



Ad hoc announcement pursuant to Art. 53 LR

Zug, 30 March 2022

Alpine Select Ltd.: Annual results, portfolio development, investment activities, corporate actions 2021 | Outlook and dividend distribution 2022

Annual Result 2021

Alpine Select Ltd. («Alpine Select», the «Company») had a very solid 2021 financial year. Total return to shareholders was +20.27% (increase of the share price from CHF 12.80 to CHF 15.40). This includes a dividend of CHF 1.00 per share (paid out to shareholders in May 2021). The Net Asset Value («NAV») recorded an increase of 22.86% for the same period (from CHF 13.05 to CHF 16.03).

In the FER financial reporting, Alpine Select reports an annual profit of CHF 24.0 million as of 31 December 2021. In the comparative period (year 2020) a profit of CHF 5.8 million was reported.

The board members again voluntarily decided to keep their compensation at the reduced level of -10%.

Portfolio Development and Investment Activities

The year 2021 has been another favorable year for equities and risk assets. The slow but steady rise in inflation and the debate on its durability have dominated much of the year's narrative following the global COVID pandemic response. Interestingly, even initial harsh remarks by the FED could not stop western indices to rally towards the end of the year. Except for the Chinese Market, whose performance was negatively impacted by the Socialist Party's introducing of an inclusive growth economic policy, all major indices were up for the year: S&P 500 +27%, NASDAQ +21%, TOPIX Japan +10%, CSI 300 -5%.

Special Situations / Discounted Assets

The special situations portfolio, which includes core discounted assets and merger arbitrage opportunities, made a strong contribution to our overall result of CHF +9.7 million.

The Company's largest position for a good part of 2021 was [Castle Alternative Invest Ltd.](#) (CASN). At their ordinary shareholders' meeting, the CASN shareholders approved agenda item «dissolution and liquidation of the company» with 99.9% of all submitted votes. The main liquidity event occurred end of November 2021, when approximately 90% of CASN assets (all cash) were distributed to shareholders. Alpine Select will hold on to the position until the final liquidation as the remaining discount is still 10%.

In 2021, Alpine Select has written extensively about its excitement for the [IP Group PLC](#) (IPO) portfolio, which has become the largest discounted asset. IPO's share price had a strong run, outperforming with +26% in 2021 and contributing CHF +4.9 million to the 2021 P&L. IPO holds a well-diversified, future-oriented and Intellectual Property backed portfolio of operating companies. Alpine Select remains convinced that the shift towards more inclusive solutions in the fields of technology, cleantech and life science will create corporate winners out of the IPO portfolio. The IPO portfolio gained in NAV terms around +11%. However, the IPO's share price ended the year discounted by around 20% to its NAV.

In December, Alpine Select invested in a new attractive merger arbitrage: Australian biopharmaceutical company CSL Ltd. submitted a public tender offer of USD 179.25 per share to [VIFOR Pharma Ltd.](#) The deal will close in the first half of 2022, and Alpine Select estimates to realize an annualized return of around 11% in CHF. For the reporting period, this position contributed CHF +1.7 million to the annual result.

Digital Assets

Alpine Select's conscious investment decision to strategically allocate to digital assets and endure the inherent volatility that such exposure bears, has paid off. 2021 was a year of further advances towards adoption of digital assets and businesses on the blockchain. A growing number of investment professionals have embraced this young asset class as valuations continue to soar. The Company's digital asset portfolio, which is entirely managed by early identified, specialized fund managers, has delivered an impressive return of CHF +15.5 million.

Alpine Select believes that the potential applications of blockchain-based businesses and their financialization offer multiple opportunities. Consequently, the Company decided to take a broader and deeper approach to this asset class and reallocated funds within the digital asset exposure. At the end of 2021, it mainly held funds with [Layer 1 Digital](#), [Rockaway Capital](#), and [SwissRex Funds](#).

Greater China

Alpine Select wrote before about its beliefs in a bipolar world in which the US and China are the economic heavyweights. Accordingly, the Company has established a diversified portfolio with experienced investors in Mainland and Greater China.

