AVCA Member Profile:
Casey Family Programs

Joseph Boateng, a fund management industry veteran, joined Casey Family Programs as Chief Investment Officer in 2007, bringing the foundation's previously outsourced US$2bn fund management programme in-house. Casey Family Programs is a U.S. operating foundation which was set up by Jim Casey, founder of parcel delivery service UPS, and committed to providing, improving, and, ultimately preventing, the need for foster care in the United States.

Responsibility for ensuring that funds continue to be available to do just that falls to Joseph Boateng. Tim Stark, the foundation's Director of Private Market Investments, also plays a key role given that the foundation allocates 15% of its investment capital to private equity. AVCA talks with Joseph and Tim about their investment strategy and experiences in Africa.

Q: How has the private equity unit of Casey Family Programs evolved?

A: JOSEPH: When I joined Casey Family Programs in 2007, we brought the fund management in-house. The foundation has 3 legacy funds; however, we essentially started from scratch in Africa around 4 years ago.

TIM: We have a long-term commitment to private equity. Prior to my joining, private equity was 10% of the US$2bn portfolio and in October 2014, this was increased to 15%.

Q: Why the greater emphasis on private equity now? And where does African private equity come into those plans?

A: JOSEPH: The increase to a 15% allocation is driven by where we see value and growth in the long-term. In fixed income, you have to be invested for 10 years before you receive yields that exceed the rate of inflation. Global equities will give you around 5% real returns (7.25% nominal), but they come with higher volatility. To support Casey Family Program's mission, we need to get something above 10%, which is what we expect to get from private equity.

TIM: We will re-invest with some of our existing private equity funds but at no more than 20% of any fund. Our ideal investment size is US$10- $15mn per fund, but we have invested as little as US$5mn. For the overall portfolio, there is no specific percentage allocation to any specific region. We have made

Limited Partner Profile

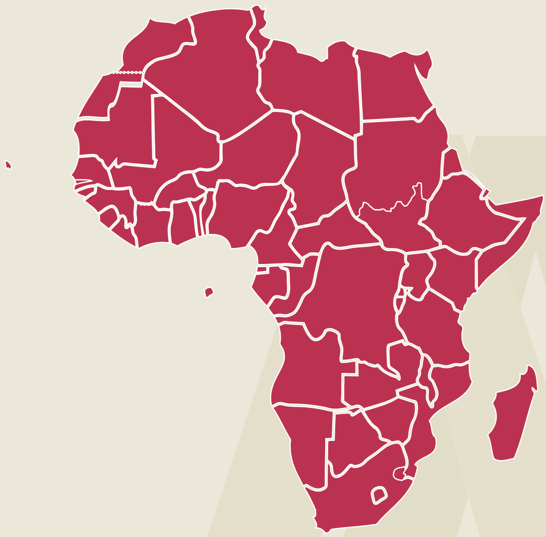
Name of Foundation
Casey Family Programs

Funds Under Management:
US$2.2bn

Percentage of Portfolio Allocated to African Private Equity:
Up to 3%

Fund Investment Range
US$10 - $15mn

Region of Interest
Pan-African



allocations to managers with African funds activley investing on the continent and are looking over at least two more managers right now.

Q: Are you attracted by Africa's growth story?

A: JOSEPH: We see the potential for enormous amount of organic growth on the continent of Africa. But how do you transform that pent-up consumer demand into value added for the investor?

TIM: The headlines don't cut it for us. We need to roll up our sleeves and understand how managers have, and continue to, create value in previous and current portfolio companies.

I am amazed not only at the number of funds in Africa, but also the size of them. We look to invest in African-focused funds with track record versus global funds with an allocation to Africa.

Q: What has been the deciding factor when making private equity fund investments in Africa to date?

A: JOSEPH: As we don't have an allocation to East, West or Southern Africa, or anywhere else in the world, we invest on a case-by-case basis. We are opportunistic. We have a saying that we will 'ride the best horses', wherever we find them. Our approach is to take a deeper dive into the portfolio companies and understand how value is being created.

TIM: We want feet on the ground. We don't like remote investing and avoid managers who do it. We get to know managers over a long period of time and believe a truly expert manager will know how to choose and invest in quality companies.

Q: How do you find the 'best horses' in Africa?

A: JOSEPH: Our interaction with African private equity funds has been through a combination of cold calling, knowing people on the ground and networking with other asset managers who have highlighted particular funds to us. Having an organisation like AVCA provides a good sounding board, puts us in touch with people on the ground and helps us develop our capabilities in the region.

Contact AVCA

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