

ALPINE SELECT

SEMI-ANNUAL
REPORT
2018

Investors' Information

Board of Directors

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

Management

Claudia Habermacher	Chief Executive Officer
Lukas Hoppe	Chief Operating Officer (since 1 May 2018)

Auditors

KPMG Ltd.
Badenerstrasse 172
8036 Zurich / Switzerland

Alpine Select Facts

Incorporation date	18 September 1997
Listing	SIX Swiss Exchange
Stock Exchange Symbol	ALPN
Swiss Security Number	1.919.955
ISIN Code	CH0019199550
Reuters	ALPN.S
Bloomberg	ALPN SW EQUITY
Type of Shares	Registered shares
Total Shares Issued	11,202,900
Custodian	Bank Julius Baer
Management Fees	None
Performance Fees	None
Distributions	Out of reserves from capital contributions

Corporate Calendar

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

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Key Figures

Performance Table ¹⁾

	30 June 2018	31 Dec 2017	High YTD 2018	Low YTD 2018
Share price (CHF)	15.40	15.33	15.80	15.33
NAV (CHF)	15.15	15.25	15.61	15.15
Premium / (Discount) to NAV	1.65%	0.52%	2.42%	-0.24%

¹⁾ All figures are adjusted for the dividend payment in May 2018 out of reserves from capital contributions.

Selected Balance Sheet Items ²⁾

In TCHF	30 June 2018 (unaudited)	31 Dec 2017 (audited)	30 June 2017 (unaudited)
Current assets	15 430	14 962	16 165
Non-current assets	171 598	172 219	176 874
Current liabilities	17 015	4 391	30 501
Non-current liabilities	330	1 025	583
Total equity	169 683	181 765	161 955

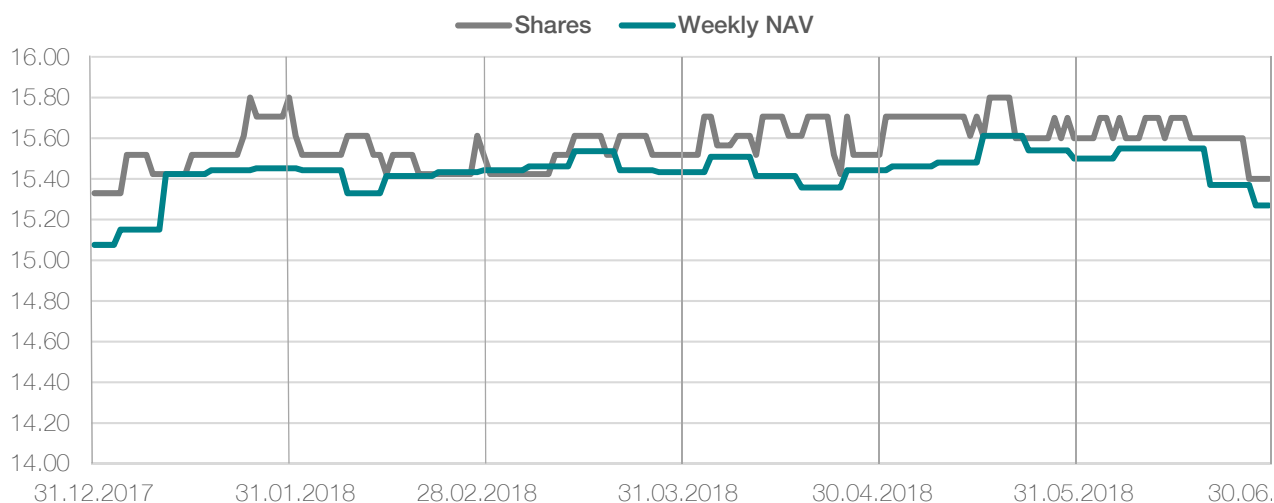
²⁾ Information herein is presented in addition to the condensed interim financial statements.

Top Positions of the Alpine Group Portfolio as per 30 June 2018

Fund name	Investment Type	Allocation
Alpine Select Alternative Fund	Diversified Fund of Funds	48.75%
Cheyne New Europe Fund L.P.	Legacy (Real Estate)	9.97%
HBM Healthcare Investment Ltd.	Listed Equity	9.30%
Vifor Pharma AG	Listed Equity	6.55%
SFP Value Realization Fund Ltd.	Hedge Funds	5.11%
Other long positions	Long Positions	14.83%
Other hedge funds positions	Hedge Funds	0.65%
Cash and other assets/(liabilities), net		4.85%
Total		100.00%

6 Months Price-History in CHF for the Period January to June 2018

Daily closing share price and weekly NAVs



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

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
2014	2.3	1.4	-1.8	-0.8	5.8	1.2	-1.1	0.6	-2.2	2.9	0.9	1.6	11.1
2015	0.6	3.2	2.8	-0.8	0.2	-0.8	-1.0	-1.8	-1.8	-1.7	1.8	-1.2	-0.6
2016	-1.3	-2.3	2.5	-3.0	1.1	-0.6	1.5	0.3	2.5	0.8	1.3	0.4	3.1
2017	0.8	-3.0	0.3	1.8	4.2	2.5	1.3	0.4	1.6	3.2	0.2	4.6	19.2
2018	2.4	0.3	-0.2	-0.1	0.4	-1.5							1.2

³⁾ The monthly NAV performance as disclosed in above performance table is based on the estimated monthly NAV as published by the Company. The NAV effect of the acquisition and consolidation of Absolute Invest Ltd. is considered from April 2014 on. Published NAVs are not adjusted except for the effect of dividend distributions of Alpine Select Ltd. Estimated and effective monthly NAVs may differ.

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

Monthly Share Price Performance in %

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
2014	4.2	1.2	-0.6	-0.6	5.2	1.2	-0.6	0.3	-1.4	1.8	0.6	1.1	12.8
2015	2.3	1.7	3.8	1.1	-0.5	-1.6	1.1	-3.9	-2.9	0.3	0.6	-0.9	0.7
2016	-1.8	-1.2	0.0	1.8	3.0	0.0	0.0	0.9	0.9	0.6	1.8	0.6	6.8
2017	1.2	2.0	0.3	-0.3	2.1	1.4	1.7	0.0	1.6	5.8	-0.6	0.0	16.0
2018	1.8	0.0	-0.6	0.0	0.5	-1.3							0.5

Chairman's Statement and Review of Operations

Dear Shareholders

Total return to shareholders during the first six months of the year 2018 was 0.46% (increase of the share price from CHF 15.33 to CHF 15.40). This includes a dividend of CHF 1.00 per share, paid out to shareholders in May 2018. The Net Asset Value («NAV») recorded a decrease of 0.66% for the same period (from CHF 15.25 to CHF 15.15). Throughout the first six months of 2018, the shares traded at or near the NAV thereby delivering on an important commitment of ours.

Portfolio Development

Normalization of the FED policy with two rate hikes led to a strengthening of the USD, particularly against emerging market currencies. Tax cuts in the US introduced by the Trump administration fueled the continuation of the rally in US equities, this was especially true for the NASDAQ. The rest of the world suffered under less generous monetary conditions and under heightened political uncertainty across the board. Remarkably, the Swiss Franc did not strengthen in this period of high uncertainty and higher volatility.

Our overweight in Japan – which was the big positive in the year 2017 – led to unrealized losses across all sub-strategies (Long/Short, Long Equity Value and Credit) of around CHF 3 million. Half of this marked to market loss stems from our volatility protection position in Aleutian Fund/GCI Trust. We are in close contact to the manager and we do believe that the strategy will be successful as per maturity in the year 2021.

