

### Description

Quest for Growth is a Belgian investment company focused on listed and unlisted growth companies with the objective of converting capital gains into tax-free income through the Privak-structure.

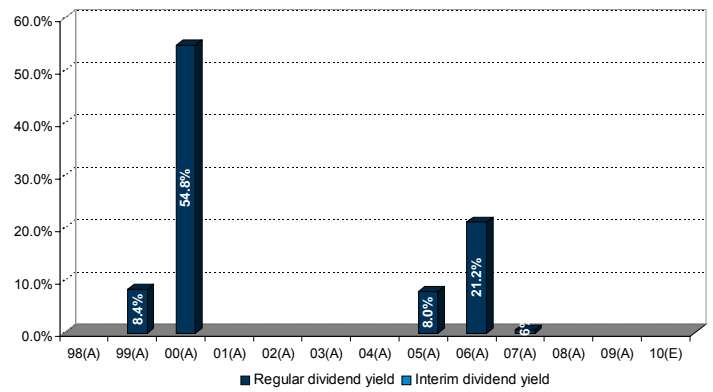
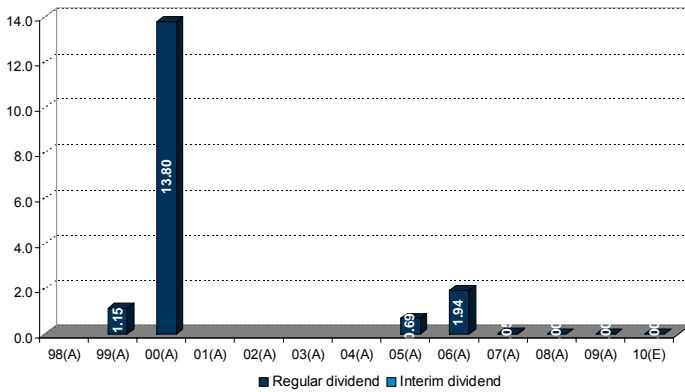
### Investment cases

- Quest's investors benefit from Belgium's Privak statute, thanks to which the gross dividend is net of taxes
- Quest has a dynamically managed portfolio of listed stocks, leaving it vulnerable to the market's momentum
- Quest's unlisted investments have been subject to writedowns against a background of a frozen M&A market
- Our rating is entirely based on valuation grounds, as the stock is trading at relatively high discount levels

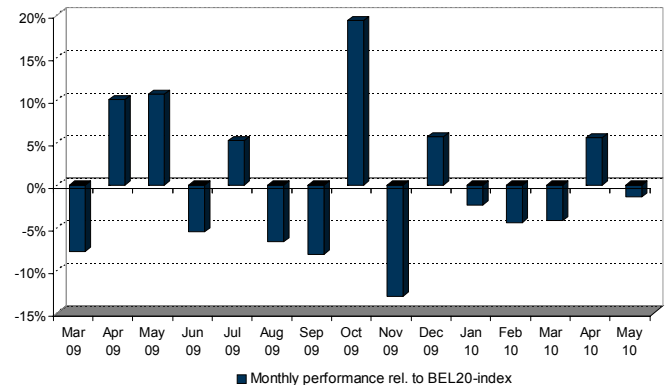
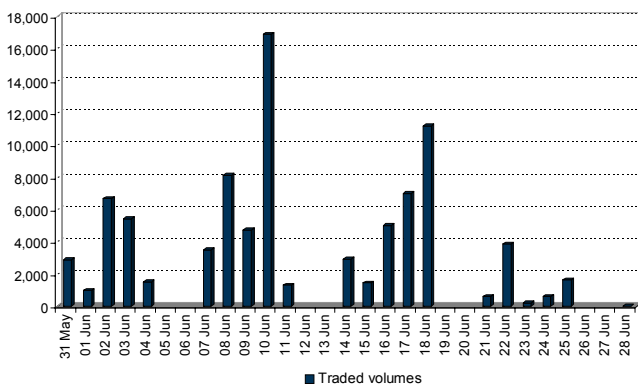
### Shareholder structure

	# shs	% shs	value (€m)
Dexia Insurance	1,393,855	11.82%	6.06
Laxey Partners	1,413,780	11.99%	6.15
KBC Asset Mgt	513,709	4.36%	2.23
Free float	8,467,911	71.83%	36.84

