

To: Honorable Brian Kemp, Governor  
Honorable Randy Robertson, Chair, Senate Retirement Committee  
Honorable John Carson, Chair, House Retirement Committee

From: James A. Potvin, Executive Director 

Subject: 2022 Alternative Investments Annual Update

Date: March 14, 2022

During 2021, the alternative investment staff met, mostly virtually, with over 170 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 2022, 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 \$211 million. We continue to opportunistically look for secondary transactions to mitigate the effects of the "J curve." Due to challenging market conditions, however, the staff has been more cautious and 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 22.71% at December 31, 2021. The aggregate profit from alternative investments during the year was \$351,197,704. This disclosure is made pursuant to O.C.G.A. Section 47-20-87.

c: Eli Niepoky, ERS Board Chair  
Frank F. Thach, Jr., ERS Investment Committee Chair  
Bill Cary, Chief Investment Officer  
Tom Horkan, Co-Chief Investment Officer  
Mike Majure, Co-Chief Investment Officer  
Kelly Farr, Chief Financial Officer, State of Georgia