Our China and India positions suffered primarily from the weak currencies and led to a book loss of CHF 1.2 million for the reporting period. Our equity value positions outside Japan and China made a small positive contribution. The same was true for our credit and CLO positions. This is particularly noteworthy as both, interest rates and credit spreads, were up in the first six months 2018.

Our listed portfolio positions were up CHF 4.2 million and this was accountable for the portfolio's net positive performance YTD. The profits came mainly from our «old» core holdings in HBM Healthcare Investments Ltd. («HBM», which was up CHF 2.4 million) and Vifor Pharma AG («Vifor», which was up CHF 3.3 million). Furthermore, we are very pleased with our investment in Orion Engineered Carbons SA, a global leader in carbon black products with a book gain of around CHF 500,000. The special value investment idea came from one of our new US hedge funds, Three Court Fund Offshore LP, and we acted as partners in the investment. The only notable negative contributor in this sector was our IPO participation in DWS Group GmbH & Co. KGAA («DWS»), a spin off from Deutsche Bank. Given the lack of support from Deutsche Bank for its spin-off, we misjudged this investment opportunity and thus lost around 25% of this position or CHF 1 million. We are exiting the position.

In the reporting period, the CHF did weaken somewhat against our residual long FX positions. And thus the net USD and net JPY exposure contributed some CHF 600,000 to the reporting result. Another approx. CHF 200,000 came from an indirect long position in the Czech Krona through our legacy real estate investment in Cheyne New Europe Fund L.P. We expect more redemptions from this position in the years 2019 and 2020.

Investment Activity

During the first six months of 2018, Alpine Group made several new investments. We started in January with an investment in IBM Corp. and in two «Cryptowinners» Leonteq AG and Swissquote Group Holding Ltd. The latter one we sold again in March 2018, realizing a profit of around CHF 250,000. In March 2018 we participated in the IPO of DWS. Also, in March we increased our research position in Elara India Gateway Fund («Elara») and realized part of our profitable investment in Vifor and invested 25% of the proceeds in Chemocentryx Inc. shares. In April 2018, we further increased our allocation in Elara. In addition and given the continued NAV Premium in BB Biotech AG and NAV Discount in HBM, we sold BB Biotech shares on one hand and increased our allocation to HBM on the other hand. In June 2018 we newly invested in the Schroder China A Fund and have increased our allocation to China in light of the China A-share inclusion into MSCI. However, these new investments in China funds are only fully executed outside the reporting period and will thus be included in the annual report 2018.

In addition to the above-mentioned investment activities – and with the largest impact to the portfolio composition – was the launch of the Alpine Select Alternative Fund («Alpine Fund»), an Alternative Investment Fund pursuant to Liechtenstein law with the legal form of a trust. Alpine Select acts as the fund's promoter and has funded – together with its wholly owned subsidiary Absolute Invest Ltd. – the Alpine Fund with contributions in kind of around CHF 92 million. Following subscriptions by third parties, Alpine Group held 92.6% of the Alpine Fund as at 30 June 2018.

Annual Shareholders' Meeting 2018

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

Outlook

As mentioned in our year-end statement 2017 we correctly anticipated the return of volatility in. Our rigorous approach to portfolio construction held volatility low at 3.16% compared to Swiss Performance Index (SPI: 11.38%) and Global Hedge Fund Index CHF (HFRX: 5.69%).

We maintain our view of heightened volatility in the global markets. Therefore, we slightly adjusted the overall portfolio strategy, for example reducing our long-only equity exposure. With this we believe to continue taking advantage of the current global market sentiment.

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.

Condensed Interim Financial Statements

Condensed Interim Financial Statements

STATEMENT OF FINANCIAL POSITION

in TCHF	Note	30 June 18 (unaudited)	31 Dec 17 (audited)
ASSETS			
Current assets			
Cash and cash equivalents		873	1 773
Financial assets at fair value through profit or loss	5	33	541
Other receivables from Absolute Invest Ltd.		0	104
Other current assets	7	14 524	12 544
Total current assets		15 430	14 962
Non-current assets			
Financial assets at fair value through profit or loss	5	22 634	52 564
Investments in non-consolidated subsidiaries at fair value through profit or loss	5.1	148 964	119 655
Total non-current assets		171 598	172 219
Total assets		187 028	187 181
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		5 160	0
Financial liabilities at fair value through profit or loss	5	4 009	9
Short-term loan from and other payables to Absolute Invest Ltd.	8	7 006	4 051
Accounts payable and accrued liabilities		840	331
Total current liabilities		17 015	4 391
Non-current liabilities			
Deferred tax liabilities	9	330	1 025
Total non-current liabilities		330	1 025
Equity			
Share capital	10	224	224
Additional paid-in capital		0	9 937
Retained earnings		169 459	171 604
Total equity		169 683	181 765
Total liabilities and equity		187 028	187 181
Net asset value (NAV) per share in CHF	15	15.15	16.22

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED

in TCHF	Note	30 June 18 (unaudited)	30 June 17 (unaudited)
INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net	11	1 005	4 096
Dividend income	12	279	35 472
Other income		39	16
Total income		1 323	39 584
EXPENSES			
Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net	13	-1 245	-26 153
Administrative expenses		-863	-771
Commissions and other bank fees		-139	-191
Interest expenses		-16	-117
Net foreign exchange losses		-14	-21
Total expenses		-2 277	-27 253
(Loss) / profit before tax		-954	12 331
Income tax income		75	292
(Loss) / profit for the period		-879	12 623
Other comprehensive income for the period		0	0
Total comprehensive (loss) / income for the period		-879	12 623
Earnings per share in CHF (basic and diluted)	14	-0.08	1.13

Condensed Interim Financial Statements

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED

in TCHF	Note	30 June 18 (unaudited)	30 June 17 (unaudited)
Cash flows from operating activities			
(Loss) / profit before tax		-954	12 331
Adjustments for:			
• Gain on financial assets and financial liabilities at fair value through profit or loss, net	11	-1 005	-4 096
• Loss on investments in non-consolidated subsidiaries at fair value through profit or loss	13	1 245	26 153
• Dividend income	12	-279	-35 472
• Interest expenses, net		16	117
• Net foreign exchange losses		14	21
• Non-cash changes in accrued liabilities		62	41
Prepaid subscriptions		-1 986	0
Decrease in other current assets		16	8
Increase / (decrease) in accounts payable and accrued liabilities		-166	8
Increase in short-term receivables from Absolute Invest Ltd.		53	21
Withholding taxes received		0	15 646
Dividends received		230	23 057
Interest paid		-10	-44
Income taxes paid		-3	0
Net cash (used in) / from operating activities		-2 767	37 791
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss	5.8/6.1	-9 102	-13 663
Proceeds from:			
• Sale of financial assets at fair value through profit or loss	5.8/6.2	5 167	10 655
• Sale of investments in non-consolidated subsidiaries at fair value through profit or loss	5.8	6 399	0
• Short sale of financial assets at fair value through profit or loss	5.8	4 638	27
Purchase of financial assets at fair value through profit or loss previously sold short	5.8	-650	0
Purchase of trading options at fair value through profit or loss previously sold short		0	-254
Net cash (outflow) / inflow from currency forwards	5.8	-1 528	2 700
Net cash from / (used in) investing activities		4 924	-535