### Dividend data



### Volume and performance data



### Analyst opinion

Stock price: € 4.29  
 Target price: € 5.50  
 Potential: 22%  
 Rating: BUY

### Company specifics

Market cap: € 51m  
 Currency: EUR  
 Avg. daily value: € 0.01m  
 Avg. 3M volume: 6,053  
 % chg 1M: 1.16%  
 % chg 1Y: 10.97%  
 52-week hi/lo: 4.95 / 3.6  
 BB-code: QFG BB  
 Reuters-code: QUFG.BR  
 Web: www.questforgrowth.com

### Corporate calendar

02-Jul-2010 NAV update (A)  
 22-Jul-2010 Results 1H (A)  
 23-Jul-2010 Analyst Meeting (A)  
 06-Aug-2010 NAV update (A)  
 03-Sep-2010 NAV update (A)  
 01-Oct-2010 NAV update (A)

## News flow

### 08-06-2010: CoreOptics deal boosts NAV, Anteryon joins ranks

NAV at end-May declined to € 7.48 per share, versus € 7.56 at end-April (-1.1% m/m, +3.2% YTD). The stock mimicked the movement and declined to € 4.25 (-5.6% m/m, -8.6% YTD), due to which the discount increased even further to 43.2% (end-April; 40.48%). Quest made quite a number of changes to its listed portfolio, mainly upping stakes in existing portfolio companies: Unit 4 Agresso, TKH Group, Teva Pharma, Arcadis, Faiveley, SMA Solar and Centrotec. Quest lowered positions in INIT and added new investments to the ranks as well: Econocom, Parrot ad Accel Group. It disposed entirely of its stake in Seloger.com (Tandberg was tendered to Cisco's takeover offer). Combined, the listed portfolio totals € 52.4m and accounts for 59.3% of NAV. Listed assets break down in Software & Services (14.3%), Technology & Hardware (6.9%), Pharma & Biotech (5.9%), Healthcare Equipment (2.7%), Electrical & Engineering (16.4%) and Materials & Others (6.9%). Quoted/unquoted assets (i.e. Movetis) account for 6.3% of NAV. The value of the direct Private Equity stakes wasn't subject to adjustments. Our SOTP model no longer lists the CoreOptics stake (as this is in the process of being sold), but includes Dutch micro-optics firm Anteryon, in which Quest yesterday invested € 1m alongside Qualcomm. Anteryon designs and produces micro-optics and refractive-optics, enabling wafer-based production and integration of optics for miniature camera and laser projection modules. It was spun out of electronics firm Philips in 2006. The fresh capital will be used on Anteryon's WaferOptics optical module production technology and the company's Asia production facility expansion. The valuation of the 3rd Party funds remained level with end-April reading as well, while Quest answered a € 0.12m capital call from Capricorn Cleantech Fund. The direct and indirect PE portfolios are valued at a respective € 16.1m and € 8.4m. Combined, PE stakes account for € 24.5m, or 27.8% of adjusted equity. We estimate net cash at € 9.5m (10.7% of NAV), which includes the valuation of options and other items on the balance sheet. We currently estimate adjusted equity value p.s. at € 7.50. We note that despite a broad number of past writedowns in the PE portfolio in the past and the fact that it has few options to create value via exits (IPO or trade sale), the stock's valuation is very undemanding: Quest's NAV performance relative to its stock price and its benchmark indices has held up quite well; the discount currently hovers a tad below 44%. The upside potential from current trading levels amounts to 28%.

### 28-05-2010: €2.5m CoreOptics gain increases stock's appeal

Quest for Growth sold its stake in CoreOptics to Nasdaq-listed Cisco Systems Inc, the worldwide leader in networking for the Internet. QfG has invested in CoreOptics since 2006 and participated in various financing rounds. The sale is expected to have a € 0.21 per share positive impact of approximately € 2.5m on last published NAV. Clearly, we regard the sale as a very positive item for Quest; an array of writedowns on the carrying value of the unlisted stakes (in 2009 and 2010) put question marks behind Quest's ability in creating value out of the unlisted portfolio. The monetization of CoreOptics thus reduces the "impairment risk". After the transaction, the unlisted portfolio accounts for 25.4%, which includes 3rd Party Funds (9.1%) and Clear2Pay (5.9%). The balance (€ 10.4m) consists almost entirely of Pharma & Biotech investments, with the biggest ones being Kiadis (2.2%), Sphere Medical (1.9%), Syntaxin (1.9%) and TCLand (1.7%). Despite disposing of scant financial details and bearing in mind that the valuation of these assets always depends on progress in bringing the pipeline to fruition, we believe the downside risk on the unlisted portfolio to be low. We estimate adjusted equity value per share at € 7.72. We remind that we increased our TP to € 5.5 a couple of weeks ago, based on the fact that the undervaluation in terms of discount combined with we believed to be a stable valuation of the unlisted portfolio offered an interesting entry point for investors. We stick to this view: At a 46% discount, Quest is cheap.

