



# ALPINE SELECT

## Open letter to the shareholders of HBM Healthcare Investments AG

Zug, June 4 2014

### Your vote counts:

### Strengthen shareholders' democracy and simultaneously help diminish the discount to book value

Dear Shareholders,

Alpine Select Ltd („Alpine“), the longstanding and largest shareholder (10.3%) of the investment company **HBM Healthcare Investments Ltd** („HBM“), has submitted an addition to the agenda of the forthcoming Annual General Assembly (AGM) on June 20, 2014 requesting for the statutory percentage transfer restriction to be abolished. This limitation of transferability (known in German as “Vinkulierung“) acts as a substantial limitation of the shareholders' vote, the most important shareholder right. The proposed abolition intends not only to remove this impediment, but also to contribute towards attracting new shareholders and subsequently to reduce the substantial discount of the share price to the Net Asset Value (NAV).

We ask for your support: Register your shares in the registry before the record date June 10, 2014 and exercise your right to vote!

### HBM needs new shareholders to eliminate the discount

Alpine has held shares in HBM for almost eight years. When we first bought shares, they were trading at a 15% discount; in the last few years, this gap between HBM's share price and its NAV has grown to an average of 30% (one of the largest discounts among Swiss investment companies). This means that hundreds of millions of equity value can thus not be realized. Over the years, we have come to realize that despite all the promises and efforts by HBM's Board of Directors, there is unlikely to be any improvement in the foreseeable future. To close the value gap, HBM urgently needs - alongside other measures – to attract new shareholders or increased demand for HBM shares. Alpine has continuously supported the company in a constructive manner but as long as HBM's Investment Management and Board remains intransigent, new shareholders will continue to shy away.

### The percentage restriction on transferability and voting rights is against shareholders' interests

HBM is the only listed investment company on the Swiss stock exchange with restrictions on voting rights. The Board of Directors can and does refuse registration of shares of investors holding more than 10% of the company and thus restricts their voting right. In effect, this unilateral regulation works as an entry barrier and protects the Board of Directors and the investment manager HBM Partners.

## **The large discount to NAV should attract new shareholders – not scare them off!**

The trend over the last years continues and with it the insight that each share should have one vote. The HBM team is doing a good job and it is indeed worth investing. However, today, many large investors, investment funds and pension funds avoid companies that limit shareholders' rights. By abolishing the restricted voting right we send out a clear message to the capital market that shareholders are welcome at HBM and that their rights are 100% respected.

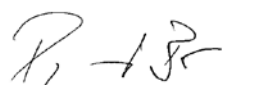
## **The Board of Directors and Investment Manager are sufficiently protected**

HBM argues that they need to protect themselves from shareholders wanting to influence investment decisions - however, the voting rights do not even allow shareholders to do this! Based on the articles of incorporation, the Board of Directors and the mandated manager HBM Partners continue to make the investment decisions. Even if a newly constituted Board in the futures should wish to separate from HBM Partners, a two year notice period would apply. No other management committee in Switzerland is more "protected" than at HBM.

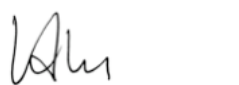
Dear fellow shareholders, regarding agenda item 10 at the forthcoming AGM, please vote in favor of our proposal to abolish the limitation of voting rights. This is in your and the company's best interest.

Please do not hesitate to contact us at [investorrelations@alpine-select.ch](mailto:investorrelations@alpine-select.ch) - we are happy to answer any questions you may have. Alternatively, we invite you to visit our website [www.alpine-select.ch](http://www.alpine-select.ch).

## **On behalf of the Board of Directors of Alpine Select Ltd**



Raymond J. Baer



Thomas Amstutz

### **About Alpine Select**

Alpine Select Ltd is an investment company domiciled in Zug and has been listed on the Swiss Stock exchange since 1998. The company offers institutional and individual investors the opportunity to buy into a broad 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. The Company's shares are liquid and have always traded at or close to its Net Asset Value.