF 0.02.

2.2 Authorized and conditional share capital

Authorized share capital

The share capital of the Company may be increased by a maximum amount of CHF 100,000.00 at any time until 16 May 2021 by issuing a maximum of 5,000,000 registered shares with a nominal value of CHF 0.02 each to be fully paid-in.

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 refinancing of acquisitions of enterprises, parts of enterprises or participations in companies or new investment projects.

For further details on the Company's authorized share capital, please refer to Art. 4a of the articles of association (<https://www.alpine-select.ch/~media/Files/A/Alpine-Select-AG/documents/ALPN-Articles-of-Association.pdf>).

Conditional share capital

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.

For further details on the Company's conditional share capital, please refer to Art. 4b of the articles of association.

2.3 Changes in share capital

A review of the Company's changes in capital during the reporting period is provided in Note 10 of the Consolidated Financial Statements on page 52.

2.4 Shares and participation certificates

The shares are fully paid-in and listed in CHF on the SIX Swiss Exchange in Zurich under the Stock Exchange symbol ALPN or ISIN code CH0019199550, respectively. All outstanding shares are entitled to voting rights and dividends. All shares are equally entitled to dividends.

There are two share certificates outstanding for 525 shares in total.

The Company has not issued any participation certificates.

2.5 Treasury shares

For details on the development of own shares held by the Company, please refer to Note 10.5 of the Consolidated Financial Statements on page 54.

2.6 Dividend-right certificates

Alpine Select has not issued any dividend-right certificates.

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).

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 (Art. 6 para. 3 and para. 4 the articles of association).

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 – Chairman and 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 (between 2000 and 2013 he acted as the Chairman of the board). JAAM AG provides consultancy services to Alpine Select (for more see Note 19 of the Consolidated Financial Statements on page 58).

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 19 of the Consolidated Financial Statements on page 58).

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 and 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 Board of Directors of AMAG Automobil und Motoren AG, Cham and of Crypto Finance AG, Zug

Thomas Amstutz

- Member of the Board of Directors of Castle Private Equity AG, Freienbach; Baloise Bank SoBa AG, Solothurn 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 AG, 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

The board of directors consists of no less than three and no more than six members (Art. 13 of the articles of association).

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.

Information concerning the term of office of the current members of the board of directors is listed in the following table:

Member	Function	1st time election	Elected until
Raymond J. Baer	Chairman and non-executive member BoD	25 April 2013	2020
	Chairman of the compensation committee	26 May 2014	2020
Thomas Amstutz	Non-executive member BoD	18 April 2012	2020
Dieter Dubs	Non-executive member BoD	25 April 2013	2020
	Member of the compensation committee	26 May 2014	2020
Michel Vukotic	Executive member BoD	22 May 2017	2020

3.5 Internal organization

3.5.1 Responsibilities and competencies

The board of director consists of no less than three and no more than six members. The board constitutes itself subject to legal and statutory provisions. It appoints a secretary who does not need to be a member of the board of directors.

The chairman, the other members of the board of directors as well as members of the compensation committee are elected by the shareholders' meeting on an individual basis for a term of office of one year (from one ordinary shareholders' meeting to, and including, the next). Members whose term of office expires may be re-elected. If the position of chairman becomes vacant, the board of directors shall appoint a new chairman for the remaining term of office.

The board of directors meets at the invitation of the president as often as business requires, but at least four times a year. During 2019, the board convened four times.

The Board of Directors has a quorum if the majority of members are present. The board passes its resolutions and carries out its elections with a majority of votes of members in attendance. In the event of a tie, the president vote is decisive. No quorum is required for resolutions on statements about capital increases that have already taken place.

Resolutions may also be passed by way of a circular resolution in writing or by using electronic means or email respectively, unless a member requests an oral discussion within five days of receipt of the proposed resolution. Circular resolutions and resolutions taken by telephone conference require the approval of the majority of the members of the board of directors.

The board of directors operates according to the CO, the Company's articles of association and its organizational regulations. The board's non-transferable and inalienable tasks are outlined in the Company's organizational regulations (<https://www.alpine-select.ch/~media/Files/A/Alpine-Select-AG/documents/ALPN-Organizational-Regulations.pdf>).

3.5.2 Committees

The board of directors has formed a compensation and an investment committee.

The compensation committee of Alpine Select

The compensation committee consists of two to three members of the board of directors who are elected individually by the shareholders' meeting. The board of directors appoints one of the members as chairman 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 compensation guidelines;
2. Proposal to the board of directors on the maximum total amount of compensation to 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 conditions of employment of the members of the management, including compensation-relevant decisions in connection with the termination of the employment relationship;
5. Proposal of the compensation report to the board of directors;
6. Proposal to the board of directors for changes to the compensation rules;
7. Other duties and responsibilities entrusted to it by the articles of association or the board of directors.

In 2019, the compensation committee met once. As per 31 December 2019, 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 extensively on investment issues. The committee consists of two to 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 investment committee has the right 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 regard 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 recommendations to the board of directors. The ultimate investment decision lies with the board of directors.

In 2019, the investment committee met once. Further discussion took place within the board meetings and bilateral. At 31 December 2019, the committee consists of Michel Vukotic (head), Raymond J. Baer (member) and Thomas Amstutz (member).

3.6 Definition of areas of responsibility

The board of directors is entrusted with the ultimate direction of the Company as well as 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 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»)

The board of directors ensures that the executive committee establishes and maintains an ICS, which is tailored to the dimensions of the Alpine Group and the risks involved in its business activities. The external auditors review the existence of the ICS as part of its annual audit and submit an annual report to the board of directors.

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.

As of 31 December 2019, the members of the management are:

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 19 of the Consolidated Financial Statements on page 58.

5. Compensation, shareholdings and loans

5.1 Compensation of the board of directors and the management

Details of the compensation to the members of the board of directors and the management, as well as how this is determined, can be found in the Compensation Report (Note 2 *Determination principles and authority of compensation*) on page 26ff.

5.2 Approval of the compensations by the shareholders' meeting

The shareholders' meeting approves the motions of the board of directors separately and annually with regard to (Art. 22 of the articles of association):

- 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.

5.3 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 on page 75.

6. Shareholders' participation rights

6.1 Voting-rights restrictions and representation

Each share entitles to one vote. 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 elected by the shareholder's meeting. Members of the board of directors and the management may represent other shareholders provided that this is not an institutionalized practice.

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

The shareholders' meetings shall be convened by the board of directors and, if needed, by the auditors. The liquidators are also entitled to convene a shareholders' meeting.

The shareholder's 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 (Art. 9 para. 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 (Art. 8 para.3 of the articles of association).

6.4 Inclusion of items on the 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 Entries in the share register

The board of directors maintains a share register for registered shares in which owners and benefactors are listed with name and address. Only those persons who are registered in the share register are recognized as shareholders or benefactors. No entries are made in the share register between the cut-off date determined by the board of directors and the day following the shareholders' meeting. The board of directors announces the cut-off date in the invitations to the shareholder's meeting. No exception was granted in the reporting year.

7. Changes in control and defense measures

7.1 Duty to make an offer

No rules regarding change of control and defensive measures have been made in the Company's articles of association.

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

The external auditors are elected by the shareholders' meeting each year and have the rights and obligations, assigned to them by law (Art. 18 of the articles of association). KPMG Ltd., Zurich («KPMG»), has been the statutory external auditor of the Company since 29 April 2010. Alexander Fähndrich 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 2019 and for the compensation report 2019 amount to CHF 95,000 (2018: 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 2019 (2018: CHF 45,000). The cost of converting from IFRS to Swiss GAAP FER are estimated at max. CHF 34,000. In addition, an amount of CHF 7,000 was paid to KPMG regarding the reduction of capital and CHF 12,600 in regard to various projects during 2018.

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 2019, 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 various data providers.

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.

Additional information which could affect the share price is published in accordance with SIX Swiss Exchange ad hoc publication requirements.

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

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

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Compensation Report

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Compensation Report

The compensation report for the year 2019 contains information about the compensation system, establishment procedures and compensation components for the members of the Board of Directors and the members of the Management of Alpine Select Ltd. (the «Company», «Alpine Select»). Furthermore, the compensation report discloses the details of the compensations of the last two years.

The content and scope of the disclosures comply with the regulations transparency requirements set out in the Swiss Ordinance against Excessive Compensation in Listed Stock Companies («ERCO»), the SIX Swiss Exchange Directive on Information relating to Corporate Governance and article 663bbis of the Swiss Code of Obligations («CO»).

1. Introductory note

Alpine Select is an investment company with the objective to obtain capital appreciation from investments in core investment strategies: discount-, risk-arbitrage, tactical exploitation of under-researched companies / situations, short term opportunities and liquid hedge funds.