### 06-05-2010: TP and rating increase following April NAV update

NAV at end-April increased to € 7.56 per share, versus € 7.42 at end-March (+1.9% m/m, +4.3% YTD). The stock increased a tad to € 4.50 (+2.3% m/m, -3.2% YTD), due to which the discount remained more or less level with the end-March reading at 40.48%. Quest made some changes to its listed portfolio, upping stakes in Unit 4 Agresso, Roche Holdings, Imtech, Pfeiffer and Centrotec and lowering positions in Wirecard, Séloger, TKH group, Andritz, Arcadis and Vestas Wind Systems.. Quest didn't add new investments to the ranks, but disposed entirely of its Tandberg stake (which was subject to a takeover offer by Cisco). Combined, the listed portfolio totals € 56.5m and accounts for 61.5% of NAV. Listed assets break down in Software & Services (14.7%), Technology & Hardware (10.2%), Pharma & Biotech (4.6%), Healthcare Equipment (2.8%), Electrical & Engineering (16.1%) and Materials (5.6%). Quoted/unquoted assets (i.e. Movetis) account for 7.4% of NAV. The value of the direct Private Equity stakes wasn't subject to some adjustments as well. Quest halved the carrying value of Active Circle (from € 0.8m to € 0.4m) and converted the £ 0.28m Sphere Medical loan note into equity (this was already confirmed on the 1Q10 analyst meeting). The valuation of most of the 3rd Party funds was adjusted to reflect YE09 standing: valuation in general remained steady with previously reported levels. The direct and indirect PE portfolios are valued at a respective € 16.4m and € 8.3m. Combined, PE stakes account for € 24.7m, or 26.75% of adjusted equity. We currently estimate net cash at € 9.1m (9.9% of NAV), which includes the valuation of options and other items on the balance sheet. The official NAV figure still hovers south of our NAV estimate, due to a lock-up discount to the Movetis stake that shaves off around € 0.7 p.s. of the official NAV estimate. We are disappointed about the negative valuation adjustment at the level of Active Circle investment, but in general continue to believe that the underlying valuation of PE portfolio is stable. We estimate adjusted equity value per share at € 7.82. We note that despite a broad number of past writedowns in the Private Equity portfolio and the fact that it has few options to create value via exits (IPO or trade sale), valuations are still undemanding: Quest's NAV performance relative to its stock price and its benchmark indices has held up quite well; the discount currently hovers a tad below 44%. We therefore decided to increase our TP from € 5.25 to € 5.5, which reduces the implied discount versus NAV to 30%. The upside potential from current trading levels amounts to 25%, which prompted us to increase our rating from Accumulate to Buy.

### 23-04-2010: 1Q10 marks 4th consecutive quarterly profit

Quest in 1Q10 booked a € 2.08m profit (€ 0.18 p.s.), marking the 4th consecutive quarterly period that was written in black. The profit compares with a 1Q09 loss of € 2.07m (€ 0.18 p.s.) and FY09 profit of € 18.07m (€ 1.53 p.s.). Quest's monthly NAV updates had already unveiled that equity p.s. at end-1Q10 climbed to € 7.42 p.s., versus € 7.25 at end-FY09 (+2.3% ytd), while the stock decreased to € 4.40 (+5.4% ytd). As a result of the surprisingly negative stock price evolution, the discount narrowed to 40.7% (versus 35.9% at end-FY09). The 2.3% YTD rise of NAV compares with a 12.9% rise of the benchmark Nasdaq index (triggered by the rise of the USD vs. the EUR) and a 6.7% increase of the New Market 50 index. Overall, the first quarter brought little excitement for Quest for Growth. In terms of profitability the listed portfolio (again) accounts for almost all of the result, as the small-cap and speciality investor continued to profit from a sharp increase of specialty stocks (that lagged up until YE09). Earnings contribution from the privately-held portfolio amounted to € 0.2m, but the portfolio's underlying valuation has certainly stabilised; the need to impair valuations has evaporated and peer group valuations have risen on the back of higher economic growth expectations. Quest has also witnessed an improvement in the overall quality of new investment proposals for PE investments, which – coupled with more realistic valuation expectations – could indicate more investment activity further down the road. During 1Q10, Quest's AGM approved the proposed agreement between the company and Quest Management NV. The fee decreased from € 1.9m (€ 0.16 p.s.) to a fixed annual level of € 1.5bn (€ 0.13 p.s.). The agreement kicked in on 1 April 2010 and runs over 12 months. The Global Cost Ratio (all costs carried by QfG versus NAV) will be kept below 3.5%. Going forward, Quest believes that the economic recovery will persist, even in Europe, but also that the period of bargains on the stock markets, which have taken a head start on future growth, seems to be mostly over. The 1Q10

