



Ad hoc announcement pursuant to Art. 53 LR

Zug, 16 September 2024

Alpine Select Ltd: Half-year results and information on the course of business in the first half of 2024

- Alpine Select AG ("Alpine Select", the "Company") closed the reporting period (1 January to 30 June 2024) with a profit of CHF 3.6 million. In the comparable period (30 June 2023), a profit of CHF 265,000 was reported.
- The net asset value ("NAV") recorded a positive performance of +5.2% (from CHF 7.72 to CHF 8.12 per share)

Market Commentary

In the first half of 2024, risk assets performed well, particularly in the US. This was driven by a robust economy, marked by a healthy labor market with consistent job growth and rising wages. While overall inflation showed signs of easing, core inflation remained above the 2% target. Despite the improved consumer sentiment and ongoing economic momentum, the Federal Reserve refrained from lowering interest rates as quickly as anticipated, signaling its commitment to curbing inflation. In contrast to the EU or Switzerland where central banks have already lowered interest rates, the Federal Reserve has kept interest rates unchanged at 5.5% since the last hike in July 2023. First cuts are expected in the US before late 2024.

Equity markets posted solid gains in the first six months of the year. Enthusiasm for artificial intelligence (AI) and obesity medications (GLP-1) fueled strong performance, particularly among the largest firms, with the tech-heavy Nasdaq outperforming global markets.

Geopolitical tensions in the Middle East and Ukraine were somewhat overlooked as the global economy showed resilience. However, China's domestic consumption remained stagnant, with uncertainty surrounding its property market. Despite this, China's exporting sector proved to be surprisingly resilient, which has sparked protectionist sentiment in the US and Europe, leading to tariff announcements and renewed concerns about global trade policies.

Portfolio Development and Investment Activities

Special Situations / Discounted Assets

- Alpine Select believes that Idorsia's convertible bonds are currently undervalued. This has led to the bonds trading at distressed levels. However, Idorsia has made notable strides in the first half of 2024 in addressing its operational challenges. Key achievements include securing a [global research and development collaboration with Viatrix](#) and successfully restructuring their convertible bond, originally maturing on 17 July 2024, to extend their cash runway.

In addition, the full approval of Idorsia's blockbuster drug candidate, Aprocitentan, by both the US FDA and the European Commission represents a significant milestone. With regulatory risks now mitigated, Idorsia is well-positioned to negotiate the best possible deal within the next months. Therefore, we anticipate an eventful and potentially transformative H2-24 ahead as the company transitions further.

- IP Group, known for investing in breakthrough science and innovation companies, continues to deliver strong results from its portfolio. Notably, Hysata, the manufacturer of the world's most efficient electrolyzers, successfully completed another funding round, resulting in a higher valuation. Additionally, Oxford Nanopore Technologies showcased impressive advancements in sequencing performance at their annual London Calling conference and announced new strategic partnerships.

Despite comforting portfolio news there remains a significant disconnect between the underlying business performance and the share price, which was down 28%. IP Group is actively generating cash realizations from its portfolio at NAV and is committed to using capital from exits to address the steep 65% discount to NAV (i.e. share buybacks).

- The Swiss investment firm HBM Healthcare Investments ("HBM") stands out as a leader managing a well-balanced and globally diversified portfolio of private and public healthcare companies. Recognizing their strong track record, Alpine Select held a position in HBM, capitalizing on a 20% discount to its NAV. Alpine Select is confident that the HBM team has curated a portfolio of biotech companies poised to significantly appreciate, particularly as the interest rate environment becomes more favorable for the biotech industry in 2024. The Stock was up +12% during the reporting period.

Diversified investments

- One of Alpine Select's core positions, Cheyne Total Return Credit Fund which invests in global investment grade and crossover credit positions via Credit Default Swaps, was up +4.6%. The strategy has a fixed maturity of December 2024. Alpine Select intends to keep this position as 'invested cash' – given the geopolitical uncertainties.
- Alpine Select received further distributions from its legacy position, Cheyne New Europe Fund. The real estate projects are being finalized in phases and respectively, the cash proceeds will be distributed to fund holders accordingly. It is expected the majority of the value be realized by the end of 2026.
- Other notable fund performances include Nishkama, up +7.8%, and Three Court, up +7.5%.

Digital Assets

The first half of 2024 has been positive for digital assets, continuing the steady recovery from the oversold conditions of the 2022 bear market. The listing of multiple Bitcoin and Ethereum ETFs has attracted significant new assets under management (AUM) to the space, with Bitcoin reaching new all-time highs this year.

A highlight for Alpine Select was its limited partnership in RockawayX Venture Fund I, which contributed an additional CHF 2.4 million to the NAV. Similarly, the Company's stake in a16z funds, a leading venture capital firm, added CHF 0.9 million to the NAV.

Alpine Select's digital assets exposure is managed by specialists through carefully selected venture capital funds. These experts are adept at navigating the complexities of this very volatile and emerging asset class. It's important to note that, due to the nature of venture capital investing, the valuations of target funds used in the NAV calculations may lag current market values.

Outlook

Looking forward, Alpine Select remains cautious about the outlook for the global economy amid the geopolitical tensions in the Middle East and positions its portfolio accordingly to deal with the uncertainty ahead. Global market valuations are somewhat heightened, and experience recalls moments from the past to stay invested selectively with a cautious approach during these times.

Alpine Select is convinced of the intrinsic value and development potential of its current portfolio. Alpine Select is currently well positioned to deliver positive returns irrespective of the development of the broader market.

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.