



Ad hoc announcement pursuant to Art. 53 LR

Zug, 15 September 2023

Alpine Select Ltd.: Half-year results and information on the course of business in the first half of 2023

- Alpine Select Ltd. ("Alpine Select", the "Company") ended the financial reporting period (1 January to 30 June 2023) with a profit of TCHF 265. In the comparative period (as per 30 June 2022) a loss of CHF 25.9 million was reported.
- The share recorded a negative performance of -0.81% over the first six months of 2023, after paying a dividend of CHF 1.00 per registered share in May 2023. The Net Asset Value ("NAV") closed unchanged for the first 6 months (CHF 10.79). Throughout the reporting period, the shares traded at or near the NAV, thereby delivering on an important commitment of the Company.

Market activities in first half-year of 2023

For the first half of 2023, central banks convinced market participants that they are serious about curbing inflation to lower targets. Rates were on the rise and no cuts are expected prior to late 2024. For now, borrowers are weathering the storm of tightening monetary policy, yet equity markets posted a rather friendly first six months into the year. Led by the "magnificent seven" (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla), a proper tech boom was observed in the first half of 2023. There is enormous enthusiasm for artificial intelligence and the biggest firms were the best place to capitalize on it.

In broader markets, through July, risk assets continued to be buoyed. Labor markets and global consumer showed continued resilience. Neither an inverted yield curve nor a banking crisis (Silicon Valley Bank, Credit Suisse) did spell the doom of an immediate recession to arrive. However, there is cautious consensus that rates will remain elevated for a prolonged period and the cost of credit will continue to go up.

Portfolio Development and Investment Activities

Exit of China Exposure

Funds and engagements with a regional China exposure have been exited in the first half of the year. Observations of considerable mutual hostility between the US and China actions increased uncertainty and operational tail risks to justify a regional allocation. After being exposed to China for almost 6 years Alpine Select exited this regional investment theme, leaving the portfolio with smaller exposure to just two Japanese Managers, Yuki and Bengal Asset Management. Return of interest rates in the West led to the conclusion that risk/reward in the Western world is more favorable.

Special Situations / Discounted Assets

The following positions have been added/built during the first six months of 2023:

- Alpine Select believes that the *Idorsia Convertible Bonds* are disproportionately sold off due to the company's negative sentiment leaving them trading in distressed territory. Idorsia has operational issues which are taken care of (i.e., cost reduction, sale of Asian business) – Alpine Select maintains its going concern strategy given the convertible bonds being repaid at par. After the reporting period, in a potentially significant announcement, Idorsia reacquired the world-wide rights to its blockbuster candidate drug Aprocitentan (treating patients with resistant hypertension). As the strategic ownership of the potential anchor stone asset is regained, Alpine Select expects an eventful next 4 to 6 months of transition incl. encouraging news to secure the much-needed cash to give Idorsia the necessary time to realize commercial success.
- Shares of *Temenos*, a leading banking software provider, were sought after by activist investors. Alpine Select believes the company is steadily executing on the transformation from pure licensing to subscription-based software as a service model and thus is attracting private equity investors for a take-private.
- *Seagen*, a US listed biotech company received an offer by pharma giant Pfizer to buy all shares at USD 229. The boards of directors of both companies have unanimously approved the transactions and Alpine Select expects the M&A arbitrage position to close in late 2023, subject to customary closing conditions including receipt of required regulatory approvals.

Digital Assets

Digital Assets in general recovered well during 2023. Bitcoin (+84%) and Ethereum (+61%) led the market and to a level acceptable after the shortcomings revealed during 2022 (crash of LUNA, Celsius, FTX, etc.).

Volatility has been heightened given the various ruling by the Securities and Exchange Commission ("SEC") targeting different tokens as securities. Furthermore, there are still pending cases against large crypto exchanges, such as Binance.

Behind the scenes, institutional adoption is broadening. For example, EDX, a new crypto exchange backed by financial giants such as Fidelity and Charles Schwab have started trading coins like BTC and ETH. Furthermore BlackRock, the world's largest asset manager, has filed for a Bitcoin spot ETF in the USA. In addition, the U.S. District of Columbia Court of Appeals ruled that the SEC was wrong to reject an application from crypto asset manager Grayscale Investments to list an exchange-traded fund that tracks the price of bitcoin. This is a landmark decision for the young industry.

Compared to the 2018 "crypto winter", experts argue the digital assets industry is now arguably at the beginning of a new bull cycle as the worst unwind and regulatory uncertainty is over. This might be especially true when taking into account the latest court ruling in the important Ripple Labs Inc. lawsuit, whereby clarity has been ruled that federal law was not violated by selling the XRP token on public exchanges.

Annual Shareholders' Meeting

At the ordinary shareholders' meeting on 17 May 2023, the shareholders approved the cancellation of the 548,070 treasury shares acquired under the share buyback program launched in 2020 and completed in the meantime, and the corresponding reduction of the share capital. After completion of the 30-day period since publication of the debt call in the SOGC, the reduction of the share capital was entered in the Commercial Register of the Canton of Zug on 7 July 2023. The share capital of Alpine Select now amounts to CHF 174,198.00 and is divided into 8,709,900 registered shares with a par value of CHF 0.02 each.

Material events after reporting date and Outlook

A long-time major shareholder and former member of the Board of Directors of Alpine Select has notified the Board of Directors of Alpine Select of his intention to sell his shares in the Company as part of his private succession plan.

In view of this intention to sell, the board of directors has called an extraordinary shareholders' meeting for 21 September 2023, at which it will propose an extraordinary dividend of CHF 3.00 per registered share. The financing of this extraordinary dividend is ensured by already available liquid funds of the Company. Should the shareholders approve the proposed extraordinary dividend, no existing investments would have to be sold. The extraordinary distribution would increase the investment ratio of the Alpine Select portfolio to 100%.

The Board of Directors of Alpine Select is convinced of the intrinsic value and development potential of the Company's current portfolio. Alpine Select is currently well positioned to deliver positive returns irrespective of the development of the broader market. The members of the board are confident that shareholders share their assessment and that some may reinvest any extraordinary dividend that may be paid out.

The board of directors has also decided that Alpine Select's cost structure should be further reduced. As a first measure, reductions of 25% in the compensation of the board of directors are planned. Further measures are planned and will be communicated in due course.

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