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED

in TCHF	Note	30 June 18 (unaudited)	30 June 17 (unaudited)
Cash flows from financing activities			
Short-term loans received from:	8		
• Absolute Invest Ltd.		3 000	11 500
• Altin Ltd.		0	20 000
• Trinsic Ltd.		0	8 500
Short-term loans paid back to:			
• Absolute Invest Ltd.		0	-500
• Altin Ltd.		0	-15 000
• Trinsic Ltd.		0	-8 500
Transaction costs paid in connection with the cancellation of treasury shares		0	-53
Dividend paid to shareholders of Alpine Select Ltd.		-11 203	-33 609
Net cash used in financing activities		-8 203	-17 662
Net foreign exchange difference		-14	-21
Net (decrease) / increase in cash and cash equivalents		-6 060	19 573
Cash and cash equivalents at 1 January		1 773	-17 232
Cash and cash equivalents at 30 June		-4 287	2 341
Cash and cash equivalents at 30 June consist of:			
• Current accounts at banks		873	2 341
• Less bank overdrafts		-5 160	0
Cash and cash equivalents as defined for the statement of cash flows		-4 287	2 341

Condensed Interim Financial Statements

STATEMENT OF CHANGES IN EQUITY

in TCHF	Note	Share capital	Additional paid-in capital	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2017		286	43 546	-52 848	192 006	182 990
Results for the six-month period 1 Jan – 30 June 2017						
Profit					12 623	12 623
Other comprehensive income						0
Total comprehensive income		0	0	0	12 623	12 623
Dividend paid to shareholders of Alpine Select Ltd. ¹⁾			-33 609			-33 609
Cancellation of treasury shares		-59		50 405	-50 395	-49
Total distributions to owners of the Company		-59	-33 609	50 405	-50 395	-33 658
Balance at 30 June 2017		227	9 937	-2 443	154 234	161 955
Results for the six-month period 1 July – 31 Dec 2017						
Profit					19 808	19 808
Other comprehensive income						0
Total comprehensive income		0	0	0	19 808	19 808
Cancellation of treasury shares, net of transaction costs		-3		2 443	-2 442	-2
Income tax on transaction costs					4	4
Total distributions to owners of the Company		-3	0	2 443	-2 438	2
Balance at 31 December 2017		224	9 937	0	171 604	181 765
Results for the six-month period 1 Jan – 30 June 2018						
Loss					-879	-879
Other comprehensive income						0
Total comprehensive loss		0	0	0	-879	-879
Allocation within equity ²⁾			1 266		-1 266	0
Dividend paid to shareholders of Alpine Select Ltd. ¹⁾			-11 203			-11 203
Total distributions to owners of the Company		0	-9 937	0	-1 266	-11 203
Balance at 30 June 2018		224	0	0	169 459	169 683

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

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Selected Notes to the Condensed Interim Financial Statements

1. Corporate information

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

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

Alpine Select has established investment guidelines that set forth the investment objectives and restrictions. Investment results may vary substantially over time and there is no guarantee that the set forth objectives will be achieved. The board of directors may alter the investment guidelines at any time. The investment guidelines can be downloaded from the Company's website. As of 30 June 2018, the Company has three employees.

Absolute Invest Ltd. («Absolute Invest»), Zug/Switzerland is a wholly owned subsidiary of Alpine Select, together they are hereafter referred to as «Alpine Group».

2. Basis of presentation of the condensed interim financial statements

The accompanying condensed interim financial statements for the six-month period ended 30 June 2018 were prepared in accordance with IAS 34 Interim Financial Reporting, Swiss law and the special provisions for investment companies according to the Listing Rules and the Directive of Financial Reporting of the SIX Swiss Exchange. They do not include all the information and disclosure required for a complete set of International Financial Reporting Standards («IFRS») financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to gain an understanding of the changes to the Company's financial position and performance since the last annual financial statements as at and for the year ended 31 December 2017.

The condensed interim financial statements are presented in Swiss Francs («CHF») / thousands of Swiss Francs («TCHF»).

2.1 Alpine Select Alternative Fund

The Alpine Select Alternative Fund («Alpine Fund») was founded in May 2018 under Liechtenstein law and by the initiative of Alpine Select. The Alpine Fund is domiciled in the Principality of Liechtenstein. Alpine Group owned 100% of the Alpine Fund at the date of incorporation. By 30 June 2018, third parties had participated in the Alpine Fund, which reduced Alpine Group's stake to 92.6%. During the same period, the total fund units of the Alpine Fund increased by 3,575.

a) Investment entity

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

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

Selected Notes to the Condensed Interim Financial Statements

Based on an analysis of above criteria, Alpine Select concluded to have control over the Alpine Fund; this mainly due to Alpine Select's contractual right to dismiss or elect the investment manager of the fund, thereby potentially having the ability to influence the investment strategy and – hence – the returns of the Alpine Fund.

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

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

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

b) Funding of Alpine Select Alternative Fund

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

in TCHF	Note	30 June 18
Long-positions of Alpine Select	5.8	36 953
Long-positions of Absolute Invest	5.9	55 368
Total long positions contributed by Alpine Group		92 321

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

The transfer of positions into the Alpine Fund is disclosed in Alpine Select's and Absolute Invest's investment table (Note 5.8 and Note 5.9) in the caption *investments in non-consolidated subsidiaries at fair value through profit or loss*. The transfers of the positions as set out in the table above are included in the respective investment tables in the column *reductions*.

During the six-month period to 30 June 2018 Alpine Select reduced its holding in the Alpine Fund from an initial 40.0% to 32.9% and thus realized a loss of CHF 0.1 million which is included in the statement of comprehensive income in the caption *loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net*. Absolute Invest did not sell any Alpine Fund units during the period under review.

Selected Notes to the Condensed Interim Financial Statements

3. Accounting policies

The condensed interim financial statements have been prepared under the historical cost basis except for investments in non-consolidated subsidiaries and for financial assets and financial liabilities at fair value through profit or loss and for all derivative financial instruments which are recorded at fair value.

3.1 Changes in accounting policies

a) Standards effective 1 January 2018

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

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

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

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

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

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

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

Alpine Select has assessed which business models apply to the financial assets held.

Selected Notes to the Condensed Interim Financial Statements

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

in TCHF	Note	Classification		Carrying amount	
		under IAS 39	under IFRS 9	under IAS 39	under IFRS 9
Financial assets					
Cash and cash equivalents		Loans and receivables	Amortized cost	1 773	1 773
Positive fair value of currency forward contracts	5	At fair value through p/l	At fair value through p/l	541	541
Other receivables from Absolute Invest Ltd.		Loans and receivables	Amortized cost	104	104
Other current financial assets		Loans and receivables	Amortized cost	61	61
Securities	5	At fair value through p/l	At fair value through p/l	52 564	52 564
Investments in non-consolidated subsidiaries	5	At fair value through p/l	At fair value through p/l	119 655	119 655
Total financial assets				174 698	174 698
Financial liabilities					
Negative fair value of currency forwards contracts	5	At fair value through p/l	At fair value through p/l	9	9
Short-term loan from and other payables to Absolute Invest Ltd.	8	Amortized cost	Amortized cost	4 051	4 051
Accounts payable and accrued liabilities		Amortized cost	Amortized cost	321	321
Total financial liabilities				4 381	4 381

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

Cash and cash equivalents, other receivables from Absolute Invest and other current financial assets previously classified as loans and receivables under IAS 39 are now classified at amortized cost. No impairment is recognized, neither on the transition to IFRS 9 as of 1 January 2018 (in retained earnings) nor during the six-month period to 30 June 2018. The impairment balance at 30 June 2018 is not material and therefore has not been recognized as financial assets in the scope of ECL (*cash and cash equivalents* and *other current financial assets*) are of a short-term nature and the major counterparties have investment grade credit rating.

Selected Notes to the Condensed Interim Financial Statements

b) Standards issued but not yet effective

Effective 1 January 2019, the Company will adopt the following new and amended standards:

- IFRS 16: Leases;
- Prepayment Features with Negative Compensation – Amendments to IFRS 9.