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.

The board of directors established a compensation committee in year 2014.

2. Determination principles and authority 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 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. (Art. 19 of the articles of association)

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 individual members of the management. The board of directors determines the variable compensation for the members of the management on this basis and in accordance with the corresponding regulations taking into account the Company's success and the achievement of personal goals.
- c. The variable compensation principles are implemented by the board of directors in regulations and explained in the annual compensation report.

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

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

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

Compensations to members of the board of directors or the management for activities in companies which are directly or indirectly controlled by Alpine 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: <https://www.alpine-select.ch/investors/downloads>.

Employment contracts with the 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.

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.

Compensation Report

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 2019 (audited)

in CHF	Gross salary	Social security contributions	Pension fund contributions	Total compensation
Name/Function				
Raymond J. Baer <i>Chairman and non-executive member BoD</i>	135 000	10 824	14 402	160 226
Thomas Amstutz <i>Non-executive member BoD</i>	40 000	3 207	0	43 207
Dieter Dubs <i>Non-executive member BoD</i>	40 000	3 207		43 207
Michel Vukotic <i>Executive member BoD</i>	40 000	3 207		43 207
<i>Head of the investment committee</i>	180 000	13 998	16 857	210 855
Claudia Habermacher <i>Chief executive officer</i>	150 000	12 014	14 045	176 059
Lukas Hoppe <i>Chief operating officer</i>	200 000	15 722	15 584	231 306

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 15,000

For further compensation paid in 2019 to the members of the board of directors and the management, see Note 3.6 below.

3.2 Compensation of the board of directors and the management in 2018 (audited)

in CHF	Gross salary	Social security contributions	Pension fund contributions	Total compensation
Name/Function				
Raymond J. Baer <i>Chairman and non-executive member BoD</i>	150 000	12 004	14 009	176 013
Thomas Amstutz <i>Non-executive member BoD</i>	40 000	3 204	0	43 204
Dieter Dubs <i>Non-executive member BoD</i>	40 000	3 204		43 204
Michel Vukotic <i>Executive member BoD</i>	40 000	3 204		43 204
<i>Head of the investment committee</i>	200 000	15 482	19 111	234 593
Claudia Habermacher <i>Chief executive officer</i>	150 000	12 014	10 568	172 582
Lukas Hoppe ¹⁾ <i>Chief operating officer</i>	133 333	10 469	7 281	151 083

¹⁾ for the period 1 May 2018 to 31 December 2018

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

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

For the year 2019, no loans or credits by the Company or its subsidiary have been granted to members of the board of directors or the management, and there were none outstanding at year-end (year 2018: None).

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 2019, and there were none outstanding at year-end 2019 (year 2018: None).

3.5 Compensation to former members of the board of directors and management

No payments were made to former members of the board of directors or management during the year 2019 (year 2018: None).

3.6 Advisory agreements

Under a service agreement between Alpine Select and JAAM AG («JAAM») for consultancy services, effective as of 1 January 2017 the latter would receive a total compensation of TCHF 120. Following the board members decision to waive 10% of their 2019 compensation, granted besides their ordinary board fees (due to the disappointing annual 2018 results), the payment to JAAM for the period 2019 was reduced to TCHF 108 (year 2018: TCHF 120). Thomas Amstutz, member of the Board of Directors of Alpine Select, is a founding partner and member of the Board of Directors of JAAM.

Dieter Dubs is a partner of Baer & Karrer Ltd., Zurich. During the year to 31 December 2019, TCH 108 were booked in connection with legal services rendered by Baer & Karrer of which TCHF 0 were not yet paid at 31 December 2019 (2018: TCHF 107 / TCHF 76).

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



Report of the Statutory Auditor

To the General Meeting of Alpine Select Ltd., Zug

We have audited the remuneration report of Alpine Select Ltd. for the year ended 31 December 2019. 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 notes 3.1 to 3.6 on pages 28 to 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 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 2019 of Alpine Select Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Alexander Fähndrich
Licensed Audit Expert
Auditor in Charge

Martin Löber
Licensed Audit Expert

Zurich, 8 April 2020

Consolidated Financial Statements

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

in TCHF	Note	31-Dec-19	31-Dec-18	1-Jan-18
Cash		20 972	2 146	11 426
Derivatives	5/6	1 652	471	1 038
Other receivables	8	2 952	1 145	18 081
Prepayments and accrued income		54	145	90
Total current assets		25 630	3 907	30 635
Financial assets	6	127 150	159 494	158 789
Total non-current assets		127 150	159 494	158 789
TOTAL ASSETS		152 780	163 401	189 424
Bank overdrafts		639	697	1 730
Derivatives	5/6	22	2 171	9
Other short-term liabilities		99	365	2 624
Accrued liabilities and deferred income		1 097	1 035	639
Total current liabilities		1 857	4 268	5 002
Deferred tax liabilities	9	877	403	2 657
Total non-current liabilities		877	403	2 657
Share capital	10.1	206	224	224
Capital reserves		15 388	15 388	26 591
Treasury shares	10.5	-14 975	-9 878	0
Cumulative translation adjustments		-2 413	-2 017	-2 388
Retained earnings		136 598	141 167	157 338
Equity attributable to shareholders of Alpine Select Ltd.		134 804	144 884	181 765
Non-controlling interests		15 242	13 846	0
Total equity		150 046	158 730	181 765
TOTAL LIABILITIES AND EQUITY		152 780	163 401	189 424
Net asset value (NAV) per share in CHF	16	14.45	13.61	n/a

The consolidated financial statements 2019 have been prepared in accordance with Swiss GAAP FER. The previous year's figures were adjusted accordingly. Further information can be found in Note 2.2 *Conversion to Swiss GAAP FER*. The enclosed notes form an integral part of the consolidated financial statements.

CONSOLIDATED INCOME STATEMENT

in TCHF	Note	2019	2018
Net investment gain / (loss)	11	17 082	-17 981
Net foreign exchange gain / (loss)		-45	62
Dividend income		638	1 615
Interest income		87	47
Other income		92	130
Operating income		17 854	-16 127
Administrative expenses	12	-2 654	-3 228
Interest expenses		-56	-56
Operating expenses		-2 710	-3 284
Profit / (loss) before income tax		15 144	-19 411
Income tax (expense) / income	14	-1 400	1 490
PROFIT / (LOSS) FOR THE YEAR		13 744	-17 921
<ul style="list-style-type: none"> • Of which attributable to shareholders of Alpine Select Ltd. • Of which attributable to non-controlling interests 		13 484 260	-16 171 -1 750
Earnings per share in CHF (basic and diluted)	15	1.35	(1.45)

The consolidated financial statements 2019 have been prepared in accordance with Swiss GAAP FER. The previous year's figures were adjusted accordingly. Further information can be found in Note 2.2 *Conversion to Swiss GAAP FER*. The enclosed notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

in TCHF	Note	2019	2018
Profit / (loss) for the year		13 744	-17 921
Adjustments for:			
• Net investment (gain) / loss	11	-17 082	17 981
• Dividend income		-638	-1 615
• Interest income		-87	-47
• Interest expenses		56	56
• Income tax		1 400	-1 490
• Other non-cash items		-54	19
Decrease in other receivables, prepayments and accrued income		196	421
Decrease in other short-term liabilities, accrued liabilities and deferred income		-281	-2 256
Withholding taxes received		2 720	17 379
Dividends received		558	1 566
Interest paid		-56	-56
Interest received		120	11
Income tax paid		-740	-354
CASH INFLOW / (DRAIN) FROM OPERATING ACTIVITIES		-144	13 694
Purchases of			
• financial assets (long positions)	6/7.1	-59 925	-51 369
• derivatives (trading options)	6	-1 330	-576
• financial assets previously sold short	6	-6 627	-3 298
Proceeds from			
• sale of financial assets (long positions)	6/7.2	108 134	36 228
• sale of derivatives (trading options)	6	47	114
• short sale of derivatives (trading options sold short)	6	4 259	5 718
Net cash outflow from currency forwards		-3 425	-3 274
CASH INFLOW / (DRAIN) FROM INVESTING ACTIVITIES		41 133	-16 457

The consolidated financial statements 2019 have been prepared in accordance with Swiss GAAP FER. The previous year's figures were adjusted accordingly. Further information can be found in Note 2.2 *Conversion to Swiss GAAP FER*. The enclosed notes form an integral part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT (continued)

in TCHF	Note	2019	2018
Acquisition of treasury shares	10.5	-20 089	-9 887
Inflows from / outflows for shares from non-controlling interests		1 136	15 596
Dividend paid to shareholders of Alpine Select Ltd.		-3 085	-11 203
CASH INFLOW / (DRAIN) FROM FINANCING ACTIVITIES		-22 038	-5 494
Translation adjustment on net cash		-67	10
Net increase / (decrease) in cash		18 884	-8 247
Net cash at 1 January		1 449	9 696
NET CASH AT 31 DECEMBER		20 333	1 449
Net cash at 31 December consists of:			
• Current accounts at banks		20 972	2 146
• Less bank overdrafts		-639	-697
NET CASH AS DEFINED FOR THE CONSOLIDATED CASH FLOW STATEMENT		20 333	1 449

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2019. The previous year's figures were adjusted accordingly. Further information can be found in Note 2.2 *Conversion to Swiss GAAP FER*. The enclosed notes form an integral part of the consolidated financial statements.

Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in TCHF	Note	Share capital	Capital reserves	Treasury shares	Cumulative translation adj.	Retained earnings	Equity attributable to shareholders of Alpine Select Ltd.	Non-controlling interests	Total equity
Balance at 31 December 2017 (as reported under IFRS)		224	9 937	0	0	171 604	181 765	0	181 765
Restatement to Swiss GAAP FER	2.2		16 654		-2 388	-14 266	0		0
Balance at 1 January 2018 (restated)		224	26 591	0	-2 388	157 338	181 765	0	181 765
Loss for the year						-16 171	-16 171	-1 750	-17 921
Currency translation adj. recognized in the period					371		371		371
Dividend paid to shareholders of Alpine Select Ltd.			-11 203				-11 203		-11 203
Acquisition of shares by non-controlling interests							0	15 596	15 596
Acquisition of treasury shares, net of income tax	10.5			-9 878			-9 878		-9 878
Balance at 31 December 2018		224	15 388	-9 878	-2 017	141 167	144 884	13 846	158 730
Profit for the year						13 484	13 484	260	13 744
Currency translation adj. recognized in the period					-396		-396		-396
Dividend paid to shareholders of Alpine Select Ltd.						-3 085	-3 085		-3 085
Acquisition of shares by non-controlling interests							0	1 136	1 136
Acquisition of treasury shares, net of income tax	10.5			-20 083			-20 083		-20 083
Cancellation of treasury shares	10.5	-18		14 986		-14 968	0		0
Balance at 31 December 2019		206	15 388	-14 975	-2 413	136 598	134 804	15 242	150 046

The consolidated financial statements have been prepared in accordance with Swiss GAAP FER since the beginning of 2019. The previous year's figures were adjusted accordingly. Further information can be found in Note 2.2 *Conversion to Swiss GAAP FER*. The enclosed notes form an integral part of the consolidated financial statements.

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1. General information

Alpine Select Ltd. (the «Company», «Alpine Select») is a limited liability company incorporated on 17 September 1997 under the laws of Switzerland. Its registered shares are listed on the SIX Swiss Exchange since 1998. The address of its registered office is Gotthardstrasse 31, 6300 Zug / Switzerland.

The Company offers institutional and individual investors the key benefit of investing into a diversified alternative investment portfolio with core investment strategies: discount-, risk-arbitrage, tactical exploitation of under-researched companies / situations, short-term opportunities and liquid hedge funds.

As of 31 December 2019, the Company has three employees.

2. Significant accounting policies

2.1 Statement of compliance

The consolidated financial statements of Alpine Select are based on uniform accounting and valuation principles applicable to all subsidiaries of Alpine Group. The consolidated financial statements have been prepared in accordance with Swiss GAAP FER (GAAP = Generally Accepted Accounting Principles / FER = Fachempfehlung zur Rechnungslegung) and the requirements of the Swiss Code of obligations (CO).

The consolidated financial statements were approved by the Board of Directors of Alpine Select on 8 April 2020 and released for publication on 16 April 2020. They are also subject to approval by the shareholders' meeting on 20 May 2020.

2.2 Conversion to Swiss GAAP FER

As announced in the press release of 29 July 2019, SIX Exchange Regulation has approved Alpine Select's application to switch its listing to the Swiss Reporting Standard. A mandatory change in the accounting standard from IFRS to Swiss GAAP FER is associated with this change in standard. The consolidation exception applied under IFRS as of 1 January 2016 does not apply under Swiss GAAP FER and therefore Alpine Select consolidates as of 1 January 2019 and onwards.

Up to 30 June 2019, Alpine Select prepared its interim and annual financial statements in accordance with the International Financial Reporting Standards (IFRS). With effect from 1 January 2019, the accounting standard was changed from IFRS to Swiss GAAP FER (see above for information on the reporting standard). The related adjustments were made retrospectively as of 1 January 2018. These consolidated financial statements of Alpine Select are thus the first that were prepared in accordance with Swiss GAAP FER.

The presentation and structure of the balance sheet, income statement, cash flow statement and statement of changes in equity were adjusted to meet the requirements of Swiss GAAP FER. The previous periods were restated in order to ensure comparability with the presentation of the year under review. The accounting principles applied in the preparation and presentation of the 2019 consolidated financial statements deviate from those applied in the annual financial statements 2018 prepared according to IFRS as follows:

Consolidation exemption applied under IFRS

The consolidation exemption applied by Alpine Select under IFRS, according to which Alpine Select did not consolidate but include its wholly owned subsidiary Absolute Invest and the Alpine Select Alternative Fund as investments in non-consolidated subsidiaries at fair value through profit or loss in its IFRS financial statements is not supported by Swiss GAAP FER. Therefore, Alpine Select consolidates Absolute Invest, Alpine Select Alternative Fund as well as Absolute Invest's wholly owned subsidiary Altin (Cayman) Ltd.

Employee benefits

In accordance with Swiss GAAP FER 16 «Pension benefit obligations», an economical obligation or a benefit from Swiss pension schemes is determined from the financial statements of such pension schemes prepared in accordance with Swiss GAAP FER 26 «Accounting of Pension Plans». Employer contribution reserves and comparable items are capitalized in accordance with Swiss GAAP FER 16. Under IFRS, Alpine Select did not recognize defined benefit plans in accordance with IAS 19.

Reconciliation of equity and profit / (loss)

The conversion to Swiss GAAP FER did not have an impact on the equity as of 1 January 2018 attributable to the shareholders of Alpine Select Ltd. However, it resulted in non-controlling interests that are presented separately in the consolidated balance sheet and in the consolidated income statement, respectively.

in TCHF	Equity attributable to shareholders of Alpine Select Ltd.	Non-controlling interests	Total equity
Equity according to IFRS as at 31.12.2017	181 765	0	181 765
Adjustments to Swiss GAAP FER	0	0	0
Equity according to Swiss GAAP FER as at 1.1.2018	181 765	0	181 765
Equity according to IFRS as at 31.12.2018	144 884	0	144 884
Adjustments to Swiss GAAP FER	0	13 846	13 846
Equity according to Swiss GAAP FER as at 31.12.2018	144 884	13 846	158 730

in TCHF	Profit / (loss) attributable to shareholders of Alpine Select Ltd.	Profit / (loss) attributable to non-controlling interests	Profit / (loss) for the year
Loss for the year 2018 – according to IFRS	-15 800	0	-15 800
Adjustments to Swiss GAAP FER ¹⁾	-371	-1 750	-2 121
Loss for the year 2018 – according to Swiss GAAP FER	-16 171	-1 750	-17 921

¹⁾ The adjustment of TCHF -371 results from equalization effects on the proportionate profit or loss following each purchase or sale of fund units by non-controlling interests of the Alpine Select Alternative Fund at different points in time during the year to 31 December 2018.

2.3 Basis of preparation

The consolidated financial statements were prepared in Swiss Francs («CHF») or thousands of Swiss Francs («TCHF»). In some cases, the sum of the figures given in this report may not precisely equal the stated totals, and percentages may not be exact due to rounding.

Financial reporting in compliance with Swiss GAAP FER requires management to make estimates and assumptions as well as to exercise its judgement in applying the accounting principles. This can affect the reported amounts of income, expenses, assets, liabilities and contingent liabilities as at the reporting date. If, at a later date, estimates and assumptions of this kind, which were made by management at the reporting date to the best of its knowledge, should deviate from the actual situation, the original estimates and assumptions will be adjusted in the reporting year in which the conditions have changed.

The consolidated financial statements have been prepared under the historical cost principle except for financial assets and derivatives which are recorded at fair value (see also Note 3.6).

Alpine Group uniformly applied the following accounting principles for the years 2018 and 2019.

3. Basis of consolidation

3.1 Scope and principles of consolidation

The consolidated financial statements comprise the financial statements of Alpine Select («parent company») and the subsidiaries which the parent company, directly or indirectly, controls either by holding more than 50% of the voting rights or by otherwise having the power to govern their operating and financial policies («Alpine Group»). These subsidiaries are fully consolidated. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The following table shows the companies that are included in the consolidation.

