

ALPINE SELECT

SEMI-ANNUAL
REPORT
2019

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

Auditors

KPMG Ltd.
Räffelstrasse 28
8045 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

Corporate Calendar

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

Contact

Alpine Select Ltd.
Gotthardstrasse 31
6300 Zug / Switzerland
T +41 41 720 4411
investorrelations@alpine-select.ch
<https://www.alpine-select.ch/>

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Key Figures

Performance Table ¹⁾

	30 June 2019	31 Dec 2018	High YTD 2019	Low YTD 2019
Share price (CHF)	13.63	13.61	13.93	13.25
NAV (CHF)	14.15	13.32	14.15	13.29
Premium / (Discount) to NAV	-3.66%	2.18%	2.18%	-3.66

¹⁾ All figures are adjusted for the dividend payment in May 2019 from the disposable retained earnings.

Selected Balance Sheet Items ²⁾

in TCHF	30 June 2019 (unaudited)	31 Dec 2018 (audited)	30 June 2018 (unaudited)
Current assets	4 365	1 832	15 430
Non-current assets	148 049	158 542	171 598
Current liabilities	6 440	15 442	17 015
Non-current liabilities	436	48	330
Total equity	145 538	144 884	169 683

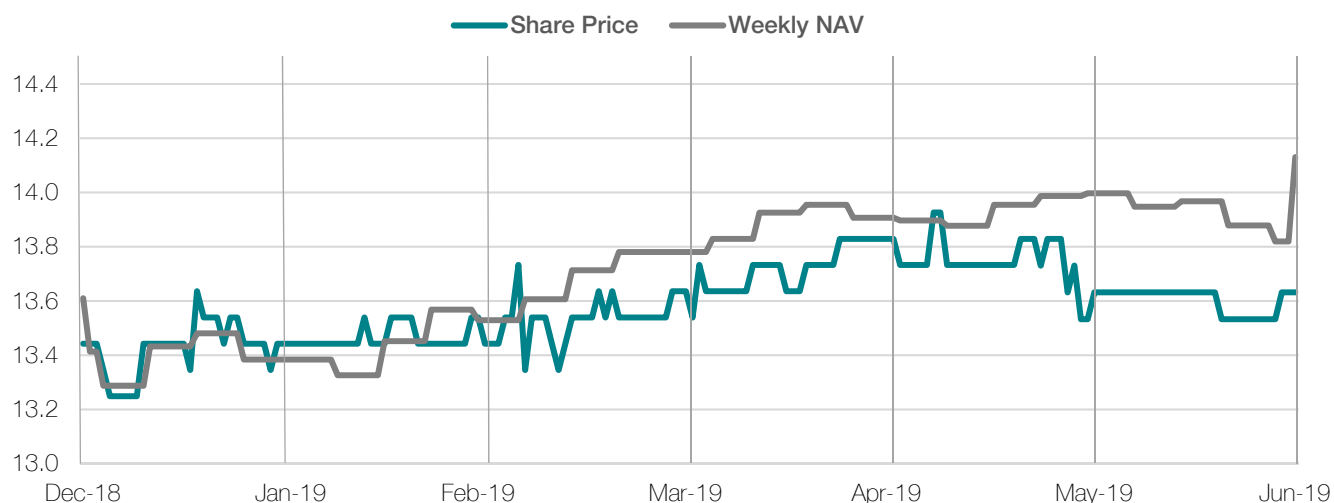
²⁾ Information herein is presented in addition to the condensed interim financial statements.

Top Positions of the Alpine Group Portfolio as per 30 June 2019 (in% of NAV)

Fund name	Investment Type	Allocation
Alpine Select Alternative Fund	Diversified Fund of Funds	43.43%
Cheyne New Europe Fund Limited	Legacy (Real Estate)	12.52%
HBM Healthcare Investment Ltd.	Listed Equity	10.90%
Castle Alternative Invest Ltd.	Listed Equity	9.65%
Vifor Pharma Ltd.	Listed Equity	4.85%
Other long positions	Long Positions	14.87%
Other hedge funds positions	Hedge Funds	2.71%
Cash and other assets / (liabilities), net		1.07%
Total		100.00%

6 Months Price-History in CHF for the Period January to June 2019

Daily closing share price and weekly NAV



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

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Annual
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	0.9	-0.2	-0.0	-1.9	-4.7	-3.0	-7.7
2019	0.5	1.1	1.8	0.9	0.5	-0.9							3.9

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
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	0.6	-0.7	0.0	-4.6	-1.4	-3.1	-8.3
2019	0.0	0.7	0.7	1.4	-1.4	0.0							1.4

Chairman's Statement and Review of Operations

Dear Shareholders

Total return to shareholders during the first six months of the year 2019 was +0.16% (increase of the share price from CHF 13.61 to CHF 13.63). This includes a dividend of CHF 0.30 per share, paid out to shareholders in May 2019. The Net Asset Value («NAV») recorded an increase of +6.23% for the same period (from CHF 13.32 to CHF 14.15). Throughout the first six months of 2019, the shares traded at or near the NAV thereby delivering on an important commitment of ours.

Portfolio Development

The global bull market was about to end abruptly over the concern of global growth in the last quarter 2018, however, it did not. Global stocks with easing support from central banks recovered in the first months of the year. Albeit the very prominent geo-political uncertainties continued between the U.S. and China, its indices recovered in the first four months of the year (S&P +17%; CSI +19%). The month of May recalled some of the last year's trade tensions sending shock waves through the markets before tensions settled in June 2019.

