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Attorneys for Portfolio Advisors LLC

NOTICE TO PLEAD

TO PLAINTIFFS:

You are hereby notified to file a written response to the enclosed NEW MATTER within twenty (20) days from service hereof or a judgment may be entered against you.

DILWORTH PAXSON LLP

BY: /s/ Patrick M. Northen
Patrick M. Northen



**IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY
FIRST JUDICIAL DISTRICT OF PENNSYLVANIA
TRIAL DIVISION – CIVIL (COMMERCE PROGRAM)**

KEVIN STEINKE, et al, on behalf of himself and	:	
all others similarly situated,	:	JUNE TERM, 2021
	:	
Plaintiff,	:	No. 210601197
	:	
v.	:	CLASS ACTION
	:	
AON INVESTMENTS USA, INC., et al.,	:	
	:	
Defendants.	:	

**DEFENDANT PORTFOLIO ADVISORS, LLC's ANSWER & NEW MATTER TO
PLAINTIFFS' THIRD AMENDED COMPLAINT**

Defendant Portfolio Advisors, LLC ("Portfolio Advisors" or "Defendant"), by and through counsel, hereby submits the following Answer to Plaintiffs' Third Amended Class Action

Complaint of Plaintiffs Kevin Steinke, Louis Fantini, Emily Fantini, and Daniel Reyes (“Plaintiffs”):

1. Admitted in part, denied in part. Admitted only that the Public School Employees Retirement System (“PSERS”) is the administrator of a retirement plan (“Plan”) for public school employees in the Commonwealth of Pennsylvania, that certain Plan participants are subject to cost-sharing retirement plans, and that PSERS increased the contribution rate for certain Plan participants subject to cost-sharing in 2021. Portfolio Advisors otherwise denies the allegations contained in this paragraph.

2. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied. To the extent allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

THE PARTIES

3. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

4. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

5. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

6. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

7. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

8. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

9. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

10. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

11. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

12. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

13. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

14. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

15. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

16. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

17. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

18. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

19. Admitted in part, denied in part. Admitted only that Plaintiffs bring this putative class action on behalf of themselves and other similarly situated individuals alleging that the increase in their shared-risk contributions is the result of Defendants' alleged actions or inactions. Portfolio Advisors otherwise denies the allegations contained in this paragraph, including the allegation that Portfolio Advisors' alleged actions or inactions resulted in the increase of Plaintiffs' shared-risk contributions.

20. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

21. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

22. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

23. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

24. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

25. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

26. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

27. This paragraph contains an instruction to which no response is required.

28. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

29. Admitted.

30. Admitted that Portfolio Advisors was contracted to provide private equity, venture capital, and private debt investment consultant services to PSERS from August 8, 2012 until the contract's termination on August 7, 2017 ("Contract") for a portion of its portfolio. Portfolio Advisors also admits that by way of an August 3, 2015 contract amendment ("Amendment"), it agreed to provide separate additional services to PSERS in connection with a co-investment program within the Commonwealth of Pennsylvania and was paid an additional fee for these services. To the extent this paragraph is inconsistent with or otherwise implies that Portfolio Advisors assumed duties beyond the scope of its Contract or Amendment with PSERS, Portfolio Advisors denies it assumed any such duties.

31. Admitted in part, denied in part. Admitted that Portfolio Advisors provided services to PSERS consistent with the terms of the Contract and Contract Amendment. Portfolio Advisors otherwise denies the allegations contained in this paragraph to the extent this paragraph is inconsistent with or otherwise implies that Portfolio Advisors assumed obligations beyond the plain meaning of the Contract's or Amendment's terms.

32. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

33. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

34. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

35. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

36. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

JURISDICTION AND VENUE

37. The citizenship of Plaintiffs is a legal conclusion to which no response is required. To the extent this paragraph provides factual information, after reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

38. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

39. The citizenship of the putative class is a legal conclusion to which no response is required. To the extent this paragraph provides factual information, after reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

40. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

41. Admitted.

42. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

43. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

44. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied.

45. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

46. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied.

GENERAL ALLEGATIONS

1. Overview of the Pennsylvania Pubic School Employees Retirement Plans

47. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

48. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

49. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

50. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

51. Admitted.

52. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are admitted in part and denied in part. Portfolio Advisors admits that Plaintiffs' Third Amended Complaint includes allegations related to the "investments, administration, and management of the PSERS Plan." Portfolio Advisors otherwise denies the allegations contained in this paragraph, including without limitation that Portfolio Advisors committed any wrongdoing, that Plaintiffs and those similarly situated have, in any way, been damaged and/or that Portfolio Advisors' advice resulted in the depletion or waste of plan assets.

2. PSERB's Role as Fiduciary and Administrator of the Retirement System

53. PSERS' status as an "independent administrative board" is a legal conclusion to which no response is required.

54. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph. PSERS' structure and obligations are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*, and to the extent Plaintiffs' representations in this paragraph contradict the language of the statute, these representations are denied.

55. The fiduciary relationship between PSERS' Board members, their employees, and their agents is a legal conclusion to which no response is required. To the extent this paragraph contains factual allegations relating to Plaintiffs' citation of 24 Pa. C.S. § 8521(e), Portfolio Advisors denies these allegations to the extent Plaintiffs' representations contradict the terms of the statute.

56. This paragraph contains legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to Plaintiffs' purported quotation of 24 Pa. C.S. § 8521(e), Portfolio Advisors denies these allegations to the extent Plaintiffs' representations contradict the terms of the statute. Portfolio Advisors further denies that it was an agent of the Board.

57. This paragraph contains legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to Plaintiffs' purported quotation of 24 Pa. C.S. § 8521(a), Portfolio Advisors denies these allegations to the extent Plaintiffs' representations contradict the terms of the statute and/or to the extent that Plaintiffs' representations conflict with the standard of care to which Portfolio Advisors was to adhere, which is set forth in the Contract.

58. Admitted that PSERS adopted an Ethics Policy that applies to the Board. To the extent the language in Paragraph 58 is inconsistent with the Ethics Policy, it is denied. Portfolio Advisors also denies that the Ethics Policy imposed any obligation on Portfolio Advisors.

59. Admitted that PSERS adopted an Ethics Policy. To the extent the language in Paragraph 59 is inconsistent with the Ethics Policy, it is denied. To the extent that Plaintiffs imply in Paragraph 59 that the Board engaged Portfolio Advisors in conflict with the Ethics Policy or that any of Portfolio Advisors' conduct somehow violated the Ethics Policy, it is denied. Portfolio Advisors also denies that the Ethics Policy imposed any obligation on Portfolio Advisors.

60. Admitted that PSERS adopted an Ethics Policy. To the extent the language in Paragraph 60 is inconsistent with the Ethics Policy, it is denied. To the extent that Plaintiffs imply in Paragraph 60 that the Board engaged Portfolio Advisors in conflict with the Ethics Policy or that any of Portfolio Advisors' conduct somehow violated the Ethics Policy, it is denied. Portfolio Advisors also denies that the Ethics Policy imposed any obligation on Portfolio Advisors.

3. **Changes to Traditional "Pure" Defined Benefit Pension Plans**

61. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

62. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

63. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

64. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

65. This paragraph contains legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to assumed rates of return or performance benchmarks for the PSERS Plan, Portfolio Advisors refers to the language set forth in the Public School Employees' Retirement Code, 24 Pa. C.S. § 8101, *et seq.* To the extent Plaintiffs' representations contradict the language of the statute, they are denied.

66. This paragraph contains legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to the 2011 amendments and the "shared risk" assessment of the Plan's trailing performance every three years, Portfolio Advisors refers to the language set forth in the Public School Employees' Retirement Code, 24 Pa. C.S. § 8101, *et seq.* To the extent Plaintiffs' representations contradict the language of the statute, they are denied.