Company	Country	Currency	Share capital in TLC	31-Dec-19	31-Dec-18
Alpine Select Ltd.	Switzerland	CHF	206	100.00%	100.00%
Absolute Invest Ltd.	Switzerland	CHF	600	100.00%	100.00%
Absolutissimo (Cayman) Limited in Liq.	Cayman Islands	USD	–	n/a	100.00%
Altin (Cayman) Ltd.	Cayman Islands	USD	n/a	100.00%	100.00%
Alpine Select Alternative Fund	Liechtenstein	CHF	n/a	77.86%	82.82%

Intercompany balances and transactions are eliminated during consolidation. Gains arising from intercompany transactions would be eliminated if such occur. Non-controlling interests are presented as component of equity in the consolidated balance sheet and of the profit / (loss) for the year in the consolidated income statement.

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The consideration paid plus directly attributable transaction costs for each acquisition are eliminated at the date of acquisition against the fair value of the net assets acquired, determined based on uniform accounting policies. Any excess of the consideration transferred over the net assets acquired would be recognized as goodwill.

For investments in which Alpine Group holds an interest of 20% to 50% and over which Alpine Group exercises significant influence but neither controls nor manages them («associated companies»), the equity method is applied to include such investments in the consolidated financial statements. Associated companies would be included in the balance sheet under the caption «Financial assets». Investments in which Alpine Group holds an interest of 20% to 50% but neither exercises significant influence nor controls or manages them are recognized in the consolidated financial statements at fair value in the income statement and are reported in the balance sheet under the caption «Financial assets».

Investments in which Alpine Group holds less than 20% voting rights are accounted for at fair value and presented under «Financial assets».

All companies within the scope of consolidation have a 31 December year-end.

The above described scope of consolidation applies to the years ended 31 December 2019 and 2018.

3.2 Critical accounting estimates and judgment

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

Alpine Group holds multiple investments and ownership interests in the form of redeemable shares.

3.3 Foreign currency conversion

Transactions in foreign currencies are converted at the rate of exchange as of the transaction date. Gains and losses from foreign currency transactions and from converting year-end foreign currency balances are recognized in the income statement.

The financial statements of subsidiaries that report in foreign currencies are translated into Swiss Francs as follows:

- Balance sheet items: at year-end exchange rates
- Income statement and cash flow statement items: at average exchange rates for the year
- Equity: at historical rates

The translation differences resulting from the conversion of financial statements denominated in foreign currencies are directly charged to equity.

Notes to the Consolidated Financial Statements

		2019	2018
EUR / CHF			
Balance sheet	End of December	1.08700	1.12690
Items of profit and loss and cash flow	Average rate for the year	1.11265	1.15509
JPY / CHF			
Balance sheet	End of December	0.00891	0.00898
Items of profit and loss and cash flow	Average rate for the year	0.00912	0.00886
USD / CHF			
Balance sheet	End of December	0.96819	0.98570
Items of profit and loss and cash flow	Average rate for the year	0.99369	0.97857

3.4 Cash

Cash is stated at nominal value and includes bank accounts at sight.

3.5 Other current assets

Other current assets are stated at nominal values and result from withholding taxes, receivables from investments sold, subscriptions or other miscellaneous events. Value adjustments for doubtful positions are recognized if needed.

3.6 Derivates (current)

Derivates may include trading options, currency forwards and short positions.

They are recorded at fair value, which for listed investments is determined by reference to the quoted market price at the balance sheet date. Changes in fair value are recorded in the consolidated income statement in the line net investment gain / (loss). Transactions are recognized on the trade date.

3.7 Financial assets

Securities (non-current):

Securities may include equity investments, bonds, collective investment schemes, hedge funds or futures. They are recorded at fair value, which for listed investments is determined by reference to the quoted market price at the balance sheet date. Changes in fair value are recorded in the consolidated income statement in the line net investment gain / (loss). Transactions are recognized on the trade date. The valuation method used for unlisted funds and equities is the «adjusted net asset value 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. 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 value 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.

3.8 Bank overdrafts

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

3.9 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 stated at nominal values.

3.10 Deferred tax assets and deferred tax liabilities

Deferred taxes are calculated by applying the balance sheet liability method for any temporary difference between the carrying amount according to Swiss GAAP FER and the tax basis of assets and liabilities. *Deferred tax assets* are recognized for tax loss carryforwards only to the extent that it is probable that future taxable profits or deferred tax liabilities will be available against which they can be offset. *Deferred tax assets* and *deferred tax liabilities* are disclosed net in case there is a legally and enforceable right. Deferred taxes are calculated based on tax rates that are applied or enacted at the balance sheet date.

3.11 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.

3.12 Income tax

Income taxes include current and deferred 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 capital gains and – until end of fiscal year 2019 – still from the complete exemption at cantonal and communal level. Current income taxes are calculated on the taxable profit.

4. Segment information

The Company invests in listed or unlisted securities of Swiss and foreign companies and uses significant transaction events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations. Alpine Select received the FINMA license to act as distributor under collective investment schemes act (CISA) in June 2019. However, the Company has not yet actively started this activity. With the entry into force of FinSA and the changes to the CISA, the FINMA license required for the distribution of collective investment schemes ceased to apply on 1 January 2020. Alpine Select's board of directors assessed the situation and has decided that the Company continues to operate in only one segment.

5. Derivatives

Derivatives consist of the following:

in TCHF	31-Dec-19	31-Dec-18	1-Jan-18
Derivatives with positive replacement values			
• Currency forwards	1 652	471	1 038
Total	1 652	471	1 038
Derivatives with negative replacement values			
• Currency forwards	22	127	9
• Options sold short (Equity instruments)	0	2 044	0
Total	22	2 171	9

6. Financial assets

6.1 Quoted and unquoted financial assets

Alpine Group holds investments in quoted and unquoted financial assets as disclosed in following table:

in TCHF	31-Dec-19	31-Dec-18	1-Jan-18
Fair value of quoted financial assets	36 015	40 268	33 364
Fair value of unquoted financial assets	91 135	119 226	125 425
Total	127 150	159 494	158 789

6.2 Consolidated investment table at 31 December 2019

in TCHF	Fair value at 1-Jan-19	Additions	Reductions ¹⁾	Gains / (losses)	Currency translation adj.	Fair value at 31-Dec-19	Number of shares at 31-Dec-19
LONG POSITIONS							
About Capital Asian Special Opportunities Fund	839		-722	-117		0	0
Acoro Global Ltd.	975			43		1 018	10 000
Akamatsu Bonsai Fund	6 637		-1 380	457		5 714	20 000
Alegra ABSI (Euro) Fund	2 217			144		2 361	469
Aleutian Fund	6 389		-3 196	-78		3 115	16 476
Alpine Select – Oil Basket investments	1 529		-1 442	-87		0	0
Arbiter Partners Offshore Limited	62			1		63	69
Arcus Genseki Fund	6 606		-1 402	606		5 810	40 000
Castle Alternative Invest Ltd.	6 332	30 555	-23 475	5 070		18 482	1 320 150
Chemoxentryx Inc.	968	528	-3 239	1 743		0	0
Cheyne New Europe Fund Limited	17 623			-1 407	-277	15 939	990 343
Cheyne Total Return Credit Fund	3 996			744		4 740	31 037
CPH Chemie & Papier Holding AG	2 809		-2 780	-29		0	0
CQS Directional Opp. Feeder Fund Ltd.	6 666			686		7 352	1 150
Elara India Gateway Fund	3 317		-3 091	-226		0	0
Fenghe Asia (USTE) Fund Ltd.	1 024	2 028	-1 013	48		2 087	2 037
GCI Japan Hybrids	3 246		-3 237	-9		0	0
GH China Century Offshore Feeder Fund	968	2 074	-1 093	997		2 946	21 213
Hayate Japan Equity Long-Short Fund	4 698		-4 612	-86		0	0
HBM Healthcare Investments Ltd.	12 121	3 197	-11 254	4 836		8 900	40 000
iShares Nasdaq Biotechnology ETF	0	638	-667	29		0	0
Leonteq Ltd.	1 071	523	-1 317	-277		0	0
MCH Group Ltd.	0	641	-429	54		266	270 000
NCR Corporation	683		-1 001	318		0	0
New Carpathian Fund	1 211	296		94		1 601	1 241
New Venturetec Ltd. in liquidation	0	8 811	-9 773	962		0	0
Nishkama Capital Offshore Fund Ltd.	3 802	978		252		5 032	5 000
Northwest Feilong Fund Ltd.	4 953			976		5 929	3 090
Northwest Warrant Fund Limited	1 215		-1 176	-39		0	0
Orchard Liquid Credit Fund	5 188			278		5 466	50 000
Private Equity Holding Ltd.	779		-796	17		0	0
Schroder International Select. Fund SICAV	704			259		963	8 665
SFP Value Realization Fund Ltd.	7 815		-4 319	2 062	-81	5 477	12 090
Sparx Japan Value Impact Fund	5 866		-6 074	208		0	0
SPDR ® S&P Biotech ETF	708	644	-1 596	244		0	0
Stats Investment Japan Long & Short Fund	6 233		-6 225	-8		0	0
Tekmerion Capital Offshore Fund	0	3 000		-135		2 865	3 000
The Snowball Offshore Fund, Ltd.	0	1 004		-93		911	1 000
Three Court Fund Offshore, LP	1 978			122		2 100	2 354
Titan Emerging Managers Offshore Fund, Ltd.	1 966			-10		1 956	2 000
Truston Asset Management Co. Ltd.	560			-169		391	19 492
UMJ Kotoshiro Feeder Fund	6 367		-3 518	-626		2 223	12 000
Valens Offshore Fund	2 825		-188	13	-46	2 604	3 769
	142 946	54 917	-99 015	17 867	-404	116 311	