At the beginning of 2019, and after the turbulence experienced during the fourth quarter of 2018, our hedge fund managers were positioned too cautiously and thus initially delivered somewhat muted results. This was particularly true for our Japanese Long/Short managers. The best strategies for the first six months were Credit, CLO, Equity Long Only and Chinese Convertible Bonds. The Alpine Select Alternative Fund posted a performance of +2.00% in the first six months of 2019.

Our listed portfolio positions were up CHF 6.7 million, making a significant positive contribution to the overall portfolio performance. The profits came mainly from our core holdings in HBM Healthcare Investments Ltd. («HBM»), Castle Alternative Invest Ltd. («Castle AI») and Vifor Pharma Ltd. («Vifor»). The only notable negative contributor in this sector is our participation in Leonteq Ltd. with a book loss of approximately CHF 0.2 million in the first half of 2019.

Our holding in SFP Value Realization Fund Ltd. («SFP») was up 15% in the first six months, outperforming peers and the Japanese market.

Our legacy real estate investment in Cheyne New Europe Fund Limited contributed around CHF 0.6 million book profit and thus further delivering on our expectations. We expect redemptions from this position starting during the fourth quarter 2019.

Investment Activity

During the first six months of 2019, Alpine Group further focused on the portfolio composition with the aim to generate absolute returns for shareholders. However, we experienced some losses because of the time lag between investment decisions and the redemption notice periods.

Throughout the first six months we further increased our position in Castle AI up to a reportable position of more than 10%. The well diversified alternative portfolio continues to trade at an attractive discount. We participated in their corporate action program as arbitrage opportunity arose to generate additional income.

In March 2019 we decreased our equity long only position in Elara India Gateway Fund by one third and also redeemed 50% of our holding in the SFP fund. Furthermore, we started taking profit in our investment in Vifor. Given the continued NAV premium in BB Biotech Inc. («BB Biotech») and NAV discount in HBM, we held short position in BB Biotech shares on one hand and increased our allocation to HBM on the other hand.

In April 2019 we entered a research position (USD 1 million) with Atlas Principals, LLC a thematic long/short equity manager specializing in early identification of paradigm-shifting themes. Selecting and engaging with small- and mid-cap investment managers with dedicated strategies is still one of our focus areas.

Annual Shareholders' Meeting / Corporate Actions

At the annual shareholders' meeting held on 16 May 2019, shareholders passed all agenda items and proposals submitted by the Board of Directors of Alpine Select. The distribution of a dividend in the amount of CHF 0.30 gross per registered share was paid to shareholders on 23 May 2019.

Furthermore, shareholders approved the reduction of the share capital to CHF 205,662.10 by cancelling 919,795 registered shares of Alpine Select, which the Company had repurchased under previous share buyback programs. The implementation of the capital reduction was entered in the commercial register on 23 July 2019.

The shareholders also authorized the board to launch at its discretion a new share buyback program up to a maximum of 10% of the total share capital in the period up to the ordinary shareholders meeting in 2021, and for the subsequent cancellation of the shares by capital reduction. Based on this authorization, on 27 June 2019, Alpine Select launched a buyback program at a fixed price by issuing tradable put options. As of 18 July 2019, a total of 510,980 registered shares (or 4.56% of the share capital then registered in the commercial register) were tendered. Based on the same authorization, the board informed on 25 July 2019 of its decision to launch a new share buyback program on a separate trading line at SIX Swiss Exchange. Since 29 July 2019 (first trading day) a maximum of 514,155 registered shares or an equal of 5.00% of the share capital registered in the commercial register are purchased for cancellation purposes. To view the current status of the share buyback program, we refer to our website: <https://www.alpine-select.ch/investors/corporate-actions>.

Switch to the Swiss Reporting Standard of the SIX Swiss Exchange

SIX Swiss Exchange approved on 25 July 2019 our application to switch the Standard segment: Since 5 August 2019, all Alpine Select shares are traded in the Swiss Reporting Standard of the SIX Swiss Exchange (2 August 2019: Last trading day in the Segment of Investment Companies). A mandatory change in the accounting standard to Swiss GAAP FER is associated with the aforementioned change in the standard. Given the increasing complexity of IFRS and its focus on international companies, we believe Swiss GAAP FER is the more appropriate accounting standard for Alpine Select. For example, and among other things, the change to Swiss GAAP FER enables us to consolidate the portfolio again and thus offer our shareholders more transparency. A detailed reconciliation statement follows with the 2019 annual report and the half-year report 2020.

Chairman's Statement and Review of Operations

Outlook

Our rigorous approach to portfolio construction held volatility low at 3.08% compared to Swiss Performance Index (SPI: 9.01%) and Global Hedge Fund Index CHF (HFRX: 2.92%). We maintain our view of heightened volatility in the global markets as global growth might slow. Given the fiscal and monetary stimulus we don't see an abrupt end to the markets, but we believe that dispersion opportunities might be more prominent in the future. Therefore, we slightly adjusted the overall portfolio strategy further, increasing the exposure to China and NASDAQ.