In 2021, after 40 years of allowing the market to play a growing role in promoting prosperity, China's leading party launched policies to balance social fairness and growth as China enters a next phase of economic growth, with GDP per capita exceeding USD 10,000. Rather than tolerating a disorderly expansion of capital, Chinese leaders intend to ensure that dominant companies comply with mainstream values and not abuse their market position. Since that policy announcement, the Chinese market (CSI 300) is down by around 20%.

Although the Chinese market significantly underperformed western indices (e.g., CSI 300 delivering -5% FY-21), Alpine Select's actively managed allocation to the local market gained +24%, contributing CHF +3.9 million to the overall result. Such a significant outperformance of active vs. passive investment management reassures the Company's firm believe in the active investment style.

Alpine Select's current Chinese exposure is covered by four local funds: [GH China Century Offshore Feeder Fund](#) (+17%), [FengHe Asia Fund](#) (+27%), [Value Multiplier Feeder Fund](#) (+24%) and [Northwest Feilong Fund Ltd.](#) (+25%).

In December 2021, Alpine Select also made a new investment in an actively managed Chinese healthcare fund with [Bin Yuan Healthcare Fund](#). The Company believes that as Chinese GDP grows, spending on innovative and local healthcare will also increase.

True to Alpine Select's investment style, the Company continues to offer its shareholders access to the Chinese market with allocations to locally rooted, value oriented, like-minded managers who themselves advocate an active asset wealth management style.

Other positions

During the 2021 reporting period, the legacy position [Cheyne New Europe Fund Inc.](#) («CNEF») matured significantly. As a reminder, this is an illiquid property development fund holding assets in Eastern Europe, mainly in the Czech Republic («CZ»). Alpine Select holds this position since the merger with Absolute Invest and CNEF is not making any new investments.

CNEF's largest assets are several urban and suburban residential real estate projects in and around Prague. The fund benefited from the due to COVID related increased demand for more suitable housing. The construction and sale process of the projects in CZ is progressing well, and thus CNEF not only recorded a pleasing annual performance of +15.3% in 2021 but was also able to pay out CHF 4.9 million to Alpine Select. Due to the positive cash realization of the projects, Alpine Select expects distributions from CNEF to be the new normal and is therefore optimistic of being able to further reduce this illiquid position.

Annual Shareholders' Meeting 2021

At the annual shareholders' meeting held on 17 May 2021, shareholders passed all agenda items and proposals submitted by the board of directors. The distribution of a dividend of CHF 1.00 gross per registered share was paid to shareholders on 21 May 2021.

Annual report 2021

The annual report 2021 of Alpine Select can be viewed and downloaded online from 7 April 2022 at <https://www.alpine-select.ch/en/investors#downloads>.

Outlook 2022

Tragically war has returned to Europe. It is impossible to predict a timing of an end of this warfare, the beginning of a diplomatic solution and the consequential impact on the world order.

Even before the outbreak of the war in the Ukraine, inflation and growth data were pointing to an end of the low-yield regime. Wars are generally inflationary and soaring prices for soft commodities, energy and metals are evidence of a rather prolonged area of elevated inflation. Alpine Select believes that if all else being equal, inflation should eventually lead to higher yields although real interest rates might remain negative.

Alpine Select continues to closely monitor the impact of this geopolitical battleground in the Ukraine and its economic and financial consequences. The overall asset allocation will be rigorously challenged along the way. However, no changes have been made yet.

Further information on Alpine Select's investment activities can be found in the 2021 annual report and on current focus topics in the monthly reports.

Proposed dividend distribution

The board of directors will propose to the ordinary shareholders' meeting 2022 to distribute a dividend of CHF 1.00 gross per outstanding share.

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

About Alpine Select

Alpine Select Ltd is an investment company domiciled in Zug and has been listed on the SIX Swiss Exchange since 1998. The Company offers its shareholders the key benefit of investing into a diversified alternative investment portfolio. Alpine Select maintains an active and constructive dialogue with management and board of directors of its portfolio companies in the best interest of its shareholders. Alpine Select does not charge any management or performance fees.