The Company is in process of assessing the potential impact of the above-mentioned new and amended standards on the Company's accounting policies, its financial statements and performance.

3.2 Accounting estimates and judgment

The preparation of these condensed interim financial statements in accordance with IAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses as well as the disclosure of contingent liabilities. Therefore, management has carefully considered the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. The significant judgements made by the management in applying Alpine Select's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the IFRS financial statements as at and for the year ended 31 December 2017.

a) Fair value of investments

The most critical judgments and estimates relate to the valuation of the Company's unlisted investments and – hence – the Company's non-consolidated investment in Absolute Invest, valued at fair value through profit or loss. Unlisted investments as well as the non-consolidated investment in Absolute Invest and the Alpine Fund are recorded at the (adjusted) net asset value as reported by the managers or administrators of such investments. This value is considered fair value as this amount is estimated to represent the amount at which the unlisted investment funds could be exchanged in an arm's length transaction.

Fair value estimates are made at a specific point in time and are subjective in nature. Fair values can therefore not be determined with precision. The fair values might be impacted by changes in factors such as the nature of the business, the industry and economic outlook (local as well as global) and earnings capacity of the fund.

b) Investment entity exemption

The board of directors has assessed the definition of an investment entity and has concluded that Alpine Select (the parent investment entity), Absolute Invest and the Alpine Fund meet the three main characteristics of an investment entity in accordance with IFRS 10 paragraph 27. Accordingly, Alpine Select, Absolute Invest and the Alpine Fund:

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

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Alpine Select and its wholly owned subsidiary Absolute Invest as well as the Alpine Fund have not had any other business activity or separate substantial source of income apart from their business purpose which is to invest from investors obtained funds solely for capital appreciation, investment income or both. Therefore, Alpine Select recognizes and measures its subsidiary Absolute Invest and its investment in the Alpine Fund as investments in non-consolidated subsidiaries at fair value through profit or loss.

3.3 Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing at the date of the transaction. On the reporting date, monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currency at the exchange rates prevailing at that date. The resulting exchange gains and losses are included in profit or loss. Non-monetary assets and liabilities in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rate at the date the fair values were determined. The resulting exchange gains and losses are included in profit or loss. The exchange rate differences resulting from foreign currency positions within cash and cash equivalents are disclosed separately in profit or loss. Other exchange rate differences are included in *gain on financial assets and financial liabilities at fair value through profit or loss, net* (see also Note 11).

The following exchange rates were applied:

		30 June 18	31 Dec 17	30 June 17
EUR / CHF				
Balance sheet	End of month	1.15935	1.17015	1.09225
Items of profit and loss	Average rate for the period	1.16981	1.11147	1.07661
JPY / CHF				
Balance sheet	End of month	0.00896	0.00865	0.00852
Items of profit and loss	Average rate for the period	0.00890	0.00878	0.00885
USD / CHF				
Balance sheet	End of month	0.99298	0.97450	0.95765
Items of profit and loss	Average rate for the period	0.96712	0.98448	0.99405

3.4 Financial assets, financial liabilities and investments in non-consolidated subsidiaries at fair value through profit or loss

Financial assets at fair value through profit or loss may comprise equity investments, bonds, collective investment schemes, hedge funds, futures, options, warrants, swaps as well as currency forward contracts. Financial liabilities at fair value through profit or loss mainly include equity investments, futures and options sold short as well as currency forward contracts with a negative fair value balance at the balance sheet date.

Financial assets, financial liabilities and non-consolidated investments in subsidiaries are recorded at fair value at inception and are subsequently measured at fair value through profit or loss.

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A financial asset or a financial liability is classified as held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it. Currency forwards and options are also categorized as held for trading. The Company may engage in short sales anticipating a decline in the respective market. Short sales are classified as financial liabilities at fair value through profit or loss. Transactions are recognized on the trade date.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). That definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value.

The fair value of investments that are traded in an active financial market (level 1) is determined by reference to quoted market prices on principal markets at the close of business on the balance sheet date.

In order to determine whether a market is active or not, the board of directors takes the following into consideration:

- Few recent transactions; there is not sufficient frequency or volume of transactions to provide pricing information on an ongoing basis;
- there are no price quotes available or are not based on current information; and
- little information is published.

When a price for an identical asset or liability is not observable (level 2 and level 3), fair value is measured using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs.

Investments in level 2 and level 3 are carried at estimated fair value. The valuation method used for unquoted funds and equities is the «adjusted net asset method». In determining the fair value of investments for which quotations are not readily available, the valuation is generally based on the latest available net asset value («NAV») of the fund reported by the corresponding fund manager provided the NAV has been appropriately determined by using proper fair value principles in accordance with IFRS 13. The Company reviews and approves the NAV provided by the investment manager unless it is aware of reasons that such a valuation may not be the best approximation of fair value (for example if there is evidence that the investment cannot be redeemed at the net asset value or if other restrictions, for example capital commitments exist). The adjusted net asset method is the single technique used across all fund investment types.

The NAV would also be adjusted if the Company becomes aware of significant market changes or events that have a significant impact on the value of the underlying investments and that are not yet included in the NAV as reported by the fund manager. In addition, the Company has the following control procedures in place to ensure that the NAV of the underlying fund investments is calculated in a manner consistent with IFRS 13:

Selected Notes to the Condensed Interim Financial Statements

- Thorough initial due diligence process and ongoing monitoring procedures;
- comparison of historical realizations to last reported fair values;
- review of the fund investments auditor's report;
- comparing the NAV as per the latest audited financial statements (if available) with the NAV that was reported by the fund manager for the respective period.

The Company invests if:

- The investment manager of the fund is reputable within the industry and has a reasonable track record;
- there is an appropriate transparency in the fund's investments and regular statements are provided.

All realized and unrealized gains and losses including foreign exchange gains and losses on financial assets and financial liabilities at fair value through profit or loss are recognized in profit or loss. The realized and unrealized gains and losses are calculated based on the weighted average cost formula.

Due to the inherent uncertainty of the valuation of unlisted investments and considering a potential market turmoil which (among other things) may lead to illiquidity in markets for certain financial products, the estimated values may differ significantly from the values that would have been recorded had a ready market for these investments existed. These differences could be material.

3.5 Cash and cash equivalents

Cash and cash equivalents include cash at banks and short-term deposits with an original maturity of up to three months.

3.6 Other current assets

Other current assets result from withholding tax, receivables from investments sold, subscriptions or other miscellaneous events. Other current assets are initially recognized at their fair values; subsequently they are measured at amortized cost, which approximates fair value.

3.7 Other receivables from Absolute Invest Ltd.

Other receivables from Absolute Invest are initially recognized at their fair values and subsequently measured at amortized cost, which approximates fair value.

3.8 Bank overdrafts

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

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

The positions are expected to be settled within twelve months after the reporting period. They are carried at amortized cost which approximates fair value.

Selected Notes to the Condensed Interim Financial Statements

3.10 Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are classified as short-term liabilities since they are expected to be settled within twelve months after the reporting period. Accounts payable and accrued liabilities are carried at amortized cost, which approximates fair value.

3.11 Deferred tax assets and deferred tax liabilities

Deferred tax liabilities result from valuation differences between tax value and IFRS carrying amounts of financial assets and financial liabilities at fair value through profit or loss. Deferred tax assets are recognized for tax losses carried-forward to an extent to which the realization of the related tax benefit is probable through future taxable profits. Deferred tax assets and deferred tax liabilities are disclosed net in case there is a legally and enforceable right.