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 19 (unaudited)	31 Dec 18 (audited)
ASSETS			
Current assets			
Cash and cash equivalents		521	655
Financial assets at fair value through profit or loss	5	186	94
Other current assets	7	3 658	1 083
Total current assets		4 365	1 832
Non-current assets			
Right-of-use asset		312	0
Financial assets at fair value through profit or loss	5	35 250	27 974
Investments in non-consolidated subsidiaries at fair value through profit or loss	5	112 487	130 568
Total non-current assets		148 049	158 542
Total assets		152 414	160 374
LIABILITIES AND EQUITY			
Current liabilities			
Bank overdrafts		3 539	697
Financial liabilities at fair value through profit or loss	5	1 982	2 048
Loan and interest payable to Absolute Invest Ltd.	8	14	12 116
Accounts payable and accrued liabilities		857	581
Lease liability		48	0
Total current liabilities		6 440	15 442
Non-current liabilities			
Lease liability		267	0
Deferred tax liabilities		169	48
Total non-current liabilities		436	48
Equity			
Share capital	9	224	224
Treasury shares	9.4	-14 984	-9 878
Retained earnings		160 298	154 538
Total equity		145 538	144 884
Total liabilities and equity		152 414	160 374
Net asset value (NAV) per share in CHF	14	14.15	13.61

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIOD ENDED

in TCHF	Note	30 June 19 (unaudited)	30 June 18 (unaudited)
INCOME			
Gain on financial assets and financial liabilities at fair value through profit or loss, net	10	4 775	1 005
Dividend income	11	18 148	279
Interest income from financial assets at fair value through profit or loss		125	0
Other income		449	39
Total income		23 497	1 323
EXPENSES			
Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net	12	-13 200	-1 245
Administrative expenses		-830	-863
Depreciation		-23	0
Commissions and other bank fees		-178	-139
Interest expenses		-36	-16
Net foreign exchange losses		-4	-14
Total expenses		-14 271	-2 277
Profit / (loss) before tax		9 226	-954
Income tax (expense) / income		-380	75
Profit / (loss) for the period		8 846	-879
Other comprehensive income for the period		0	0
Total comprehensive income / (loss) for the period		8 846	-879
Earnings per share in CHF (basic and diluted)	13	0.85	-0.08

Condensed Interim Financial Statements

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED

in TCHF	Note	30 June 19 (unaudited)	30 June 18 (unaudited)
Cash flows from operating activities			
Profit / (loss) before tax		9 226	-954
Adjustments for:			
• Gain on financial assets and financial liabilities at fair value through profit or loss, net	10	-4 775	-1 005
• Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net	12	13 200	1 245
• Dividend income	11	-18 148	-279
• Depreciation		23	0
• Interest (income) / expenses, net		-89	16
• Net foreign exchange losses		4	14
• Non-cash changes in accrued liabilities		57	62
Prepaid subscriptions		0	-1 986
(Increase) / decrease in other current assets		-86	16
Decrease in accounts payable and accrued liabilities		-36	-166
Decrease in other receivables from Absolute Invest Ltd.		0	53
Dividends received		99	230
Interest received		13	0
Interest paid		-37	-10
Income tax paid		-2	-3
Net cash used in operating activities		-551	-2 767
Cash flows from investing activities			
Purchases of financial assets at fair value through profit or loss			
• Long positions	5.9/6.1	-18 911	-9 102
• Trading options	5.9	-649	0
Proceeds from:			
• Sale of financial assets at fair value through profit or loss	5.9/6.2	12 666	5 167
• Sale of investments in non-consolidated subsidiaries at fair value through profit or loss	5.9	7 054	6 399
• Short sale of financial assets at fair value through profit or loss	5.9	2 636	4 638
Purchase of financial assets at fair value through profit or loss previously sold short	5.9	-3 040	-650
Net cash inflow / (outflow) from currency forwards	5.9	138	-1 528
Net cash (used in) / from investing activities		-106	4 924

STATEMENT OF CASH FLOWS FOR THE SIX-MONTH PERIOD ENDED

in TCHF	Note	30 June 19 (unaudited)	30 June 18 (unaudited)
Cash flows from financing activities			
Short-term loans received from Absolute Invest Ltd.	8	5 900	3 000
Repayment of lease liability		-24	0
Acquisition of treasury shares	9.4	-5 107	0
Dividend paid to shareholders of Alpine Select Ltd.		-3 084	-11 203
Net cash used in financing activities		-2 315	-8 203
Net foreign exchange difference		-4	-14
Net decrease in cash and cash equivalents		-2 976	-6 060
Cash and cash equivalents at 1 January		-42	1 773
Cash and cash equivalents at 30 June		-3 018	-4 287
Cash and cash equivalents at 30 June consist of:			
• Current accounts at banks		521	873
• Less bank overdrafts		-3 539	-5 160
Cash and cash equivalents as defined for the statement of cash flows		-3 018	-4 287

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 2018		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			1 266		-1 266	0
Dividend paid to shareholders of Alpine Select Ltd.			-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
Results for the six-month period 1 July – 31 Dec 2018						
Loss					-14 921	-14 921
Other comprehensive income						0
Total comprehensive loss		0	0	0	-14 921	-14 921
Acquisition of treasury shares	9.4			-9 887		-9 887
Income tax ¹⁾	9.4			9		9
Total distributions to owners of the Company		0	0	-9 878	0	-9 878
Balance at 31 December 2018 – as previously reported		224	0	-9 878	154 538	144 884
Adjustment on initial application of IFRS 16, net of tax					-2	-2
Balance at 1 January 2019 – adjusted		224	0	-9 878	154 536	144 882
Results for the six-month period 1 Jan – 30 June 2019						
Profit					8 846	8 846
Other comprehensive income						0
Total comprehensive income		0	0	0	8 846	8 846
Dividend paid to shareholders of Alpine Select Ltd.					-3 084	-3 084
Acquisition of treasury shares	9.4			-5 107		-5 107
Income tax ¹⁾	9.4			1		1
Total distributions to owners of the Company		0	0	-5 106	-3 084	-8 190
Balance at 30 June 2019		224	0	-14 984	160 298	145 538

¹⁾ Income tax on transaction costs included in «Acquisition of treasury shares»

Selected Notes to the Condensed Interim Financial Statements

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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, having its 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 2019, the Company has three employees.

