

To: Honorable Brian Kemp, Governor  
Honorable Rick Williams, Chair, Senate Retirement Committee  
Honorable John Carson, Chair, House Retirement Committee

From: James A. Potvin, Executive Director 

Subject: 2025 Alternative Investments Annual Update

Date: February 26, 2025

During 2024, the alternative investment staff met, in-person and virtually, with over 150 general partners across different investment strategies, geographies, fund sizes, and industry sectors. Their due diligence efforts led to the successful closing on three primary fund commitments. Further, the staff continues to focus on building out the alternative investments portfolio in a methodical and disciplined manner.

As we start 2025, they are actively sourcing new investment opportunities and conducting due diligence reviews on several prospective alternative investments. For this year, the total committed capital to alternative investments is capped at \$214 million. In addition to selectively adding new fund investments to further diversify the existing portfolio, we continue to opportunistically look for secondary transactions to mitigate the effects of the "J curve." Due to challenging market conditions, the staff remains cautious and is highly selective in reviewing prospective alternative investment opportunities.

The Employees' Retirement System of Georgia alternative investments portfolio had a net inception-to-date internal rate of return (IRR) of 16.69% at December 31, 2024. The aggregate profit from alternative investments during the year was \$244,545,851. This disclosure is made pursuant to O.C.G.A. Section 47-20-87.

c: Homer Bryson, ERS Board Chair  
Eli Neipoky, ERS Investment Committee Chair  
Bill Cary, Chief Investment Officer  
Tom Horkan, Co-Chief Investment Officer  
Mike Majure, Co-Chief Investment Officer  
Rick Dunn, Chief Financial Officer, State of Georgia