¹⁾ Reductions may include capital repayments

Notes to the Consolidated Financial Statements

Consolidated investment table at 31 December 2019 (continued)

in TCHF	Fair value at 1-Jan-19	Additions	Reductions ¹⁾	Gains / (losses)	Currency translation adj.	Fair value at 31-Dec-19	Number of shares at 31-Dec-19
LONG POSITIONS (continued)	142 946	54 917	-99 015	17 867	-404	116 311	
Venture XIX CLO, Ltd.	2 361	342	0	83		2 786	4 500 000
Vifor Pharma Ltd.	8 018	681	-11 506	2 807		0	0
Xbiotech Inc.	0	2 013	0	-76		1 937	107 188
Yuki Japan Rebounding Growth Fund	4 546	2 006	-1 651	566		5 467	20 679
Others ²⁾	1 623	0	-551	-419	-4	649	n/a
Total long positions	159 494	59 959	-112 723	20 828	- 408	127 150	
of which gains				24 719			
of which losses				-3 891			
TRADING OPTIONS							
Put Castle Alternative Invest Ltd. ³⁾	0	1 330	-47	-1 283		0	
Total trading options	0	1 330	-47	-1 283	0	0	
of which gains				29			
of which losses				-1 312			
CURRENCY FORWARDS							
Currency Forwards CHF/EUR; EUR/CHF	77			602		94	
Currency Forwards CHF/GBP; GBP/CHF	17			32		0	
Currency Forwards CHF/JPY; JPY/CHF	-127			-447		211	
Currency Forwards CHF/USD; USD/CHF	377			-2 326		1 325	
Total currency forwards	344	0	0	-2 139	0	1 630	
of which gains				634			
of which losses				-2 773			
of which assets	471					1 652	
of which liabilities	-127					-22	
SHORT POSITIONS							
BB Biotech Inc.	-2 044	-4 259	6 627	-324		0	
Total short positions	-2 044	-4 259	6 627	-324	0	0	
of which gains				126			
of which losses				-450			

¹⁾ Reductions may include capital repayments | ²⁾ The position «Others» includes legacy investments, which individually amount to less than TCHF 500 | ³⁾ The put options of Castle Alternative Invest Ltd. were acquired in connection with its share buyback program.

6.3 Consolidated investment table at 31 December 2018

in TCHF	Fair value at 1-Jan-18	Additions	Reductions ¹⁾	Gains / (losses)	Currency translation adj.	Fair value at 31-Dec-18	Number of shares at 31-Dec-18
LONG POSITIONS							
About Capital Asian Special Opportunities Fund	0	991		-152		839	1 000
Acoro Global Ltd.	0	1 000		-25		975	10 000
Akamatsu Bonsai Fund	8 422			-1 785		6 637	25 100
Alegra ABSI (Euro) Fund	2 367			-150		2 217	469
Aleutian Fund	7 097	35		-743		6 389	32 878
Alpine Select – Oil Basket investments	0	2 754	-223	-1 002		1 529	n/a
Arbiter Partners Offshore Limited	3 040		-2 747	-231		62	69
Arcus Genseki Fund	8 067			-1 461		6 606	50 000
Castle Alternative Invest Ltd.	0	9 267	-3 496	561		6 332	413 827
Chemoxentryx Inc.	0	1 099		-131		968	90 000
Cheyne New Europe Fund Limited	16 880			545	198	17 623	990 343
Cheyne Total Return Credit Fund	4 058			-62		3 996	31 037
CPH Chemie & Papier Holding AG	0	2 805		4		2 809	2 780 000
CQS Directional Opp. Feeder Fund Ltd.	6 825			-159		6 666	1 150
DWS Group GmbH & Co. KGaA	0	4 563	-3 603	-960		0	0
Elara India Gateway Fund	479	3 470		-632		3 317	12 135
Fenghe Asia (USTE) Fund Ltd.	0	994		30		1 024	1 000
GCI Japan Hybrids	3 441			-195		3 246	20 813
GH China Century Offshore Feeder Fund	0	999		-31		968	7 506
Hayate Japan Equity Long-Short Fund	5 404			-706		4 698	111
HBM Healthcare Investments Ltd.	10 460	4 067	-4 525	2 119		12 121	78 000
IBM Corp.	0	1 859	-1 422	-437		0	0
Julius Baer Balkan Tiger Fund in liquidation	953			-953		0	50 000
Leonteq Ltd.	0	1 660		-589		1 071	26 125
NCR Corporation	0	838		-155		683	30 000
New Carpathian Fund	1 338			-127		1 211	1 000
Nishkama Capital Offshore Fund Ltd.	0	3 956		-154		3 802	4 000
Northwest Feilong Fund Ltd.	5 076			-123		4 953	3 090
Northwest Warrant Fund Limited	2 873			-1 658		1 215	900
Orchard Liquid Credit Fund	4 891			297		5 188	50 000
Orion Engineered Carbons SA	2 495		-3 440	945		0	0
Private Equity Holding Ltd.	994		-25	-190		779	12 982
Schroder International Select. Fund SICAV	0	986		-282		704	8 665
SFP Value Realization Fund Ltd.	7 958		-418	185	90	7 815	24 179
Sparx Japan Value Impact Fund	9 258		-1 984	-1 408		5 866	56 679
SPDR® S&P Biotech ETF	0	2 983	-1 526	-749		708	10 000
Stats Investment Japan Long & Short Fund	7 483			-1 250		6 233	9 367
Swissquote Group Holding Ltd.	0	847	-1 108	261		0	0
Three Court Fund Offshore, LP	2 033			-55		1 978	2 354
Titan Emerging Managers Offshore Fund, Ltd.	0	1 981		-15		1 966	2 000
Titan Structured Credit, Ltd. – CLO	1 702		-1 657	-45		0	0
Truston Asset Management Co. Ltd.	584			-24		560	19 492
UMJ Kotoshiro Feeder Fund	6 716			-349		6 367	30 113
Valens Offshore Fund	2 653			141	31	2 825	4 035
Venture XIX CLO, Ltd.	2 465			-104		2 361	4 000 000
Vifor Pharma Ltd.	12 490	2 946	-7 045	-373		8 018	75 000
	148 502	50 100	-33 219	-12 377	319	153 325	

¹⁾ Reductions may include capital repayments

Notes to the Consolidated Financial Statements

Consolidated investment table at 31 December 2018 (continued)

in TCHF	Fair value at 1-Jan-18	Additions	Reductions ¹⁾	Gains / (losses)	Currency translation adj.	Fair value at 31-Dec-18	Number of shares at 31-Dec-18
LONG POSITIONS (continued)	148 502	50 100	-33 219	-12 377	319	153 325	
Yuki Japan Rebounding Growth Fund	6 925	1 305	-1 993	-1 691		4 546	19 013
Others ²⁾	3 362		-1 900	132	29	1 623	n/a
Total long positions	158 789	51 405	-37 112	-13 936	348	159 494	
of which gains				5 220			
of which losses				-19 156			
TRADING OPTIONS							
Put Castle Alternative Invest Ltd. ³⁾	0	474		-474		0	
Put DAX Index	0	102	-114	12		0	
Total trading options	0	576	-114	-462	0	0	
of which gains				12			
of which losses				-474			
CURRENCY FORWARDS							
Currency Forwards CHF/EUR; EUR/CHF	-9			725		77	
Currency Forwards CHF/GBP; GBP/CHF	0			17		17	
Currency Forwards CHF/JPY; JPY/CHF	197			-1 048		-127	
Currency Forwards CHF/USD; USD/CHF	841			-3 653		377	
Total currency forwards	1 029	0	0	-3 959	0	344	
of which gains				742			
of which losses				-4 701			
of which assets	1 038					471	
of which liabilities	-9					-127	
SHORT POSITIONS							
BB Biotech Inc.	0	-5 718	3 298	376		-2 044	
Total short positions	0	-5 718	3 298	376	0	-2 044	
of which gains				390			
of which losses				-14			

¹⁾ Reductions may include capital repayments | ²⁾ The position «Others» includes legacy investments, which individually amount to less than TCHF 500 | ³⁾ The put options of Castle Alternative Invest Ltd. were acquired in connection with its share buyback program.