2. Basis of presentation of the condensed interim financial statements

The accompanying condensed interim financial statements for the six-month period ended 30 June 2019 were prepared in accordance with International Account Standards (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 2018.

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 an open-ended fund, domiciled in the Principality of Liechtenstein. Alpine Group owned 100% of the Alpine Fund at the date of incorporation. By 30 June 2019 third parties held 23.3% (31 December 2018: 17.2%) of the Alpine Fund.

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.

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.

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) Contribution in kind into the 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:

- Alpine Select of TCHF 36,953
- Absolute Invest of TCHF 55,368

By 30 June 2019 Alpine Select has further reduced its holding in the Alpine Fund from 23.6% at 31 December 2018 to 17.68% by selling units back to the Alpine Fund, thereby realizing a loss of CHF 0.9 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 has not sold any Alpine Fund units.

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 which are recorded at fair value.

3.1 Changes in accounting policies

a) Standards effective 1 January 2019

The accounting policies adopted are consistent with those of the previous financial year except for the adoption of IFRS 16 Leases (effective 1 January 2019).

Selected Notes to the Condensed Interim Financial Statements

Alpine Select has initially adopted IFRS 16 as of 1 January 2019, using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 16 is recognized in retained earnings at the date of initial application. Alpine Select has a rental contract for office space that classifies as a lease contract under IFRS 16. The contract terminates on 31 March 2021 with an option for another five years until 31 March 2026. The following table shows the effect on the opening equity as of 1 January 2019 resulting from the initial application of IFRS 16, applying a discount rate of 0.75% and including the prolongation until end of March 2026:

in TCHF	1 Jan 19
Right-of-use asset	335
Deferred tax asset	1
Lease liability (equals the present value of remaining lease payments)	338
Retained earnings	-2

The right-of-use asset reflects the carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the Company's incremental borrowing rate at the date of initial application.

The right-of-use asset is depreciated on a straight-line basis over the assumed leasing period.

b) Switch of Reporting Standard

With press release dated 29 July 2019, Alpine Select informed that its application to switch the Standard segment had been approved by SIX Exchange Regulation. As from 5 August 2019, all Alpine Select shares are traded in the Swiss Reporting Standard of the SIX Swiss Exchange. A mandatory change in the accounting standard to Swiss GAAP FER is associated with the aforementioned change of the standard. Changes and amendments to the IFRS standards do no longer apply and are therefore no longer disclosed here.

3.2 Accounting estimates and judgment

The preparation of these 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 2018.

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 investments in Absolute Invest and Alpine Fund, valued at fair value through profit or loss. Unlisted investments as well as the non-consolidated investments in Absolute Invest and 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 still 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 fair value basis.

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. The investment entities consolidation exception is mandatory and therefore had to be applied by Alpine Select.

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 10).

Selected Notes to the Condensed Interim Financial Statements

The following exchange rates were applied:

		30 June 19	31 Dec 18	30 June 18
EUR / CHF				
Balance sheet	End of month	1.110505	1.12690	1.15935
Items of profit and loss	Average rate for the period	1.129886	1.15509	1.16981
JPY / CHF				
Balance sheet	End of month	0.00905	0.00898	0.00896
Items of profit and loss	Average rate for the period	0.00909	0.00886	0.00890
USD / CHF				
Balance sheet	End of month	0.97515	0.98570	0.99298
Items of profit and loss	Average rate for the period	0.99974	0.97857	0.96712

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 with a positive fair value balance at the balance sheet date. 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 reporting date. Transactions are recognized on the trade 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.

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 fulfill 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.

The following indicators are taken into consideration by the board of directors in order to determine whether a market is active or not:

- 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.

Selected Notes to the Condensed Interim Financial Statements

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:

- 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.

Selected Notes to the Condensed Interim Financial Statements

3.6 Other current assets

Other current assets result from withholding tax, receivables from investments sold, subscription 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 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.

3.8 Loan and interest payable 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.

3.9 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.

3.10 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.

3.11 Dividend income

Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established. For quoted equity securities, the date usually equals the ex-dividend date.

3.12 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 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».

Selected Notes to the Condensed Interim Financial Statements

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

5.1 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 19	31 Dec 18
Financial assets at fair value through profit or loss		
Positive fair value of currency forward contracts	186	94
Securities	35 250	27 974
Total	35 436	28 068
• current	186	94
• non-current	35 250	27 974
Financial liabilities at fair value through profit or loss (current)		
Negative fair value of currency forward contracts	0	4
Securities sold short	1 982	2 044
Total	1 982	2 048

Selected Notes to the Condensed Interim Financial Statements

5.2 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 year under review include Alpine Select's investment in its wholly owned subsidiary Absolute Invest and the Alpine Fund.

in TCHF	Note	30 June 19	31 Dec 18
Opening balance at 1 January		130 568	119 655
Additions (contribution in kind of long positions into the Alpine Fund)	5.9	2 173	36 953
Reductions (sale of Alpine Select units)	5.9	-7 054	-14 422
Realized losses	12	-868	-405
Unrealized losses	12	-12 332	-11 213
Ending balance		112 487	130 568
<ul style="list-style-type: none"> • of which Absolute Invest Ltd. - of which financial assets and financial liabilities at fair value through profit or loss (Note 5.10) - of which other current assets - of which liabilities • of which Alpine Fund 		97 912	111 515
		97 971	99 320
		730	13 124
		-789	-929
		14 575	19 053

The Alpine Fund – in which Alpine Select has a share of 17.68% at 30 June 2019 – mainly consists of the investments disclosed in Note 5.11.

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 19	31 Dec 18
Level 1	14 827	13 971
Level 2	58 194	60 878
Level 3	24 950	24 471
Total	97 971	99 320

Absolute Invest invests directly – and indirectly through its wholly owned subsidiaries Absolutissimo and Altin (CY), 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.

