

Quest For Growth

Belgium/Financial Services

Analysier



Buy

Recommendation unchanged

Share price: EUR 5.38

closing price as of 23/12/2010

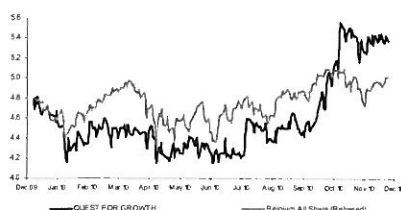
Reuters/Bloomberg QUGF BR/QUGF BB

Market capitalisation (EURm)	63
Current N° of shares (m)	12
Free float	76%
Daily avg. no. trad. sh. 12 mth	9,763
Daily avg. trad. vol. 12 mth (m)	0
Price high 12 mth (EUR)	5.55
Price low 12 mth (EUR)	4.15
Abs. perf. 1 mth	1.51%
Abs. perf. 3 mth	19.56%
Abs. perf. 12 mth	13.98%

Estimated NAV breakdown (EURm)	12/10	12/10
Listed shares - ICT	25.	24
Listed shares - Pharma & biotech	10.	10
Listed shares - Other	28.	26
Direct private equity stakes	16.	15
Venture Capital funds	9.	9
Convertible loan notes & warrants	0.	0
Other assets	6.	6
Net cash/(debt) position	9.	9
Total Net Asset Value	106.	100
NAVPS	9.01	8.33
Share price*: EUR	5.3	

Discount to NAV

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Quest Management to merge with Capricorn Venture Partners

The facts: Yesterday Quest Management and Capricorn Venture Partners announced that their respective BoDs have proposed to merge both companies, with Capricorn Venture Partners (CVP) being the surviving entity.

Our analysis: CVP will submit an application to the Belgian regulator to obtain a license for asset management and investment advice. Following the granting of the license and the approval of the proposal to merge by the shareholders of the two companies, CVP will acquire the activities and the personnel as well as all other assets and liabilities of Quest Management. The merged company will assure the continuity of the advice to and the daily management of the different funds and investment companies.

Bringing together the CVP and Quest investment teams in one legal entity will enhance the synergies between both teams, which both invest in private equity and which both have a strong focus on cleantech investments. Hence, for investors in Quest for Growth (QfG) the proposed merger has the advantage that Quest Management will have access to a larger deal flow and a stronger investment team for non-quoted companies. We expect cost synergies to remain limited. Both companies are based on the same premises in Louvain-Belgium and they share the same Chairman of the BoD, Philippe Haspeslagh. For QfG, nothing changes to the fund's listing.

Conclusion & Action: For QfG, nothing changes to the fund's listing, except that it could enhance the deal flow in private equity (remained relatively weak thus far).

We estimate the current NAV at EUR 9.02/share (discount of -40.3%), which remains excessive when compared to Belgian peers (average discount: -29%) and historically (5-years average: -28%). We maintain our Buy recommendation.

Analyst(s):

Hans D'Haese, Bank Degroof

hans.dhaese@degroof.be

+32 (0) 2 287 9223