7. Cash flows from purchase and disposal of financial assets

7.1 Cash flows from purchase of financial assets

in TCHF	Note	2019	2018
Purchase of financial assets as per the consolidated investment table (additions total long positions)	6.2/6.3	-59 959	-51 405
Adjustments for stock-dividends, equalization shares and other non-cash additions		34	36
Effective cash outflow from purchases		-59 925	-51 369

7.2 Cash flows from disposal of financial assets

in TCHF	Note	2019	2018
Disposal of financial assets as per the consolidated investment table (reductions total long positions)	6.2/6.3	112 723	37 112
Withholding tax on disposal of financial assets		-4 589	-884
Effective cash inflow from disposals		108 134	36 228

8. Other receivables

in TCHF	31-Dec-19	31-Dec-18	1-Jan-18
Withholding tax	2 887	933	17 405
Other receivables	65	212	676
Total	2 952	1 145	18 081

9. Deferred tax assets and deferred tax liabilities

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

in TCHF	Deferred tax liabilities on financial assets and derivatives with positive or negative replacement values	Deferred tax assets from capitalized tax loss carryforwards	Deferred tax (liabilities) / assets, net
Balance at 1 January 2018	-2 657	0	-2 657
Deferred tax income	2 254	0	2 254
Balance at 31 December 2018	-403	0	-403
Deferred tax expenses	-474	0	-474
Balance at 31 December 2019	-877	0	-877

Deferred tax assets and deferred tax liabilities are netted in case there is a legally enforceable right. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse.

Unchanged to prior year, Alpine Group has no tax loss carryforwards at 31 December 2019.

10. Share capital, treasury shares and capital reserves

10.1 Share capital

	Number of registered shares	Nominal value per share in CHF	in CHF
Share capital at 1-Jan-18	11 202 900	0.02	224 058.00
Share capital at 31-Dec-18	11 202 900	0.02	224 058.00
Approval of the share capital reduction on 16-May 2019	-919 795	0.02	-18 395.90
Share capital at 31-Dec-19	10 283 105	0.02	205 662.10

The shares are fully paid-in and listed in CHF at the SIX Swiss Exchange. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. There are two share certificates outstanding for 525 shares in total. The Company does not have participation certificates.

10.2 Authorized share capital

	Number of registered shares	Nominal value per share in CHF	in CHF
Authorized share capital at 1-Jan-18	5 000 000	0.02	100 000.00
Authorized share capital at 31-Dec-18	5 000 000	0.02	100 000.00
Approval of the creation of authorized share capital on 16-May-19	5 000 000	0.02	100 000.00
Authorized share capital at 31-Dec-19	5 000 000	0.02	100 000.00

The board of directors is authorized to increase the share capital according to article 4a of the Company's articles of association at any time until 16 May 2021 by issuing a maximum of 5,000,000 registered shares with a nominal value of CHF 0.02 each to be fully paid-in.

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

10.3 Conditional share capital

	Number of registered shares	Nominal value per share in CHF	in CHF
Conditional share capital at 1-Jan-18	6 088 977	0.02	121 779.54
Conditional share capital at 31-Dec-18	6 088 977	0.02	121 779.54
Conditional share capital at 31-Dec-19	6 088 977	0.02	121 779.54

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 2019 and 2018, respectively.

10.4 Legal reserves

As at 31 December 2019 retained earnings contain legal reserves of CHF 41,132.42 (2018: CHF 44,811.60) which are not distributable to the shareholders pursuant to Swiss law.

10.5 Treasury shares

	Quantity	Transaction price (Ø) in CHF	Purchase cost in TCHF
At 1-Jan-18			
Purchases (including transaction costs)	558 134	17.70	9 878
Cancellation	0	n/a	0
At 31-Dec-18	558 134	17.70	9 878
Purchases (including transaction costs)	1 316 501	15.25	20 083
Cancellation	-919 795	16.29	-14 986
At 31-Dec-19	954 840	15.68	14 975

Treasury shares are valued at acquisition cost and reported in shareholders' equity as a debit item.

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.

- At 31 December 2018 the Company held 558,134 treasury shares (4.98% of the issued share capital).
- Alpine Select informed on 27 December 2018 on the board's decision to continue the repurchase by launching a new program at market price, starting on 3 January 2019. During the period 3 January to 14 May 2019, Alpine Select repurchased 361,661 own shares for a total of TCHF 5,108 including transaction costs of TCHF 8 (program 1).
- The annual shareholders' meeting held on 16 May 2019 approved the cancellation of the 919,795 shares repurchased under the abovementioned share buyback programs. The respective entry in the Commercial Register of the Canton of Zug was executed on 23 July 2019, following the expiration of the filing period.

The annual shareholders' meeting held on 16 May 2019 authorized the Company's board of directors to repurchase up to 10% of the total share capital in the period up to the ordinary shareholders' meeting in 2021 – should such need arise.

- Based on this authorization, on 27 June 2019, Alpine Select launched a buyback program at a fixed price by issuing tradeable put options tradeable on the SIX Swiss Exchange. Each shareholder was granted one put option free of charge for each registered share held. Twenty put options entitled the shareholders to tender one registered share at an exercise price of CHF 17.00 to the Company.
- The put options were traded from 1 July 2019 to and including 16 July 2019 and during this period 510,980 own shares were purchased for a total of TCHF 8,687 (program 2).

- In addition – and to follow the termination of the buyback program via issuance of tradeable put options – the board decided to launch a new repurchase program on a separate trading line at SIX Swiss Exchange for a maximum of 514,155 registered shares or an equal of 5.00% of the share capital.
- During the period 27 June 2019 to 31 December 2019, Alpine Select repurchased 443,860 own shares for a total of TCHF 6,217 (program 3).
- The total amount acquired under program 2 and 3 is recorded in the Company's consolidated statement of changes in equity with TCHF 14,975 and includes transaction costs of TCHF 77. The income tax effect on these transaction costs amounts to TCHF 5.

11. Net investment gain / (loss)

in TCHF	2019	2018
Long positions		
Gains	24 719	5 220
Losses	-3 891	-19 156
Trading options		
Gains	29	12
Losses	-1 312	-474
Currency forwards		
Gains	634	742
Losses	-2 773	-4 701
Short positions		
Gains	126	390
Losses	-450	-14
Net investment gain / (loss)	17 082	-17 981

12. Administrative expenses

in TCHF	2019	2018
Personnel expenses, board of directors' fees incl. social costs	-1 025	-985
Legal, consulting, accounting and auditing fees	-451	-639
Commissions and other bank fees	-591	-631
Performance fees	0	-193
Advisory fees	-108	-120
Other office expenses	-479	-660
Total	-2 654	-3 228

13. Pension plans

in TCHF	Surplus / (deficit)		Economical part of Alpine Group		Change to prior year or recognized in the year	Contributions concerning the reporting period	Pension benefit expenses within personnel costs	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	2019	2019	2019	2018
Pension plans with surplus	14	10	0	0	0	0	61	51
Pension plans with deficit	0	0	0	0	0	0	0	0
Total	14	10	0	0	0	0	61	51

Alpine Select operates independent pension plans, which conform to the legal regulations and provisions in force in Switzerland. An economic obligation is recognized as a liability if the requirements for the recognition of a provision according to Swiss GAAP FER 16.7 are met. An economic benefit is capitalized if it is permitted and intended to be used for future Group pension contributions.

There were no employer contribution reserves held in the reporting or previous year.

14. Income tax (expense) / income

in TCHF	2019	2018
Current tax expense	-926	-764
Deferred tax (expense) / income	-474	2 254
Total	-1 400	1 490

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

The average applicable tax rate in relation to the ordinary result is 8.8% (2018: 7.7%).