5.3 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 valuation method:

in TCHF	Level 1	Level 2	Level 3	Total
30 June 2019				
Positive fair value of currency forward contracts	0	186	0	186
Long positions	30 584	4 666	0	35 250
Short positions	-1 982	0	0	-1 982
Total financial assets / (liabilities)	28 602	4 852	0	33 454
Investments in non-consolidated subsidiaries	0	14 575	97 912	112 487
31 December 2018				
Positive fair value of currency forward contracts	0	94	0	94
Long positions	22 005	5 969	0	27 974
Negative fair value of currency forward contracts	0	-4	0	-4
Short positions	-2 044	0	0	-2 044
Total financial assets / (liabilities)	19 961	6 059	0	26 020
Investments in non-consolidated subsidiaries	0	19 053	111 515	130 568

The level 2 position in the caption *investments in non-consolidated subsidiaries* 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. Both investments are recognized at the adjusted net asset value.

Level 2 investments comprise currency forwards and CLO-investments. 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 2019 and during the year to 31 December 2018 no transfers happened between the levels.

5.4 Movements in level 2 and level 3 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 and level 3 inputs to determine fair value for the six-month period ended 30 June 2019 and for the year ended 31 December 2018 are as follows:

in TCHF	Level 2	Level 3
Fair value at 1 January 2018	31 186	0
Purchase of investments	6 000	0
Contribution in kind into the Alpine Fund	-29 638	0
Proceeds on disposal of investments	-828	-36
Net (losses) / gains recognized in the statement of comprehensive income ¹⁾	-661	36
Fair value at 31 December 2018	6 059	0
Purchase of investments	1 004	0
Proceeds on disposals of investments	-2 181	-20
Net (losses) / gains recognized in the statement of comprehensive income ¹⁾	-30	20
Fair value at 30 June 2019	4 852	0

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

Selected Notes to the Condensed Interim Financial Statements

5.5 Movements in level 2 and 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 2 and level 3 inputs to determine fair value for the six-month period ended 30 June 2019 and for the year ended 31 December 2018, are as follows:

in TCHF	Level 2	Level 3
Fair value at 1 January 2018	0	119 655
Contribution of Alpine Fund	36 953	0
Proceeds on disposal of investments	-14 422	0
Net losses recognized in the statement of comprehensive income *)		
• Realized losses	-405	0
• Unrealized losses	-3 073	-8 140
Fair value at 31 December 2018	19 053	111 515
Contribution in kind into the Alpine Fund	2 173	0
Proceeds on disposal of investments	-7 054	0
Net gains / (losses) recognized in the statement of comprehensive income *)		
• Realized losses	-868	0
• Unrealized gains / (losses)	1 271	-13 603
Fair value at 30 June 2019	14 575	97 912

*) 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 net change in unrealized gains / (losses) for the level 2 and level 3 investments in non-consolidated subsidiaries held at 30 June 2019 resulted in a profit of TCHF 1,271 and a loss of TCHF 13,603 respectively for the period then ended (31 December 2018: a loss of TCHF 3,073 for level 2 and a loss of TCHF 8,140 for level 3). 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*.

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

5.7 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.

Selected Notes to the Condensed Interim Financial Statements

5.8 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 2019			31 December 2018		
	Fair value in TCHF	Ownership in %	Place of business	Fair value in TCHF	Ownership in %	Place of business
Absolute Invest Ltd.	97 912	100.00%	Switzerland	111 515	100.00%	Switzerland
Alpine Select Alternative Fund	14 575	17.68%	Principality of Liechtenstein	19 053	23.65%	Principality of Liechtenstein

Selected Notes to the Condensed Interim Financial Statements

5.9 Investment table of Alpine Select at 30 June 2019

in TCHF	Number of shares at 1-Jan-19	Fair value at 1-Jan-19	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 30-Jun-19	Number of shares at 30-Jun-19	Level at 30-Jun-19
LONG POSITIONS									
About Capital Asian Special Opportunities Fund	1 000	839				-102	737	1 000	II
Acoro Global Ltd.	10 000	975				34	1 009	10 000	II
Alpine Select – Oil Basket investments ³⁾	n/a	1 529		-101	-4	143	1 567	n/a	I
Castle Alternative Invest Ltd. ⁶⁾	413 827	6 332	14 103	-8 891	1 567	932	14 043	775 835	I
Chemoxentryx Inc.	90 000	968	252	-541	52	-96	635	70 000	I
CPH Chemie & Papier Holding AG	2 780 000	2 809				-28	2 781	2 780 000	I
Fenghe Asia (USTE) Fund Ltd. ⁴⁾	1 000	1 024		-1 079	86	-31	0	0	
GH China Century Offshore Feeder Fund ⁴⁾	7 506	968		-1 093	94	31	0	0	
HBM Healthcare Investments Ltd.	0	0	2 301	-465	18	86	1 940	10 553	I
MCH Group Ltd.	0	0	570			45	615	635 000	I
NCR Corporation	30 000	683				227	910	30 000	I
SPDR ® S&P Biotech ETF	10 000	708		-911	-83	286	0	0	
The Snowball Offshore Fund, Ltd.	0	0	1 004			-73	931	1 000	II
Titan Emerging Managers Offshore Fund, Ltd.	2 000	1 966				23	1 989	2 000	II
Vifor Pharma Ltd.	75 000	8 018	681	-4 057	370	2 041	7 053	50 000	I
Voya CLO IV, Ltd.	2 000	197		-9	-515	327	0	0	
Yuki Japan Rebounding Growth Fund	4 000	958				82	1 040	4 000	I
Other ⁵⁾	n/a	0		-20		20	0	n/a	III
Total long positions		27 974	18 911	-17 167	1 585	3 947	35 250		
of which gains					2 212	4 928			
of which losses					-627	-981			
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES									
Absolute Invest Ltd.	5 995 552	111 515				-13 603	97 912	5 995 552	III
Alpine Select Alternative Fund	221 265	19 053	2 173	-7 054	-868	1 271	14 575	165 945	II
Total investments in non-consolidated subsidiaries		130 568	2 173	-7 054	-868	-12 332	112 487		
of which gains					0	1 271			
of which losses					-868	-13 603			
TRADING OPTIONS									
Put Castle Alternative Invest Ltd. ⁶⁾	0	0	649		-649		0	0	
Total trading options		0	649	0	-649	0	0		
of which gains					0	0			
of which losses					-649	0			

