

# Quest For Growth

Belgium/Financial Services

Analysers



## Hold

Recommendation unchanged

**Share price: EUR 4.59**

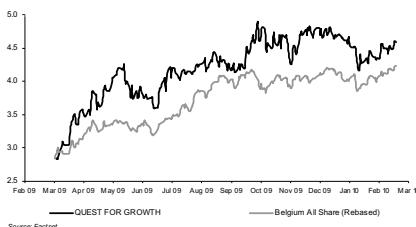
closing price as of 18/03/2010

Reuters/Bloomberg QJFG.BR/QFG BB

Market capitalisation (EURm)	54
Current N° of shares (m)	12
Free float	74%
Daily avg. no. trad. sh. 12 mth	3,829
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	4.89
Price low 12 mth (EUR)	2.83
Abs. perf. 1 mth	2.91%
Abs. perf. 3 mth	-4.97%
Abs. perf. 12 mth	61.05%

### Estimated NAV breakdown (EURm)

Listed shares - ICT	23.9	27%
Listed shares - Pharma & biotech	12.1	14%
Listed shares - Other	21.8	25%
Direct private equity stakes	15.9	18%
Venture Capital funds	8.4	10%
Convertible loan notes & warrants	1.0	1%
Other assets	1.5	2%
Net cash/(debt) position	2.5	3%
<b>Total Net Asset Value</b>	<b>87.1</b>	<b>100%</b>
<b>NAVPS (EUR)</b>	<b>7.413</b>	
Share price*: EUR	4.59	
<b>Discount/(Premium) to NAV</b>	<b>38.1%</b>	



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## New management fee arrangement

**The facts:** Yesterday, Quest for Growth (QfG) BoD revealed at its AGM the details of an adjusted agreement between the company and Quest Management.

The fee for the management of the privak paid to Quest Management decreases from EUR 1,950,000 (EUR 0.16/share) to a fixed annual fee of EUR 1,500,000 (EUR 0.13/share).

The agreement starts on 1 April 2010 and comes to an end on 31 March 2012. If and when during this period QfG's Total Expense Ratio (TER) exceeds 3.5%, in concert with Quest Management the company will examine how to reduce costs below this level. If and when during this period the management fee paid falls below 1.5% p.a. a possible adjustment of the agreement will also be considered between both parties.

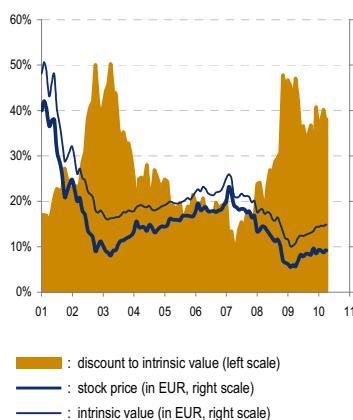
**Our analysis:** The adjustment of the management fee agreement is most likely inspired by the volatility of the asset base in recent years.

At yesterday's closing prices for QfG and underlying assets, our estimate of QfG's adjusted NAV/share stands at EUR 7.41, bringing the discount to NAV to 38.1%, which is relatively high in historic perspective (see charts below). Based on our adjusted NAV estimate, the fee goes down from 2.2% to 1.7%, which is far below the TER on average NAV in FY08 of 2.9%.

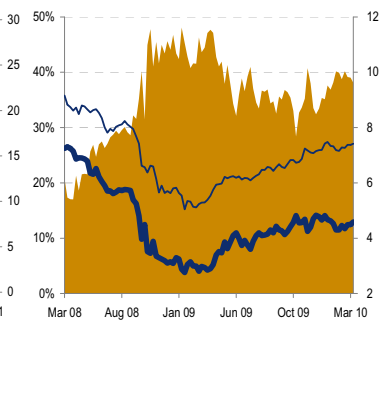
**Conclusion & Action:** We welcome the de facto reduction of the management fee, which brings the QfG's TER closer to the average of its Belgian peers.

QfG should enjoy an improving exit momentum which could lead to uplift to opening equity on the "unquoted" portfolio in the course of 2010 (29% of NAV, both held directly and indirectly via venture capital funds). However, even though the share price only partly covers the value of the quoted portfolio (EUR 4.90/share), we tend to remain prudent and would only buy on weakness. We therefore reiterate our Hold recommendation.

### 10 years valuation graph (EUR)



### 24 months valuation graph



Source: Company data, ESN – Bank Degroof Research