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## Sum-of-the-parts model

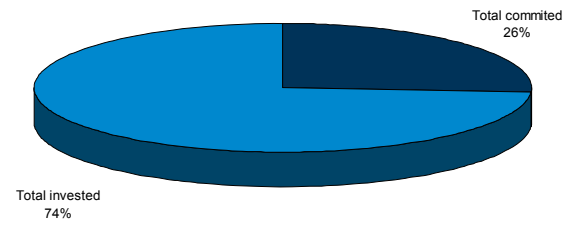
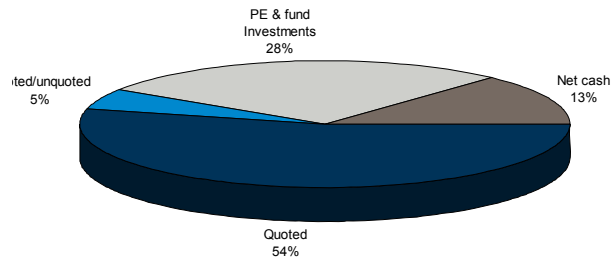
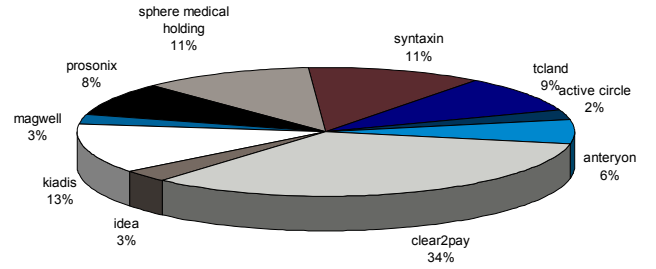
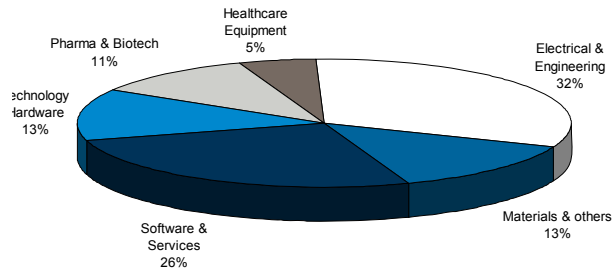
Description	Sector/market	BB	Shares held	Recent change	Last price	Crncy	% of NAV	Valuation (€)
<b>Quoted companies</b>							<b>14.02%</b>	<b>12.40</b>
ECONOCOM	Euronext Brussels	ECONB BB	68,375	68,375	10.7	€	0.82%	0.73
INIT	Deutsche Börse	IXX GY	95,000	-5,000	14.0	€	1.50%	1.33
NEMETSCHEK	Deutsche Börse	NEM GR	135,000	0	23.4	€	3.56%	3.15
TRANSICS	Euronext Brussels	TRAN BB	250,000	0	4.7	€	1.31%	1.16
UNIT 4 AGRESSO	Euronext Amsterdam	UNIT4 NA	195,330	5,000	17.5	€	3.85%	3.41
VIZRT	Deutsche Börse	VIZ GR	326,191	0	2.5	€	0.92%	0.81
WIRECARD	Deutsche Börse	WDI GR	250,000	0	7.2	€	2.04%	1.81
<b>Technology Hardware</b>							<b>7.13%</b>	<b>6.31</b>
EVS BROADCAST	Euronext Brussels	EVS BB	55,000	0	34.0	€	2.11%	1.87
LEM HOLDING	Zwitzerland	LEHN SW	8,500	-1,500	360.8	CHF	2.56%	2.27
PARROT	Euronext Paris	PARRO FP	30,000	30,000	13.6	€	0.46%	0.41
TKH GROUP	Euronext Amsterdam	TWEKA NA	113,610	3,550	15.5	€	1.99%	1.76
<b>Pharma &amp; Biotech</b>							<b>11.16%</b>	<b>9.87</b>
ABLYNX	Euronext Brussels	ABLX BB	115,000	0	7.7	€	0.99%	0.88
MOVEVIS°	Pharma & Biotech	MOVE BB	523,601	0	9.2	€	5.43%	4.81
ROCHE HOLDINGS	SWX Swiss Exchange	ROG VX	20,000	0	154.4	CHF	2.58%	2.28
TEVA PHARMACEUTICAL	Nasdaq	TEVA US	45,000	20,000	52.3	USD	2.15%	1.90
<b>Health Care Equipment &amp; Svs</b>							<b>2.72%</b>	<b>2.41</b>
UNITED DRUG	Dublin	UGD ID	1,018,628	0	2.4	€	2.72%	2.41
<b>Electrical &amp; Engineering</b>							<b>17.15%</b>	<b>15.17</b>
ANDRITZ	Vienna	ANDR AV	70,000	0	47.7	€	3.77%	3.34
ARCADIS	Euronext Amsterdam	ARCAD NA	240,000	5,000	14.9	€	4.05%	3.58
FAIVELEY	Euronext Paris	LEY FP	25,000	5,000	55.4	€	1.57%	1.39
IMTECH	Euronext Brussels	IM NA	82,055	5,000	21.9	€	2.03%	1.79
PFEIFFER VACUUM TECHNO	Deutsche Börse		45,000	0	61.2	€	3.11%	2.75