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year | ³⁾ Alpine Select Oil basket investments | ⁴⁾ Contribution in kind into Alpine Fund | ⁵⁾ The position «Others» includes legacy investments, which individually amount to less than CHF 500,000. | ⁶⁾ The put options of Castle Alternative Invest Ltd. were acquired in connection with its share buyback program.

Selected Notes to the Condensed Interim Financial Statements

Investment table of Alpine Select at 30 June 2019 (continued)

in TCHF	Number of shares at 1-Jan-19	Fair value at 1-Jan-19	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Fair value at 30-Jun-19	Number of shares at 30-Jun-19	Level at 30-Jun-19
CURRENCY FORWARDS									
Currency Forwards CHF/EUR; EUR/CHF		77			144	98	175		II
Currency Forwards CHF/GBP; GBP/CHF		17			16	-9	8		II
Currency Forwards CHF/JPY; JPY/CHF		-4			-22	7	3		II
Total currency forwards		90	0	0	138	96	186		
of which gains					524	105			
of which losses					-386	-9			
of which assets		94					186		
of which liabilities		-4					0		
SHORT POSITIONS									
BB Biotech Inc.	-35 000	-2 044	-2 636	3 040	-107	-235	-1 982	-30 000	I
Total short positions		-2 044	-2 636	3 040	-107	-235	-1 982		
of which gains					9	0			
of which losses					-116	-235			

¹⁾ Reductions may include capital repayments | ²⁾ Unrealized gains / (losses) also include reversed unrealized gains / (losses) from prior year.

Selected Notes to the Condensed Interim Financial Statements

5.10 Investment table of Alpine Select's non-consolidated investment Absolute Invest at 30 June 2019

in TCHF	Number of shares at 1-Jan-19	Fair value at 1-Jan-19	Additions	Reductions ¹⁾	Realized gains/ (losses)	Unrealized gains/ (losses) ²⁾	Currency translation adjustments	Fair value at 30-Jun-19	Number of shares at 30-Jun-19	Level at 30-Jun-19
LONG POSITIONS										
Cheyne New Europe Fund Limited ³⁾	990 343	17 623				810	-208	18 225	990 343	III
Elara India Gateway Fund	12 135	3 317		-1 177	-125	163		2 178	8 135	II
HBM Healthcare Investments Ltd.	78 000	12 121	54	-439	166	2 018		13 920	75 732	I
Leonteq Ltd.	26 125	1 071				-164		907	26 125	I
New Carpathian Fund	1 000	1 211	296			91		1 598	1 241	II
Private Equity Holding Ltd.	12 982	779		-797	-59	77		0	0	
Schroder International Selection Fund SICAV	8 665	704				177		881	8 665	II
SFP Value Realization Fund Ltd. ⁴⁾	24 179	7 815		-4 345	1 737	-726	-2	4 479	12 090	II
Three Court Fund Offshore, LP	2 354	1 978				92		2 070	2 354	III
Truston Asset Management Co., Ltd.	19 492	560				-24		536	19 492	III
Valens Offshore Fund ³⁾	4 035	2 825		-189	19	-25	-25	2 605	3 769	III
Other ⁵⁾	n/a	1 485		-41	17	64	-11	1 514	n/a	III
Total long positions		51 489	350	-6 988	1 755	2 553	-246	48 913		
of which gains					1 962	3 728				
of which losses					-207	-1 175				
INVESTMENTS IN NON-CONSOLIDATED SUBSIDIARIES										
Alpine Select Alternative Fund	553 683	47 677				953		48 630	553 683	II
Total investments in non-consolidated subsidiaries		47 677	0	0	0	953	0	48 630		
of which gains					0	953				
of which losses					0	0				
CURRENCY FORWARDS										
Currency Forwards CHF/USD; USD/CHF		154			-496	274		428		II
Total currency forwards		154	0	0	-496	274	0	428		
of which gains					749	433				
of which losses					-1 245	-159				
of which assets		159						428		
of which liabilities		-5						0		

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⁾ Held by Altin (Cayman) Ltd. | ⁵⁾ The position «Others» includes legacy investments held by Absolute Invest, Absolutissimo or Altin Cayman, which individually amount to less than CHF 500,000.