3.12 Dividend income

Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established and recorded net of withholding tax when applicable. For quoted equity securities, the date usually equals the ex-dividend date.

3.13 Taxes

Alpine Select has the status of a holding company in the Canton of Zug and as such benefits from the participation exemption at federal level on income from dividends, stock dividends and capital gains and from the complete exemption at cantonal and communal level. For federal tax purposes, the Company is subject to income tax at a rate of 7.83% (based on the profit before tax) on income, which does not qualify for the participation exemption.

4. Business segments

IFRS 8 requires entities to define operating segments and segment performance in the condensed interim financial statements based on information used by the «Chief operating decision-maker». The board of directors is considered to be the «Chief operating decision-maker».

The Company invests in securities, quoted or non-quoted, of Swiss and foreign corporations, taking advantage of significant transactional events such as spin-offs, acquisitions, mergers, carve-outs and recapitalizations. The board of directors work as a team for the entire portfolio, asset allocation is based on a single, integrated investment strategy and the Company's performance is evaluated on an overall basis and is not based on specific markets or industries. Thus, the Company operates as one segment.

5. Financial assets and financial liabilities at fair value through profit or loss

The financial assets and financial liabilities at fair value through profit or loss consist of the following:

in TCHF	30 June 18	31 Dec 17
Financial assets at fair value through profit or loss		
Positive fair value of currency forward contracts	33	541
Securities	22 634	52 564
Total	22 667	53 105
• current	33	541
• non-current	22 634	52 564
Financial liabilities at fair value through profit or loss		
Negative fair value of currency forward contracts	7	9
Securities sold short	4 002	0
Total	4 009	9
• current	4 009	9
• non-current	0	0

Selected Notes to the Condensed Interim Financial Statements

5.1 Investments in non-consolidated subsidiaries at fair value through profit or loss

The investments in non-consolidated subsidiaries at fair value through profit or loss for the six-month period under review include Alpine Select's investment in its wholly owned subsidiary Absolute Invest and the Alpine Fund.

in TCHF	Note	30 June 18	31 Dec 17
Opening balance at 1 January		119 655	163 414
Additions (contribution in kind of long positions into the Alpine Fund)	5.8	36 953	0
Reductions (sale of Alpine Fund units)	5.8	-6 399	0
Realized losses	13	-102	-35 272
Unrealized losses	13	-1 143	-8 487
Ending balance		148 964	119 655
• of which Absolute Invest Ltd.		119 614	119 655
- of which financial assets and financial liabilities and investments in non-consolidated subsidiaries at fair value through profit or loss	5.9	109 240	106 722
- of which other current assets		12 746	19 331
- of which liabilities		-2 372	-6 398
• of which Alpine Select Alternative Fund		29 350	0

The Alpine Fund consists of the investments as disclosed in Note 5.10. Thereof, Alpine Select has a share of 32.9% at 30 June 2018.

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

in TCHF	30 June 18	31 Dec 17
Level 1	16 161	11 454
Level 2	67 547	55 790
Level 3	25 532	39 478
Total	109 240	106 722

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

5.2 Fair value hierarchy

The different levels of the fair value hierarchy have been defined as follows:

- Level 1 Fair values measured using quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 Fair values measured using directly or indirectly observable inputs, other than those included in level 1. Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. In cases where funds utilize quotes from a fund manager or a broker to assess valuation, it is checked whether such quotes are «binding and executable» or not. When the Company has evidence that such quotes are «binding and executable», the investment is classified within level 2.
- Level 3 Fair values measured using inputs that are not based on observable market data (due to little – if any – market activity). The inputs into the determination of fair value require significant management judgment and estimates, and the estimated values may differ significantly from the values that would have been recorded if an active market for these financial instruments existed. These differences could be material.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within level 2. These include investments into hedge funds in which the Company invests. These investments are open end, for which observable information for transactions exists and their valuation is published by the administrator of such funds. Usually, no adjustment is made by Alpine Select on valuation. Every transaction occurs at the underlying's price.

Selected Notes to the Condensed Interim Financial Statements

The following table analyses financial instruments – carried at fair value – by level in fair value hierarchy:

in TCHF	Level 1	Level 2	Level 3	Total
30 June 2018				
Positive fair value of currency forward contracts	0	33	0	33
Securities	22 386	248	0	22 634
Negative fair value of currency forward contracts	0	-7	0	-7
Securities sold short	-4 002	0	0	-4 002
Total financial assets / (liabilities)	18 384	274	0	18 658
Investments in non-consolidated subsidiaries	0	29 350	119 614	148 964
31 December 2017				
Positive fair value of currency forward contracts	0	541	0	541
Securities	21 910	30 654	0	52 564
Negative fair value of currency forward contracts	0	-9	0	-9
Total financial assets / (liabilities)	21 910	31 186	0	53 096
Investments in non-consolidated subsidiaries	0	0	119 655	119 655

The level 2 position in the caption *investments in non-consolidated subsidiaries* at 30 June 2018 pertains to Alpine Select's investment in the Alpine Fund; the level 3 position reported in the same caption pertains to its wholly owned subsidiary Absolute Invest at 30 June 2018 and 31 December 2017, respectively. Both investments are recognized at the adjusted net asset value.

Level 2 investments as at 30 June 2018 comprise currency forwards and CLO-investments. The investments in Japanese hedge-funds («Japan-investments») that formed part of the level 2 investments at 31 December 2017 were transferred into the Alpine Fund during the six-month period to 30 June 2018 (see also Note 2.1). CLO-investments are recognized at the adjusted net asset value set by the market participants whereas currency forwards are recognized based on observable spot exchange rates. Level 2 investments (excluding currency forwards) are recognized at the adjusted net asset value (quotes) reported by the investment manager or the broker of the fund on a monthly, in some cases on a weekly basis. The Company has evidence that these quotes are «binding and executable».

Transfers between the levels of the fair value hierarchy are recognized as of the beginning of the reporting period during which the transfer has occurred. During the six-month period to 30 June 2018 and during the year to 31 December 2017 no transfers happened between the levels.

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

Movements of investments measured at fair value for which the Company has used level 2 inputs to determine fair value for the six-month period ended 30 June 2018 and for the year ended 31 December 2017 are as follows:

in TCHF	Level 2
Fair value at 1 January 2017	25 064
Purchase of investments	4 196
Proceeds on disposal of investments	-1 132
Net gains recognized in the statement of comprehensive income ¹⁾	3 058
Fair value at 31 December 2017	31 186
Purchase of investments	35
Proceeds on disposal of investments	-30 323
Net losses recognized in the statement of comprehensive income ¹⁾	-624
Fair value at 30 June 2018	274

¹⁾ In the caption *gain on financial assets and financial liabilities at fair value through profit or loss, net*.

Selected Notes to the Condensed Interim Financial Statements

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

Movements of investments in non-consolidated subsidiaries measured at fair value for which Alpine Select has used level 3 inputs to determine fair value for the six-month period ended 30 June 2018 and for the year ended 31 December 2017, are as follows:

in TCHF	Note	Level 3
Fair value at 1 January 2017		104 623
Effect of the merger of Altin (level 1 investment) into Absolute Invest as of 30 June 2017		25 333
Net gain / (loss) recognized in the statement of comprehensive income ¹⁾		
• Unrealized loss as a consequence of the recognized dividend income		-34 800
• Unrealized gain		24 499
Fair value at 31 December 2017		119 655
Net gain / (loss) recognized in the statement of comprehensive income ¹⁾		
• Unrealized loss	13	-41
Fair value at 30 June 2018		119 614

¹⁾ In the caption *loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net*.