SMA SOLAR	Deutsche Börse	S92 GY	15,000	1,000	82.2	€	1.39%	1.23
VESTAS WIND SYSTEMS	Copenhagen	VWS DC	30,000	0	269.7	DKK	1.23%	1.09
<b>Materials</b>							<b>6.13%</b>	<b>5.42</b>
CENTROTEC	Deutsche Börse		110,000	10,000	12.9	€	1.60%	1.42
GEBERIT	SWX Swiss Exchange	GEBN VX	12,000	0	169.8	€	1.70%	1.51
UMICORE	Euronext Brussels	UMI BB	100,000	0	25.0	€	2.82%	2.50
<b>Other sectors</b>							<b>0.98%</b>	<b>0.86</b>
ACCELL GROUP	Euronext Amsterdam	ACCEL NA	25,000	25,000	34.6	€	0.98%	0.86
<b>Loan notes</b>							<b>2.19%</b>	<b>1.94</b>
<b>Private Equity investments</b>							<b>27.78%</b>	<b>24.58</b>
ACTIVE CIRCLE	Software & Services	equity		0.40		€	0.45%	0.40
ANTERYON	Semiconductors	equity		1.00		€	1.13%	1.00
CLEAR2PAY	Software & Services	equity		5.36	0.21	€	6.06%	5.36
IDEA	Pharma & Biotech	equity		0.52		€	0.58%	0.52
KIADIS	Pharma & Biotech	equity		2.00		€	2.26%	2.00
MAGWELL	Software & Services	equity		0.43		€	0.49%	0.43
PROSONIX	Pharma & Biotech	equity		1.32		£	1.49%	1.32
SPHERE MEDICAL HOLDING	Pharma & Biotech	equity		1.80		£	2.03%	1.80
SYNTAXIN	Pharma & Biotech	equity		1.82		£	2.06%	1.82
TCLAND	Pharma & Biotech	equity		1.50		€	1.70%	1.50
THIRD PARTY INV FUNDS		Funds		8.43	8.03	€	9.53%	8.43
<b>Portfolio</b>							<b>89.25%</b>	<b>78.95</b>
Net cash (incl. others & options)							10.75%	9.51
<b>Adjusted equity value</b>							<b>100.00%</b>	<b>88.46</b>
Number of shares (outstanding)								11,789,255
Treasury shares (for remuneration purposes, resale, collateral,...)							2.20%	259,305
Treasury shares (available for cancellation)							0.00%	0
Number of shares (for per share)								11,789,255
Quest for Growth last price								4.35
<b>Adjusted equity value p.s.</b>								<b>7.50</b>
<b>Current discount</b>								<b>42.03%</b>
Target prices								
Target equity value								88.46
<b>Target equity value p.s.</b>								<b>7.50</b>
<b>Discount to target equity value</b>								<b>42.03%</b>