5.11 Investment table of Alpine Select's non-consolidated investment Alpine Select Alternative Fund at 30 June 2019 ¹⁾

in TCHF	Number of shares at 1-Jan-19	Fair value at 1-Jan-19	Additions	Reductions	Realized gains/ (losses)	Unrealized gains/ (losses)	Fair value at 30-Jun-19	Number of shares at 30-Jun-19	Level at 30-Jun-19
LONG POSITIONS									
Akamatsu Bonsai Fund	25 100	6 637		-1 380	32	124	5 413	20 000	II
Alegra ABSI I (Euro) Fund	469	2 217				148	2 365	469	II
Aleutian Fund	32 878	6 389		-3 196	9	103	3 305	16 478	II
Arcus Genseki Fund	50 000	6 606				276	6 882	50 000	II
Cheyne Total Return Credit Fund	31 037	3 996				583	4 579	31 037	II
CQS Directional Opportunities Feeder Fund Ltd.	1 150	6 666				541	7 207	1 150	II
FengHe Asia Fund ²⁾	0	0	2 095			-149	1 946	2 037	II
GCI Japan Hybrids	20 813	3 246		-3 237	-9		0	0	
GH China Century Fund ²⁾	0	0	3 115			-299	2 816	21 213	II
Hayate Japan Equity Long-Short Fund	111	4 698		-928	-2	-150	3 618	89	II
Nishkama Capital Offshore Fund Ltd.	4 000	3 802				282	4 084	4 000	II
Northwest Feilong Fund Ltd.	3 090	4 953				539	5 492	3 090	II
Northwest Warrant Fund Limited	900	1 215				-55	1 160	900	II
Orchard Liquid Credit Fund	50 000	5 188				253	5 441	50 000	II
Sparx Japan Value Impact Fund	56 679	5 866		-6 074	208		0	0	
Stats Investment Japan Long & Short Fund	9 367	6 233		-1 346	15	199	5 101	7 367	II
Tekmerion Capital Offshore Fund	0	0	3 000			-120	2 880	3 000	II
UMJ Kotoshiro Feeder Fund	30 113	6 367		-1 300	7	-470	4 604	24 000	II
Venture XIX CLO, Ltd.	4 000 000	2 361				429	2 790	4 000 000	II
Yuki Japan Rebounding Growth Fund	15 013	3 588	2 006			344	5 938	22 829	I
Total long positions		80 028	10 216	-17 461	260	2 578	75 621		
of which gains					271	3 821			
of which losses					-11	-1 243			

¹⁾ Currency forwards with a positive fair value of approximately TCHF 1,856 at 30 June 2019 are not included in this table | ²⁾ Additions include contributions in kind from Alpine Select.

6. Cash flows from purchase and disposal of investments
6.1 Cash flows from purchase of investments

in TCHF	Note	30 June 19	30 June 18
Purchase of investments at fair value through profit or loss as per the investment table (additions total long positions)	5.9	-18 911	-9 137
Adjustment for stock-dividends and other non-cash additions		0	35
Effective cash outflow from purchases		-18 911	-9 102

Selected Notes to the Condensed Interim Financial Statements

6.2 Cash flows from disposal of investments

in TCHF	Note	30 June 19	30 June 18
Disposal of investments at fair value through profit or loss as per the investment table (reductions total long positions)	5.9	17 167	42 120
Contribution in kind into Alpine Select Alternative Fund as per the investment table	5.9	-2 173	-36 953
Withholding tax on disposal of investments at fair value through profit or loss		-2 328	0
Effective cash inflow from disposals		12 666	5 167

7. Other current assets

in TCHF	30 June 19	31 Dec 18
Withholding tax	3 310	933
Other receivables	348	150
Total	3 658	1 083

8. Loan and interest payable to Absolute Invest Ltd.

The loan at 31 December 2018 of CHF 12.1 million was further increased during the six-month period to 30 June 2019 by CHF 5.9 million to CHF 18.0 million and was then offset with the dividend from Absolute Invest Ltd. in the same amount. The loan was denominated in CHF and was interest bearing at a rate of 0.25% p.a.

9. Share capital and treasury shares

9.1 Share capital

As of 30 June 2019, and unchanged to the year ended 31 December 2018, 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.

9.2 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 16 May 2021 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, the method of payment, the conditions for exercising subscription rights and the date of the dividend entitlement.

9.3 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 granted to the shareholders. No such rights existed at 30 June 2019 and at 31 December 2018, respectively.

9.4 Treasury shares

The annual shareholders' meeting held on 22 May 2017 authorized the Company's board of directors to launch – at its own discretion and between 22 May 2017 and the ordinary shareholders' meeting in 2019 – a new share buyback program of up to 10% of the total share capital.

At 31 December 2018 the Company held 558,134 treasury shares (4.98% of the issued share capital).

Alpine Select informed on 27 December 2018 on the board's decision to continue the repurchase by launching a new program at market price, starting on 3 January 2019. During the period 3 January to 14 May 2019, Alpine Select repurchased 361,661 own shares for a total of TCHF 5,107, including transaction costs of TCHF 7. The income tax effect on these transaction costs amounts to TCHF 1 applying the tax rate of 7.83%.

The annual shareholders' meeting held on 16 May 2019 approved the cancellation of the 919,795 shares repurchased under the abovementioned share buyback programs. The respective entry in the Commercial Register of the Canton of Zug was executed on 23 July 2019, following the expiration of the filing period.

The annual shareholders' meeting held on 16 May 2019 authorized the Company's board of directors to buy-back up to 10% of the total share capital (in the period between 16 May 2019 and the ordinary shareholders meeting in 2021) – should such need arise.

On 27 June 2019 the Company's board of directors informed on its decision to issue put options tradeable on the SIX Swiss Exchange. Under this new program, each shareholder will be granted one put option free of charge for each registered share held. Every 20 put options will entitle shareholders to tender one registered share with a nominal value of CHF 0.02 at the exercise price of CHF 17.00. The put options were traded from 1 July 2019 to and including 16 July 2019.