The net change in unrealized gains / (losses) for the level 3 investments in non-consolidated subsidiaries held at 30 June 2018 resulted in a loss of TCHF 41 for the six-month period ended then (31 December 2017: loss of TCHF 10,301). The amounts are included in the statement of comprehensive income within *loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net*.

5.5 Valuation technique used to derive level 2 and level 3 fair values

The level 2 foreign currency forwards are measured based on observable spot exchange rates. The level 2 investments further include investments in CLOs. There are market makers that are expected to be willing to set prices and on the other side market participants that are willing to buy such products at the offered prices. Thus, Alpine Select considers the market for CLOs as at least indirectly observable (comparable transactions in the same instrument) and classifies the CLOs within level 2.

The valuation technique of level 2 and level 3 investments has not changed compared to the prior reporting periods.

5.6 Sensitivity analysis of level 3 fair values

Alpine Select does not utilize valuation models with model inputs to calculate the fair value of its level 3 investments. Rather, the Company utilizes a methodology that uses as a key input NAV («adjusted net asset value method»). Thus, the key «unobservable input» would be the NAV itself. A change in the fair value of the underlying input factors could cause the fair value of level 3 financial instruments to significantly change. Changes in the fair value could result from business, economical or environmental risks.

5.7 Investments in which the Company has an ownership of more than 20%

In addition to the information disclosed in the investment table on the following pages, the below disclosures are made for those investments at fair value through profit or loss in which the Company has an ownership of 20% or more.

	30 June 2018			31 December 2017		
	Fair value in TCHF	Ownership in %	Place of business	Fair value in TCHF	Ownership in %	Place of business
Absolute Invest Ltd.	119 614	100.0%	Switzerland	119 655	100.0%	Switzerland
Alpine Select Alternative Fund	29 350	32.9%	Principality of Liechtenstein	–	–	

Selected Notes to the Condensed Interim Financial Statements

5.8 Investment table of Alpine Select at 30 June 2018

in TCHF	Number of shares at 1-Jan-18	Fair value at 1-Jan-18	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 30-Jun-18	Number of shares at 30-Jun-18	Level at 30-Jun-18
LONG POSITIONS									
Alegra ABSI I (Euro) Fund ³⁾	469	2 367		-2 406	100	-61	0	0	
Aleutian Fund ³⁾	54 125	7 097	35	-7 053	1 450	-1 529	0	0	
Arcus Genseki Fund ³⁾	30 000	4 745		-4 927	2 181	-1 999	0	0	
Chemocentrx Inc.	0	0	1 099			78	1 177	90 000	I
DWS Group GmbH & Co. KGAA	0	0	4 563			-970	3 593	120 000	I
GCI Trust / GCI Japan Hybrids ³⁾	20 813	3 441		-3 393	587	-635	0	0	
Hayate Japan Equity Long-Short Fund ³⁾	111	5 404		-5 120	2 190	-2 474	0	0	
HBM Healthcare Investments Ltd.	0	0	3 440			6	3 446	21 922	I
Orion Engineered Carbons SA	100 000	2 495				569	3 064	100 000	I
Stone Tower CLO VI Ltd.	2 000	0					0	2 000	II
Stone Tower CLO VII Ltd.	2 000 000	0					0	2 000 000	II
UMJ Kotoshiro Feeder Fund ³⁾	30 113	6 716		-6 739	2 273	-2 250	0	0	
Vifor Pharma AG	100 000	12 490		-4 482	1 063	2 035	11 106	70 000	I
Voya CLO IV Ltd.	2 000	884		-685		49	248	2 000	II
Yuki Japan Rebounding Growth Fund ³⁾	20 413	6 925		-7 315	3 005	-2 615	0	0	
Total long positions		52 564	9 137	-42 120	12 849	-9 796	22 634		
of which gains					12 861	2 881			
of which losses					-12	-12 677			
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES									
Absolute Invest Ltd.	5 995 552	119 655				-41	119 614	5 995 552	III
Alpine Select Alternative Fund ³⁾	0	0	36 953	-6 399	-102	-1 102	29 350	304 528	II
Total investments in non-consolidated subsidiaries		119 655	36 953	-6 399	-102	-1 143	148 964		
of which gains					0	0			
of which losses					-102	-1 143			
CURRENCY FORWARDS									
Currency Forwards CHF/EUR; EUR/CHF		-9			188	42	33		II
Currency Forwards CHF/JPY; JPY/CHF		174			-956	-174	0		
Currency Forwards CHF/USD; USD/CHF		367			-760	-374	-7		II
Total currency forwards		532	0	0	-1 528	-506	26		
of which gains					4 210	43			
of which losses					-5 738	-549			
of which assets		541					33		
of which liabilities		-9					-7		
SHORT POSITIONS									
BB Biotech AG	0	0	-4 638	650	11	-25	-4 002	-60 000	I
Total short positions	0	0	-4 638	650	11	-25	-4 002		
of which gains					11	0			
of which losses					0	-25			

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Additions of TCHF 36,953 at Alpine Fund and reductions in the same amount of Alpine Select's long positions pertain to Alpine Select's contribution in kind funding of the Alpine Fund (see also Note 2.1).

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5.9 Investment table of Alpine Select's non-consolidated investment Absolute Invest at 30 June 2018

in TCHF	Number of shares at 1-Jan-18	Fair value at 1-Jan-18	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Currency translation adjustments	Fair value at 30-Jun-18	Number of shares at 30-Jun-18	Level at 30-Jun-18
LONG POSITIONS										
Akamatsu Bonsai Fund ⁴⁾	25 100	8 422		-8 472	4 677	-4 627		0	0	
Arbiter Partners Offshore Ltd.	2 592	3 040		-2 747	-1	-224		68	69	III
Arcus Genseki Fund ⁴⁾	20 000	3 322		-3 438	1 519	-1 403		0	0	
Cheyne New Europe Fund L.P. ³⁾	990 343	16 880				-278	313	16 915	990 343	III
Cheyne TR Credit Fund – June 2022 ⁴⁾	31 037	4 058		-4 216	816	-658		0	0	
Claren Road Credit Fund, Ltd. ⁶⁾	19	26		-18	-1	2		9	6	II
CQS Directional Opp. Feeder Fund Ltd. ⁴⁾	1 150	6 825		-7 121	2 418	-2 122		0	0	
Drake Global Opportunities Fund ⁶⁾	39	59		-58	21	-22		0	0	
Elara India Gateway Fund	1 436	479	3 470			-439		3 510	12 135	II
Firebird Aurora Fund Ltd. ⁶⁾	112	148				-39	2	111	112	III
Gold Coin Invest Ltd.	84	247				2		249	84	III
HBM Healthcare Investments Ltd.	78 472	10 460				1 875		12 335	78 472	I
Hermitage Global ⁶⁾	2 149	45				-25		20	2 149	III
IBM Corp.	0	0	1 859			-195		1 664	12 000	I
Julius Baer Balkan Tiger Fund in liquidation	50 000	953				-9		944	50 000	III
Laurus Master Fund Ltd. ³⁾	35 475	69		-68	-1 350	1 350	-1	0	0	
Leonteq AG	0	0	1 489			-235		1 254	22 000	I
LL Assets Ltd. ⁶⁾	4 724	0						0	4 724	III
Marathon Special Opportunity Fund Ltd. ⁶⁾	52	186		-30	-41	66	3	184	44	III
New Carpathian Fund	1 000	1 338				-38		1 300	1 000	II
Northwest Feilong Fund Ltd. ⁴⁾	3 090	5 076		-5 455	2 730	-2 351		0	0	
Northwest Warrant Fund Ltd. ^{4) 5)}	900	2 873		-2 520	1 027	-1 380		0	0	
Orchard Liquid Credit Fund ⁴⁾	50 000	4 891		-5 138	215	32		0	0	
Private Equity Holding Ltd.	12 982	994				-86		908	12 982	I
QVT SLV Offshore Ltd. ⁶⁾	477	433		-43	16	-9	7	404	430	III
QVT Special Investment Offshore ⁶⁾	62	161		-22	15	-19	2	137	53	III
R3 (C), Ltd. ⁶⁾	91	90			-1		2	91	91	III
Romanian Investment Fund	690	876		-147	-1	-98		630	572	III
Sanuwave Health Inc. ³⁾	213 553	51				40	2	93	213 553	III
Schroder China A Fund	0	0	985			-62		923	8 665	II
SFP Value Realization Fund Ltd. ⁶⁾	25 452	7 958		-412	142	810	165	8 663	24 179	II
Silverbell Capital Ltd.	2 500 000	12						12	2 500 000	III
Sparx Japan Value Impact Fund ⁴⁾	75 000	9 258		-9 100	2 475	-2 633		0	0	
Stats Investment Japan Long & Short Fund ⁴⁾	9 367	7 483		-7 373	383	-493		0	0	
Swissquote Group Holding Ltd.	0	0	847	-1 108	261			0	0	
The Tudor BVI Global Fund Ltd. ⁶⁾	60	75				8	2	85	60	III
Three Court Fund Offshore, LP	2 086 166	2 033			-20	174		2 187	2 203 104	III
Titan Structured Credit, Ltd. – CLO	1 641	1 702		-1 657		-45		0	0	
Truston Asset Management Co. Ltd.	19 492	584				-16		568	19 492	III
Valens Offshore Fund ³⁾	4 035	2 653				127	54	2 834	4 035	III
Subtotal long positions		103 760	8 650	-59 143	15 300	-13 020	551	56 098		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Held by Absolutissimo Limited | ⁴⁾ Additions of TCHF 55,368 at Alpine Fund and reductions in the same amount of Absolute Invest's long positions pertain to Absolute Invest's contribution in kind funding of the Alpine Fund (see also Note 2.1) | ⁵⁾ Includes negative / positive equalization | ⁶⁾ Held by Altin (Cayman) Ltd.