**KBCS has a BUY recommendation and a €5.5 target price.**

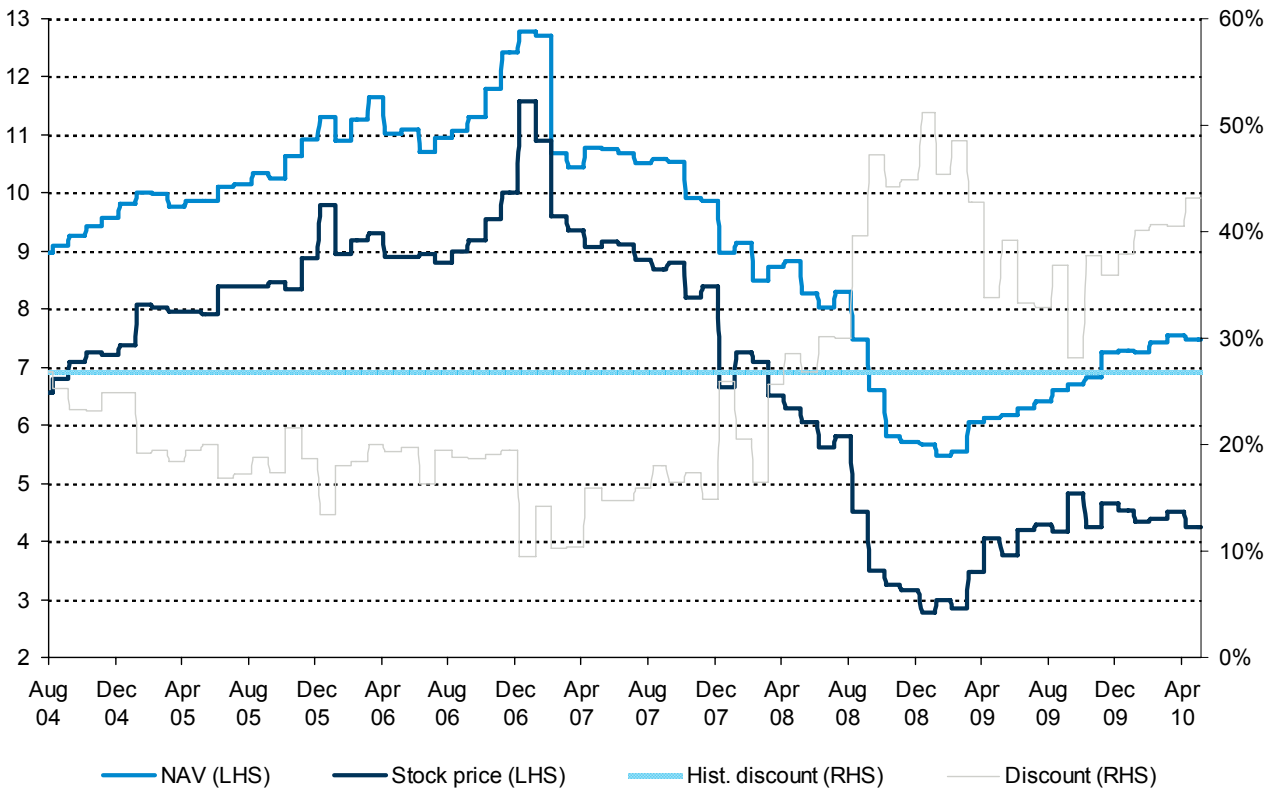
The upside potential versus a stock price of € 4.35 equals 26.44%.

The implied discount of our € 5.5 target price vs. the target equity value is 26.7%.