Selected Notes to the Condensed Interim Financial Statements

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

in TCHF	30 June 19	30 June 18
Long positions		
Realized gains	2 144	11 149
Realized losses	-97	0
Net realized currency (losses) / gains	-462	1 700
Net realized	1 585	12 849
Unrealized gains	4 955	3 908
Unrealized losses	-1 472	-12 801
Net unrealized currency gains / (losses)	464	-903
Net unrealized	3 947	-9 796
Total long positions, net	5 532	3 053
Securities sold short		
Realized gains	9	11
Realized losses	-116	0
Unrealized losses	-235	-25
Total securities sold short, net	-342	-14
Trading options		
Realized losses	-649	0
Total trading options, net	-649	0
Currency forwards		
Realized gains	524	4 210
Realized losses	-386	-5 738
Unrealized gains	105	43
Unrealized losses	-9	-549
Total currency forwards, net	234	-2 034
Gain on financial assets and financial liabilities at fair value through profit or loss, net	4 775	1 005

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

11. Dividend income

in TCHF	30 June 19	30 June 18
Dividend income from Absolute Invest Ltd.	18 000	0
Dividend income from securities	148	279
Total dividend income	18 148	279

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

in TCHF	30 June 19	30 June 18
Realized losses		
• Alpine Select Alternative Fund	-868	-102
Total realized losses, net	-868	-102
Unrealized gains / (losses)		
• Absolute Invest Ltd.	-13 603	-41
• Alpine Select Alternative Fund	1 271	-1 102
Total unrealized losses, net	-12 332	-1 143
Loss on investments in non-consolidated subsidiaries at fair value through profit or loss, net	-13 200	-1 245

13. Earnings per share

	30 June 19	30 June 18
Net profit / (loss) in TCHF as per the statement of comprehensive income for the six-month period ended	8 846	-879
Weighted average number of outstanding shares	10 348 420	11 202 900
Earnings per share in CHF (basic and diluted)	0.85	-0.08

Selected Notes to the Condensed Interim Financial Statements

14. Net asset value (NAV) per share

	30 June 19	31 Dec 18
Equity as per the statement of financial position (in TCHF)	145 538	144 884
Total number of shares outstanding	10 283 105	10 644 766
Net asset value per share (in CHF)	14.15	13.61
Adjusting factor		0.97902
Net asset value per share (in CHF) when adjusted for the distribution out of the retained earnings in May 2019	–	13.32

15. 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 141.7 million at 30 June 2019 (31 December 2018: CHF 135.2 million) and of which CHF 50.0 million (31 December 2018: CHF 45.2 million) relate to Alpine Select, are pledged as security for any amounts due to BJB.

16. 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 19	31 Dec 18
Hans Müller, Hergiswil	11.36%	11.36%
Trinsic Ltd., Zug ¹⁾	11.95%	7.18%
Raymond J. Baer, Küsnacht	8.64%	8.64%
Alpine Select Ltd. ²⁾	8.21%	4.98%
Stefan Rihs, Hong Kong	5.36%	5.36%
Thomas Amstutz, Zurich ³⁾	3.48%	n/a
Hans Hornbach sel., Vufflens-le-Château	n/a	4.23%

¹⁾ Number of shares, including 77,760 shares directly held by the beneficial owners of Trinsic Ltd. as per 30 June 2019 (31 December 2018: 77,760 shares). 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).

²⁾ Treasury shares, see also Note 9.4.

³⁾ Own holdings and 74,000 shares held via JAAM AG, Zurich

17. Related party transactions

Apart from the remuneration to the board of directors for the six-month period to 30 June 2019, the following related party transactions were noted:

Baer & Karrer Ltd., Zurich («Baer & Karrer») is the legal advisor of Alpine Select and Absolute Invest. Dr. Dieter Dubs, partner of Baer & Karrer is a member of the board of directors of Alpine Select and of Absolute Invest. During the six-month period to 30 June 2019, TCHF 48 (30 June 2018: TCHF 55) were booked in connection with legal services rendered by Baer & Karrer and that were not yet paid at 30 June 2019.

Under the service agreement between Alpine Select and JAAM AG («JAAM»), effective as of 1 January 2017, the latter would receive a total compensation of TCHF 60 for the six-month period to 30 June 2019 and 2018. Following the board members decision to waive 10% of their 2019 compensation, granted besides their ordinary board fees (due to the disappointing annual 2018 results), the payment to JAAM for the first half-year 2019 is reduced to TCHF 54. Thomas Amstutz, member of the Board of Directors of Alpine Select, is a founding partner and member of the Board of Directors of JAAM.

Regarding the short-term loan transactions between Alpine Select and its non-consolidated subsidiary Absolute Invest during the six-month period to 30 June 2019, reference is made to Note 8.

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

18. Events after the balance sheet date

On 25 July 2019 SIX Exchange Regulation approved Alpine Select's application to switch the Standard segment. The 10,283,105 registered shares of Alpine Select with a nominal value of CHF 0.02 each (Valor symbol ALPN, ISIN CH0019199550) have been traded in the Swiss Reporting Standard of the SIX Swiss Exchange since 5 August 2019. The last trading day in the Segment of Investment Companies was 2 August 2019. A mandatory change in the accounting standard to Swiss GAAP FER is associated with the change to the Swiss Reporting Standard. Among other things, the change to Swiss GAAP FER will enable Alpine Select to consolidate the portfolio and thus offer its shareholders more transparency. Besides that, the applied valuation methods remain insofar as they comply with the requirements of Swiss GAAP FER.

The condensed interim financial statements for the six-month period ended 30 June 2019 were authorized for issue by the board of directors on 20 August 2019. There were no significant events to report until this date.

ALPINE SELECT

Alpine Select Ltd. Gotthardstrasse 31 CH-6300 Zug T +41 41 720 44 11
investorrelations@alpine-select.ch www.alpine-select.ch