

Quest For Growth

Belgium/Financial Services

Analysers



Buy

Recommendation unchanged

Share price: EUR 4.95

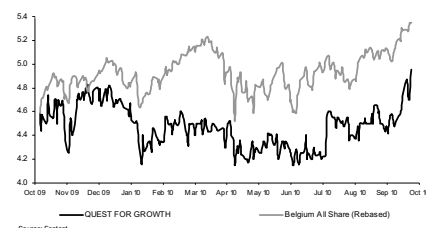
closing price as of 22/10/2010

Reuters/Bloomberg QJFG.BR/QFG BB

Market capitalisation (EURm)	58
Current N° of shares (m)	12
Free float	76%
Daily avg. no. trad. sh. 12 mth	8,104
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	4.95
Price low 12 mth (EUR)	4.15
Abs. perf. 1 mth	7.61%
Abs. perf. 3 mth	15.12%
Abs. perf. 12 mth	8.32%

Estimated NAV breakdown (EURm)

Listed shares - ICT	22.8	23%
Listed shares - Pharma & biotech	8.8	9%
Listed shares - Other	25.2	25%
Direct private equity stakes	16.5	17%
Venture Capital funds	10.0	10%
Convertible loan notes & warrants	0.5	0%
Other assets	1.4	1%
Net cash/(debt) position	13.7	14%
Total Net Asset Value	99.0	100%
NAVPS (EUR)	8.395	
Share price*: EUR	4.95	
Discount/(Premium) to NAV	-41.0%	



Analyst(s):

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Insider buying

The facts:

On the Belgian financial regulator's (CBFA) website, it was announced that Quest for Growth (QfG) board member Michel Akkermans earlier this month has bought 50,000 QfG shares for EUR 226,831 at an average price of EUR 4.54/share.

Our analysis:

50,000 QfG shares represent 0.42% of the outstanding shares. We assume the seller to be Laxey Partners Ltd, which in September has crossed downwards the 10% shareholding threshold.

Besides member of QfG's BoD, Michel Akkermans is currently CEO and Chairman of Clear2Pay, a software technology company specialising in payment solutions. QfG's shareholding in the latter company is worth EUR 5.4m or 5.4% of NAV (6.4% of invested portfolio).

Given the cheap valuation and the improving M&A climate, which might lead to additional capital gains in the near future, we remain positive on the share (see our recent company update titled "Upgrade to Buy", dd. 14-Oct-10).

Conclusion & Action:

We think that this is a good time to enter into private equity companies. The natural leverage on both the equity market and the economic cycle make them an attractive investment target with the increasing deal activity as the major catalyst.

We earlier this month raised our recommendation to Buy and now take the opportunity to reiterate our positive opinion. Even after the recent strong share price performance QfG is still traded at an excessive discount of -41%, which is attractive vs. the long term average discount of -26.8% and the current average discount of Belgian peers of -27.4%.