15. Earnings per share

	2019	2018
Profit / (loss) for the year in TCHF attributable to the shareholders of Alpine Select Ltd. as per the consolidated income statement	13 484	-16 171
Weighted average number of outstanding shares	10 011 452	11 188 947
Earnings per share in CHF (basic and diluted)	1.35	(1.45)

16. Net asset value (NAV) per share

	2019	2018
Equity attributable to the shareholders of Alpine Select Ltd. as per the consolidated balance sheet (in TCHF)	134 804	144 884
Total number of shares outstanding	9 328 265	10 644 766
Net asset value per share (in CHF)	14.45	13.61
Adjusting factor		0.96707
Net asset value per share (in CHF) when adjusted for the distribution out of retained earnings in May 2019 and for the issuance of tradeable put options (July 2019)	—	13.16

17. Contingencies, commitments and pledged assets**17.1 Pledged assets**

Alpine Select, Absolute Invest and Absolute Invest's wholly owned subsidiary Altin (Cayman) Ltd. entered into standard pledge agreements with Bank Julius Baer & Co. Ltd. («BJB»), Zurich under which their cash and portfolios at BJB of approximately CHF 126.8 million at 31 December 2019 (2018: CHF 135.2 million) and of which CHF 40.1 million (2018: CHF 45.2 million) relate to Alpine Select, are pledged as security for any amounts due to BJB.

17.2 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:

in TCHF	2019	2018
Within one year	48	48
Between one and five years	192	192
More than five years	60	108
Total	300	348

18. Significant shareholders

Based on the information available to the Company, the following shareholders are exceeding a threshold of 3% of voting rights as of 31 December:

	2019	2018
Trinsic Ltd., Zug ¹⁾	12.78%	7.18%
Hans Müller, Hergiswil	10.21%	11.36%
Raymond J. Baer, Maur	10.14%	8.64%
Alpine Select Ltd. ²⁾	9.29%	4.98%
Stefan Rihs, Hong Kong	5.83%	5.36%
Thomas Amstutz, Singapore ³⁾	3.66%	–
Hans Hornbach sel., Vufflens-le-Château	–	4.23%

¹⁾ Number of shares, including 77,760 shares directly held by the beneficial owners of Trinsic Ltd. as per 31 December 2019 (2018: 77,760 shares). Beneficial owners of Trinsic Ltd. comprise Daniel Sauter, Zug; Regina Barbara Young, Walchwil; Viktoria Louise Sauter, Zug; Florian Sauter, Unterägeri, 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 10.5.

³⁾ Number of shares, including 60,000 shares held through JAAM AG.

19. 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 2019, TCHF 108 (2018: TCHF 107) were booked in connection with legal services rendered by Baer & Karrer of which TCHF 0 were not yet paid at 31 December 2019 (2018: TCHF 76).

Under the service agreement between Alpine Select and JAAM AG, effective as of 1 January 2017, the latter received a total compensation of TCHF 108 for 2019 (2018: TCHF 120) of which TCHF 0 were not yet paid at 31 December 2019 (2018: TCHF 32). Thomas Amstutz, member of the Board of Directors of Alpine Select, is a founding partner and member of the Board of Directors of JAAM.

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 2019 and 2018:

in TCHF		2019	2018
Remuneration of the Board of Directors of Alpine Select			
Raymond J. Baer	Chairman and non-executive member	160	175
Thomas Amstutz	Non-executive member	43	43
Dieter Dubs	Non-executive member	43	43
Michel Vukotic	Executive member	43	43
	Head of investment committee	211	235
Total		500	539

20. Events after the balance sheet date

There have been no material events subsequent to 31 December 2019, which would affect the 2019 consolidated financial statements.

Since the balance sheet date 31 December 2019, Alpine Select continued the share buyback program (please refer to Note 10.5 of the Consolidated Financial Statements on page 54) in the first quarter of 2020 and bought back additional treasury shares. As per 8 April 2020 the Company held in total 1,017,268 own shares. The board of directors will propose the cancellation of all repurchased shares to the next shareholders' meeting, which will take place on 20 May 2020.

The outbreak of the corona virus, which was declared a pandemic by the World Health Organization on 11 March 2020, has led to significant market turmoil with increased volatility in e.g. share prices and currency exchange rates in the first quarter of 2020. Due to the uncertainty of the outcome of these current events, Alpine Select cannot reasonably estimate the impact they will have on the Company's balance sheet, income statement or cash flows in the future. Alpine Select will continue to monitor the situation and manage the Company's assets within the established investment and risk parameters through this difficult time.

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

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



Statutory Auditor's Report

To the General Meeting of Alpine Select Ltd., Zug

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Alpine Select Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2019 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the consolidated financial statements (pages 33 to 59) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and its consolidated result of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 1/2005 of the Federal Audit Oversight Authority



Valuation of unlisted financial assets

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 Consolidated Financial Statements to the Annual Shareholders' Meeting of Alpine Select Ltd., Zug



Valuation of unlisted financial assets

Key Audit Matter

The investment portfolio of Alpine Select Ltd. and its subsidiaries (the Group) comprises a number of unlisted investments. These investments are presented as part of the caption financial assets. 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.

The Group 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.

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 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 substantial part of the unlisted investments, we created our own estimate based on the NAV reported by the independent custodian as of 31 December 2018 or the subsequent acquisition date and the performance for the year 2019 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 2019.

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 consolidated financial statements.

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

- notes 3.7 and 6.2 to the consolidated financial statements on pages 44 and 47.

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



Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

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



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 consolidated 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 consolidated financial statements according to the instructions of the Board of Directors.

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

KPMG AG

Alexander Fährndrich
Licensed Audit Expert
Auditor in Charge

Martin Löber
Licensed Audit Expert

Zurich, 8 April 2020

**Statutory
Financial Statements**

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2019	2018
ASSETS			
Current assets			
Cash and cash equivalents		10 970 630	655 087
Unrealized gains from currency forward contracts, net		93 979	90 773
Other short-term receivables and prepaid expenses	3	3 211 542	1 083 017
Total current assets		14 276 151	1 828 877
Non-current assets			
Securities	4	27 504 355	46 716 777
Investment in Absolute Invest Ltd.	5	78 000 000	78 000 000
Total non-current assets		105 504 355	124 716 777
Total assets		119 780 506	126 545 654

BALANCE SHEET FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2019	2018
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		0	697 364
Accounts payable		18 143	107 757
Liabilities from securities sold short		0	2 332 728
Short-term interest-bearing loan payable to Absolute Invest Ltd.		5 500 000	12 100 000
Accrued expenses		728 640	489 371
Total current liabilities		6 246 783	15 727 220
Equity			
Share capital	6	205 662	224 058
Legal capital reserves		0	0
• Reserves from capital contributions		421 812	421 812
• 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		0	0
• Accumulated profit brought forward		87 039 510	101 229 750
• Profit for the year		25 804 146	3 744 042
Treasury shares	8	-14 903 524	-9 767 345
Total equity		113 533 723	110 818 434
TOTAL LIABILITIES AND EQUITY		119 780 506	126 545 654

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER

in TCHF	Note	2019	2018
INCOME			
Gain on securities, net		10 152 169	7 649 382
Dividend income	9	18 304 663	453 069
Foreign exchange gains, net		0	7 446
Interest income		62 096	36 260
Other income		713 236	281 608
TOTAL INCOME		29 232 164	8 427 765
EXPENSES			
Loss on derivative financial instruments, net		-675 290	-1 980 295
Personnel expenses		-618 220	-558 258
General and administrative expenses		-1 051 151	-1 382 596
Commissions and other bank fees		-377 044	-397 272
Foreign exchange losses, net		-33 664	0
Interest expenses		-51 873	-58 958
TOTAL EXPENSES		-2 807 242	-4 377 379
Profit before taxes		26 424 922	4 050 386
Tax expense		-620 776	-306 344
PROFIT FOR THE YEAR		25 804 146	3 744 042

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. The address of its registered office is Gotthardstrasse 31, Zug / Switzerland.

The Company offers institutional and individual investors the key benefit of investing into a diversified alternative investment portfolio with core investment strategies: discount-, risk-arbitrage, tactical exploitation of under-researched companies / situations, short-term opportunities and liquid hedge funds. Alpine Select further acts as a FINMA-licensed distributor of foreign collective investment schemes to qualified investors in Switzerland.

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

The financial statements of Alpine Select are prepared in accordance with the provisions 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 TCHF	2019	2018
Withholding tax	2 885 851	932 860
Prepaid expenses	176 488	72 324
Receivables from Absolute Invest Ltd.	117 775	0
Other	31 428	77 833
Total	3 211 542	1 083 017

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 TCHF	2019	2018
Carrying amount of quoted securities	18 859 616	21 929 506
Carrying amount of unquoted securities	8 644 739	24 787 271
Total	27 504 355	46 716 777

5. Investment in Absolute Invest Ltd.

Absolute Invest Ltd. («Absolute Invest»), domiciled in Zug, Switzerland with a nominal share capital of CHF 559,555.20 is a wholly owned subsidiary of the Company. The investment in Absolute Invest is stated at acquisition costs less value adjustment. Absolute Invest invests in quoted and unquoted securities and hedge funds, partly indirectly through its wholly owned subsidiary Altin (Cayman) Ltd., domiciled in the Cayman Islands. Absolutissimo Limited, a former subsidiary of Absolute Invest, was dissolved in December 2019 and its net assets were transferred to Altin (Cayman) Ltd.