Selected Notes to the Condensed Interim Financial Statements

Investment table of Alpine Select's non-consolidated investment Absolute Invest Ltd. at 30 June 2018 (continued)

in TCHF	Number of shares at 1-Jan-18	Fair value at 1-Jan-18	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Currency translation adjustments	Fair value at 30-Jun-18	Number of shares at 30-Jun-18	Level at 30-Jun-18
Subtotal long positions (from previous page)		103 760	8 650	-59 143	15 300	-13 020	551	56 098		
Venture Capital Accel VIII ³⁾	0	0						0	0	III
Venture XIX CLO Ltd. ⁴⁾	4 000 000	2 465		-2 535	664	-594		0	0	
Total long positions		106 225	8 650	-61 678	15 964	-13 614	551	56 098		
of which gains					17 534	5 208				
of which losses					-1 570	-18 822				
INVESTMENTS IN NON-CONSO-LIDATED SUBSIDIARIES										
Alpine Select Alternative Fund ⁴⁾	0	0	55 368			-2 004		53 364	553 683	II
Total investments in non-consolidated subsidiaries		0	55 368	0	0	-2 004	0	53 364		
of which gains					0	0				
of which losses					0	-2 004				
CURRENCY FORWARDS										
Currency Forwards CHF/JPY; JPY/CHF		23			-95	-23		0		II
Currency Forwards CHF/USD; USD/CHF		474			-1 016	-696		-222		II
Total currency forwards		497	0	0	-1 111	-719	0	-222		
of which gains					3 669	0				
of which losses					-4 780	-719				
of which assets		497						0		
of which liabilities		0						-222		

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Held by Altin (Cayman) Ltd. | ⁴⁾ Additions of TCHF 55,368 at Alpine Fund and reductions in the same amount of Absolute Invest's long positions pertain to Absolute Invest's contribution in kind funding of the Alpine Fund (see also Note 2.1)

5.10 Investment table of Alpine Select's non-consolidated investment Alpine Select Alternative Fund at 30 June 2018

in TCHF	Number of shares at 1-Jan-18	Fair value at 1-Jan-18	Additions ¹⁾	Reductions	Realized gains/ (losses)	Unrealized gains/ (losses)	Fair value at 30-Jun-18	Number of shares at 30-Jun-18	Level at 30-Jun-18
LONG POSITIONS									
Akamatsu Bonsai Fund	0	0	8 472			-433	8 039	25 100	II
Alegria ABSI I (Euro) Fund	0	0	2 406			-45	2 361	469	II
Aleutian Fund ²⁾	0	0	7 053			-821	6 232	32 878	II
Arcus Genseki Fund	0	0	8 365			-257	8 108	50 000	II
Cheyne Total Return Credit Fund	0	0	4 216			-155	4 061	31 037	III
CQS Directional Opportunities Feeder Fund Ltd.	0	0	7 121			-74	7 047	1 150	III
GCI Trust / GCI Japan Hybrids	0	0	3 393			-321	3 072	20 813	II
Hayate Japan Equity Long-Short Fund	0	0	5 120			-37	5 083	111	II
Northwest Feilong Fund Ltd.	0	0	5 455			-309	5 146	3 090	II
Northwest Warrant Fund Ltd.	0	0	2 520			-490	2 030	900	II
Orchard Liquid Credit Fund	0	0	5 138			-28	5 110	50 000	II
Sparx Japan Value Impact Fund	0	0	9 100			-404	8 696	73 379	II
Stats Investment Japan Long & Short Fund	0	0	7 373			-214	7 159	9 367	II
UMJ Kotoshiro Feeder Fund	0	0	6 739			262	7 001	30 113	II
Venture XIX CLO Ltd.	0	0	2 535			-191	2 344	4 000 000	II
Yuki Japan Rebounding Growth Fund	0	0	7 315			-35	7 280	20 413	I
Total long positions		0	92 321	0	0	-3 552	88 769		
of which gains					0	262			
of which losses					0	-3 814			

¹⁾ Additions of TCHF 92,321 pertain to contribution in kind of Alpine Select and Absolute Invest (see also Note 2.1, Note 5.8 and Note 5.9) | ²⁾ Change of share class upon contribution in kind by Absolute Invest

Currency forwards with a positive fair value of approximately CHF 0.2 million at 30 June 2018 are not included in above table.

6. Cash flows from purchase and disposal of investments

6.1 Cash flows from purchase of investments

in TCHF	Note	30 June 18	30 June 17
Purchase of investments at fair value through profit or loss as per the investment table (additions total long positions)	5.8	-9 137	-13 663
Adjustment for stock-dividends and other non-cash additions		35	0
Effective cash outflow from purchases		-9 102	-13 663

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6.2 Cash flows from disposal of investments

in TCHF	Note	30 June 18	30 June 17
Disposal of investments at fair value through profit or loss as per the investment table (reductions total long positions)	5.8	42 120	10 655
Incorporation of Alpine Select Alternative Fund by contribution in kind as per the investment table	5.8	-36 953	0
Effective cash inflow from disposals		5 167	10 655

7. Other current assets

in TCHF	30 June 18	31 Dec 17
Withholding tax receivable	12 464	12 418
Prepaid subscriptions	1 986	0
Other receivables	74	126
Total	14 524	12 544

8. Short-term loans

During the reporting period Alpine Select received further short-term borrowings from Absolute Invest. As at 30 June 2018 the total outstanding short-term loan was CHF 7.0 million (31 December 2017: CHF 4 million). The short-term loan is denominated in CHF and is interest bearing at a rate of 0.25% p.a.