### Graphical portfolio breakdown



### Historical NAV overview



## Financial data

<b>Income statement (€m)</b>	<b>04/05</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Sales & operating income	0.0	0.0	0.0	0.0	0.0	0.0
Result from operating activities	0.0	0.0	0.0	0.0	0.0	0.0
Result from financing activities	0.0	0.0	0.0	0.0	0.0	0.0
Result from extraordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
Share of result of associates	0.0	0.0	0.0	0.0	0.0	0.0
Income taxes	0.0	0.0	0.0	0.0	0.0	0.0
Discontinued activities	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Share of the group	4.6	7.3	21.5	0.6	-48.4	18.1
Adjusted net result	4.6	7.3	21.5	0.6	-48.4	18.1
<b>Balance sheet (€m)</b>	<b>04/05</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Intangible assets & goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Tangible assets	0.0	0.0	0.0	0.0	0.0	0.0
Participations acc. for under equity method	0.0	0.0	0.0	0.0	0.0	0.0
Other financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash & cash equivalents	0.0	0.0	0.0	0.0	0.0	0.0
Other assets	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL ASSETS</b>	<b>63.8</b>	<b>103.7</b>	<b>117.6</b>	<b>116.5</b>	<b>67.7</b>	<b>85.6</b>
Equity attributable to holders of the parent	63.6	103.2	95.9	115.8	67.4	85.4
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Financial debt	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL LIABILITIES</b>	<b>63.8</b>	<b>110.6</b>	<b>117.6</b>	<b>116.5</b>	<b>67.7</b>	<b>85.6</b>
net debt	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow statement (€m)</b>	<b>04/05</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Cash flow from operating activities	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid (consolidated)	0.0	0.0	0.0	0.0	0.0	0.0
Other cash flow from financing	0.0	0.0	0.0	0.0	0.0	0.0
Fx and changes to consolidation scope	0.0	0.0	0.0	0.0	0.0	0.0
Change in cash & equivalents	0.0	0.0	0.0	0.0	0.0	0.0
<b>Per share data</b>	<b>04/05</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Year-end share price (€)	7.9	8.9	10.0	8.4	3.2	4.7
Year-end market cap (€ m)	42.8	84.0	94.6	99.0	37.1	54.8
Weighted average # shares	5,416,000	9,459,073	9,459,073	11,789,255	11,789,255	11,789,255
Weighted average # shares, diluted	5,416,000	9,459,073	9,459,073	11,789,255	11,789,255	11,789,255
Basic EPS (€)	0.85	0.77	2.28	0.05	-4.11	1.53
Diluted EPS (€)	0.85	0.77	2.28	0.05	-4.11	1.53
NBV (€)	11.7	10.9	10.1	9.8	5.7	7.2
Adjusted equity value (€)	11.7	10.9	12.4	9.9	9.9	7.3
Premium (-) / Discount to (vs. YE stock price)	32.71%	18.61%	19.48%	14.89%	14.89%	35.86%
Gross dividend	0.00	0.69	1.94	0.05	0.00	0.00
Gross dividend yield	0.00%	7.77%	19.40%	0.60%	0.00%	0.00%
<b>Ratios</b>	<b>04/05</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Return on Equity (avg)	7.2%	7.0%	22.4%	0.5%	-71.9%	21.2%
Total return	9.7%	21.1%	34.5%	-15.5%	-62.5%	47.6%
Pay-out ratio (adjusted net result)	0.0%	99.9%	100.0%	96.7%	0.0%	0.0%
P/E	9.30	11.58	4.39	159.58	-0.77	3.03
P/NBV	0.67	0.81	0.99	0.86	0.55	0.64
<b>Statutory data (€m)</b>	<b>04/05</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Result from operating activities	4.7	7.2	20.7	0.3	-48.6	16.9
Result from financing activities	-0.1	0.1	0.9	0.3	0.2	1.2
Result from extraordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
Income taxes	0.0	0.0	0.0	0.0	0.0	0.0
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>4.6</b>	<b>7.3</b>	<b>21.5</b>	<b>0.6</b>	<b>-48.4</b>	<b>18.1</b>
Dividends paid (statutory)	0.0	-7.2	-21.5	-0.6	0.0	0.0
Financial assets	63.0	103.2	117.3	116.1	67.1	85.1
Other assets	0.8	0.5	0.3	0.4	0.6	0.5
Capital and reserves	63.6	103.2	95.9	115.8	67.4	85.4
Provisions and deferred taxation	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	0.2	7.4	21.6	0.7	0.3	0.1
<b>TOTAL ASSETS</b>	<b>63.8</b>	<b>110.6</b>	<b>117.6</b>	<b>116.5</b>	<b>67.7</b>	<b>85.6</b>