6. Share capital

The annual shareholders' meeting of Alpine Select held on 16 May 2019 approved the reduction of the share capital of the Company by CHF 18,395.90 (from CHF 224,058.00 to CHF 205,662.10) by cancelling 919,795 treasury shares with a nominal value of CHF 0.02 each.

As of 31 December 2019, the Company's share capital amounts to CHF 205,662.10 and is divided into 10,283,105 registered shares with a nominal value of CHF 0.02 (31 December 2018: CHF 224,058.00 divided into 11,202,900 registered shares). The shares are fully paid-in and listed in CHF on the SIX Swiss Exchange. 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

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 16 May 2021 by issuing a maximum of 5,000,000 registered shares with a nominal value of CHF 0.02 each to be fully paid-in (art. 4a of the Company's articles of association). 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.

6.2 Conditional share capital

The Company's articles of association (art. 4b) provide that the Company's share capital can 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 2019 and 2018, respectively.

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.

- At 31 December 2018 the Company held 558,134 treasury shares (4.98% of the issued share capital).
- Alpine Select informed on 27 December 2018 on the board's decision to continue the repurchase by launching a new program at market price, starting on 3 January 2019. During the period 3 January to 14 May 2019, Alpine Select repurchased 361,661 own shares for a total of CHF 5,100,400.
- The annual shareholders' meeting held on 16 May 2019 approved the cancellation of the 919,795 shares repurchased under the abovementioned share buyback programs. The respective entry in the Commercial Register of the Canton of Zug was executed on 23 July 2019, following the expiration of the filing period.

The annual shareholders' meeting held on 16 May 2019 authorized the Company's board of directors to repurchase up to 10% of the total share capital in the period up to the ordinary shareholders' meeting in 2021 – should such need arise.

- Based on this authorization, on 27 June 2019, Alpine Select launched a buyback program at a fixed price by issuing tradeable put options tradeable on the SIX Swiss Exchange. Each shareholder was granted one put option free of charge for each registered share held. Twenty put options entitled the shareholders to tender one registered share at an exercise price of CHF 17.00 to the Company.
- The put options were traded from 1 July 2019 to and including 16 July 2019 and during this period, 510,980 own shares (representing 4.97% of the total share capital) for a total of CHF 8,686,660 were re-purchased.
- In addition – and to follow the termination of the buyback program via issuance of tradeable put options – the board decided to launch a new repurchase program on a separate trading line at SIX Swiss Exchange for a maximum of 514,155 registered shares or an equal of 5.00% of the share capital.

- During the period 27 June 2019 to 31 December 2019, Alpine Select repurchased 443,860 own shares for a total of CHF 6,216,940.

At 31 December 2019 the Company holds 954,840 treasury shares (9.29%) (2018: 558,134 shares, 4.98%) repurchased under the above outlined program.

9. Dividend income

In the year under review, the Company recorded a total dividend income of CHF 18.3 million, thereof CHF 18.0 million from Absolute Invest and CHF 0.3 million from other securities (2018: CHF 0.5 million from other securities).

10. Share ownership

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

		2019	2018
Raymond J. Baer	Chairman of the board of directors	1 042 708	967 708
Michel Vukotic ¹⁾	Executive member of the board of director	618 010	363 489
Thomas Amstutz ²⁾	Non-executive member of the board of director	376 000	316 000
Dieter Dubs	Non-executive member of the board of director	7 500	6 000
Lukas Hoppe	Member of the management	7 000	7 000
Total		2 051 218	1 660 197

¹⁾ Michel Vukotic is a beneficial owner of Trinsic Ltd, indirectly through Talpas Ltd., Bever (see Note 11). | ²⁾ 60,000 shares are held directly through JAAM AG

11. Significant shareholders

According to the information available to the Company, the following shareholders are exceeding a threshold of 3% of voting rights as of 31 December:

	2019	2018
Trinsic Ltd., Zug ¹⁾	12.78%	7.18%
Hans Müller, Hergiswil	10.21%	11.36%
Raymond J. Baer, Maur	10.14%	8.64%
Alpine Select Ltd. ²⁾	9.29%	4.98%
Stefan Rihs, Hong Kong	5.83%	5.36%
Thomas Amstutz, Singapore ³⁾	3.66%	—
Hans Hornbach sel., Vufflens-le-Château	—	4.23%

¹⁾ Number of shares, including 77,760 shares directly held by the beneficial owners of Trinsic Ltd. as per 31 December 2019 (2018: 77,760 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.

³⁾ Number of shares, including 60,000 shares held through JAAM AG.

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 38.3 million at 31 December 2019 (2018: CHF 49.7 million) is pledged as security for any amounts due to BJB. At 31 December 2019, the amount due to BJB was zero (2018: CHF 0.7 million).

13. Employees (full-time equivalents)

The annual average number of full-time equivalents for the reporting year is three (2018: three).

14. Residual amount of leasing obligations

The residual amount of leasing obligations (under a rent agreement for the Company's offices) with a remaining term of more than twelve months or that cannot be terminated within the next twelve months is as follows:

in CHF	2019	2018
Within one year	48 000	48 000
Between one and five years	192 000	192 000
More than five years	60 000	108 000
Total	300 000	348 000

15. Events after the balance sheet date

There have been no material events subsequent to 31 December 2019, which would affect the 2019 statutory financial statements.

Since the balance sheet date 31 December 2019, Alpine Select continued the share buyback program (please refer to Note 10.5 of the Consolidated Financial Statements on page 54) in the first quarter of 2020 and bought back additional treasury shares. As per 8 April 2020 the Company held in total 1,017,268 own shares. The board of directors will propose the cancellation of all repurchased shares to the next shareholders' meeting, which will take place on 20 May 2020.

The outbreak of the corona virus, which was declared a pandemic by the World Health Organization on 11 March 2020, has led to significant market turmoil with increased volatility in e.g. share prices and currency exchange rates in the first quarter of 2020. Due to the uncertainty of the outcome of these current events, Alpine Select cannot reasonably estimate the impact they will have on the Company's balance sheet, income statement or cash flows in the future. Alpine Select will continue to monitor the situation and manage the Company's assets within the established investment and risk parameters through this difficult time.

The statutory financial statements for the year ended 31 December 2019 were approved by the Board of Directors of Alpine Select on 8 April 2020 and released for publication on 16 April 2020. They are subject to the approval of the shareholders at the Alpine Select ordinary shareholders' meeting on 20 May 2020.

**Proposed Appropriation of
Available Earnings
(Proposal of the Board of Directors)**

**Proposed appropriation of available earnings
(Proposal of the board of directors)**

CHF	2019	2018
Accumulated profit brought forward at 1 January	101 888 859	101 229 750
Net profit for the year	25 804 146	3 744 042
Accumulated profit at end of year	127 693 005	104 973 792
Decisions of the annual shareholders' meeting, dated 16 May 2019		
Capital reduction ¹⁾	-14 849 349	0
Available for distribution at 31 December	112 843 656	104 973 792
Proposal of the board of directors for appropriation of available earnings		
Dividend ²⁾	9 328 265	3 084 933
To be carried forward	103 515 391	101 888 859
Available for distribution at 31 December	112 843 656	104 973 792
Total dividend distribution	9 328 265	3 084 933
out of reserves from capital contributions	0	0
out of accumulated profits	9 328 265	3 084 933

¹⁾ Amount of treasury shares repurchased in connection with the capital reduction of CHF 14,867,744.60 less nominal value of total CHF 18,395.90 (see also Note 8).

²⁾ The proposed dividend for the year 2019 is calculated based on all outstanding registered shares less those shares held by the Company (treasury shares) – if any – as they are not entitled to a dividend. At the date of declaration of the dividend, the number of shares held by the Company could be different from the amount reported here and therefore the reported dividend sum (as well as the dissolution of reserves from capital contributions) may differ as well.

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

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



Statutory Auditor's Report

To the General Meeting of Alpine Select AG, Zug

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alpine Select AG, which comprise the balance sheet as at 31 December 2019, 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 67 to 78) for the year ended 31 December 2019 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 substantial part of the unlisted investments, we created our own estimate based on the NAV reported by the independent custodian as of 31 December 2018 or the subsequent acquisition date and the performance for the year 2019 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 2019.

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 Fährndrich
Licensed Audit Expert
Auditor in Charge

Martin Löber
Licensed Audit Expert

Zurich, 8 April 2020

KPMG AG, Râffelstrasse 28, PO Box, CH-8036 Zurich

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ALPINE SELECT

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