9. Deferred tax assets and deferred tax liabilities

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

in TCHF	Deferred tax liabilities on financial assets at fair value through profit or loss	Deferred tax assets from capitalized tax losses carried forward	Deferred tax (liabilities) / assets, net
Balance at 1 January 2017	-1 016	57	-959
Deferred tax expense	-9	-57	-66
Balance at 31 December 2017	-1 025	0	-1 025
Deferred tax income	695	0	695
Balance at 30 June 2018	-330	0	-330

Deferred tax assets and deferred tax liabilities are netted in case there is a legally enforceable right. Provisions for deferred taxes are calculated in accordance with the liability method using a tax rate of 7.83% (based on the result before tax).

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

10. Share capital and treasury shares

10.1 Share capital

As at 30 June 2018 and unchanged to the year ended 31 December 2017, the Company's fully paid-in share capital amounts to CHF 224,058.00 and is divided into 11,202,900 registered shares with a nominal value of CHF 0.02 each. No preferential or similar rights exist. Each share has one vote and all shares are equally entitled to dividends. There are no voting right restrictions. There are two share certificates outstanding for 525 shares in total. The Company does not have participation certificates.

10.2 Authorized share capital

The board of directors is authorized to increase the share capital according to article 4a of the articles of association by a maximum of CHF 100,000.00 at any time until 22 May 2019 by issuing a maximum of 5,000,000 registered shares with a nominal value of CHF 0.02 each to be fully paid-in. Increases by way of firm underwriting and partial increases are permitted. The board of directors shall determine the date of issuance of the new shares, their issue price, method of payment, the conditions for existing subscription rights and the date of the dividend entitlement.

10.3 Conditional share capital

According to article 4b of the Company's articles of association, the Company's share capital may be increased by a maximum amount of CHF 121,779.54 by issuing a maximum of 6,088,977 registered shares with a nominal value of CHF 0.02 each to be fully paid-in, through the exercise of option and/or conversion rights to be granted in connection with bonds or similar debt instruments of the Company or its subsidiary, and/or through the exercise of option rights to be granted to the shareholders. No such rights existed at 30 June 2018 and at 31 December 2017, respectively.

10.4 Treasury shares

The annual shareholders' meeting held on 22 May 2017 entitled the Company's board of directors to repurchase own shares up to a maximum of 10% of the share capital, starting 22 May 2017 until the ordinary shareholders' meeting in 2019. The Company has no treasury shares purchased since and until 30 June 2018.

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

in TCHF	30 June 18	30 June 17
Financial assets at fair value through profit or loss: long positions		
Realized gains	11 149	521
Net realized currency gains	1 700	0
Net realized	12 849	521
Unrealized	3 908	4 016
Unrealized losses	-12 801	-3 309
Net unrealized currency losses	-903	-174
Net unrealized	-9 796	533
Total long positions, net	3 053	1 054
Financial liabilities at fair value through profit or loss: securities sold short		
Realized gains	11	0
Unrealized losses	-25	0
Total short positions, net	-14	0
Financial assets at fair value through profit or loss: trading options		
Realized gains	0	393
Realized losses	0	-62
Unrealized losses	0	-88
Total trading options, net	0	243
Currency forwards		
Realized gains	4 210	7 643
Realized losses	-5 738	-4 943
Unrealized gains	43	531
Unrealized losses	-549	-432
Total currency forwards, net	-2 034	2 799
Gain on financial assets and financial liabilities at fair value through profit or loss, net	1 005	4 096

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

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12. Dividend income

in TCHF	30 June 18	30 June 17
Dividend income from Altin Ltd.	0	35 272
Dividend income from securities	279	200
Total dividend income	279	35 472

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

in TCHF	30 June 18	30 June 17
Realized losses		
• Altin Ltd.	0	-35 272
• Alpine Select Alternative Fund	-102	0
Total realized losses	-102	-35 272
Unrealized gains		
• Absolute Invest Ltd.	0	7 305
• Altin Ltd.	0	1 814
Unrealized losses		
• Absolute Invest Ltd.	-41	0
• Alpine Select Alternative Fund	-1 102	0
Total unrealized (losses)/gains, net	-1 143	9 119
Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net	-1 245	-26 153

14. Earnings per share

	30 June 18	30 June 17
Net (loss) / profit in TCHF as per the statement of comprehensive income for the six-month period ended	-879	12 623
Weighted average number of outstanding shares	11 202 900	11 202 900
Earnings per share in CHF (basic and diluted)	-0.08	1.13

15. Net asset value (NAV) per share

	30 June 18	31 Dec 17
Equity as per the statement of financial position (in TCHF)	169 683	181 765
Total number of shares outstanding	11 202 900	11 202 900
Net asset value per share (in CHF)	15.15	16.22
Adjusting factor		0.94047
Net asset value per share (in CHF) when adjusted for the distribution out of the reserves from capital contributions in May 2018	–	15.25

16. Contingencies, commitments and pledged assets

Alpine Select, Absolute Invest and Absolute Invest's wholly owned subsidiary Absolutissimo entered into standard pledge agreements with Bank Julius Baer & Co. Ltd. («BJB»), Zurich under which their cash and portfolios at BJB of approximately CHF 144.8 million at 30 June 2018 (31 December 2017: CHF 157.2 million) and of which CHF 45.8 million (31 December 2017: CHF 53.5 million) relate to Alpine Select, are pledged as security for any amounts due to BJB.

17. Significant shareholders

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

	30 June 18	31 Dec 17
Hans Müller, Hergiswil	12.85%	12.85%
Raymond J. Baer, Küsnacht	8.64%	8.64%
Hans Ulrich Rihs, Stäfa	5.36%	5.36%
Trinsic Ltd., Zug ¹⁾	6.20%	5.08%
Hans Hornbach, Vufflens-le-Château	4.23%	4.23%

¹⁾ Number of shares include 168,000 shares (31 December 2017: 168,000 shares) directly held by the beneficial owners of Trinsic Ltd. as per 30 June 2018. 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).

18. Related party transactions

Apart from the remuneration to the board of directors for the six-month period to 30 June 2018, the following related party transactions were noted:

Baer & Karrer Ltd., Zurich («Baer & Karrer») is the legal advisor of Alpine Select and Absolute Invest. Dieter Dubs, partner of Baer & Karrer is a member of the Board of Directors of Alpine Select and Absolute Invest. During the six-month period to 30 June 2018, TCHF 55 (30 June 2017: TCHF 16) were booked in connection with legal services rendered by Baer & Karrer of which TCHF 55 were not yet paid at 30 June 2018.

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Under the service agreement between Alpine Select and JAAM Ltd., effective as of 1 January 2017, the latter received a total compensation of TCHF 60 for the six-month period to 30 June 2018 (30 June 2017: TCHF 60). Thomas Amstutz, member of the Board of Directors of Alpine Select, is a founding partner and member of the Board of Directors of JAAM.

With regard to the short-term loan transactions between Alpine Select and its non-consolidated subsidiary Absolute Invest during the six-month period to 30 June 2018, reference is made to Note 8.

Other transactions of Alpine Select with its subsidiary Absolute Invest and with its investment in the Alpine Fund are disclosed within these financial statements, either in the primary statements or in the notes.

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

19. Events after the balance sheet date

The condensed interim financial statements for the six-month period ended 30 June 2018 were authorized for issue by the board of directors on 20 August 2018. There were no significant events to report until this date.

ALPINE SELECT

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