67. This paragraph contains legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to the assessment of the Plan's performance every three years, Portfolio Advisors refers to the language set forth in the Public School Employees' Retirement Code, 24 Pa. C.S. § 8101, *et seq.* To the extent Plaintiffs' representations contradict the language of the statute, they are denied.

68. PSERS' structure, terms, and obligations are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*; to the extent Plaintiffs' representations in this paragraph contradict the language of the statute, these representations are denied.

69. PSERS' structure, terms, and obligations are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*; to the extent Plaintiffs' representations in this paragraph contradict the language of the statute, these representations are denied.

70. This paragraph contains legal conclusions to which no response is required. To the extent that Plaintiffs allege in this paragraph that the PSERS Plan met the target investment rate

when measured in 2014 and 2017, it is admitted. Portfolio Advisors otherwise denies any factual allegations contained in this paragraph, including without limitation that Portfolio Advisors was involved in calculating the shared risk assessment in 2020, that the results thereof were problematic, and/or that Portfolio Advisors' conduct was in any way problematic.

4. Changes to Traditional Investments for Public Pension Plans

71. Portfolio Advisors denies the allegations contained in paragraph 71. While it is true that public pension funds historically invested heavily in conservative, publicly traded investments, public pension funds have specifically sought to invest in alternative investments to improve fund performance. Therefore, public pension funds do not limit their investments to index-type funds, nor is investing only in such funds considered a solid investment choice.

72. Admitted that investing in publicly traded investments permits examination of the costs associated with those investments and allows certain calculations and cost comparisons. However, Portfolio Advisors denies any implication that investing in private investments does not permit an appropriate examination of the same costs and returns or comparisons to other investments.

73. Admitted that public pension funds have invested in alternative investments, including in the nature of private investments, in recent years in an effort to increase fund performance. Portfolio Advisors denies Plaintiffs' characterization of the size of the investments or that such pension funds have "moved" their assets out of traditional investments. Portfolio Advisors also denies the characterization of traditional investments as "stable."

74. Denied as stated. Portfolio Advisors admits that the term "alternative investments" broadly may refer to private equity, hedge funds, private credit, venture capital, and private real estate investment rather than stocks, bonds and other publicly traded investments, but denied that

the term encompasses only those types of investments and that it may be used to refer to a subset thereof. Portfolio Advisors denies that alternative investments are “widely considered” to be “moderate to very high-risk investments.”

75. Denied as stated. Portfolio Advisors admits that when PSERS invests in a “private investment” it may do so by entering into a limited partnership agreement with an investment fund manager and become a limited partner under the agreement, but denied that it is the only method by which PSERS may do so. By way of further response, with respect to Portfolio Advisors, PSERS was solely responsible for negotiating its partnership agreements and the terms thereof, including the fees, costs, and expenses associated with each investment agreement. To the extent that Plaintiffs’ factual allegations imply that Portfolio Advisors had any role in structuring or negotiating PSERS’ limited partnership agreements, these allegations are denied.

76. Denied as stated. PSERS may invest in “non-public investments” by entering into a limited partnership agreement with an investment fund manager and become a limited partner under the agreement, but denied that it is the only method by which PSERS may do so. As a limited partner, PSERS may be charged certain fees, carried interest, and expenses – and the fees, interest, and expenses may not always be based on capital commitments. By way of further response, PSERS and its counsel was solely responsible for negotiating its partnership agreements, including the fees, costs, and expenses associated with such an investment. To the extent Plaintiffs’ factual allegations imply that Portfolio Advisors had any role in structuring or negotiating PSERS’ limited partnership agreements including the fees, costs, and expenses associated therewith, these allegations are denied. Portfolio Advisors also admits that a 20% carried interest allocation is common in the industry.

77. Admitted in part, denied in part. Portfolio Advisors admits that private equity, private credit and venture capital investments are generally not publicly traded, although these kinds of alternative investments may have exposure to public markets within some exchange traded funds (a/k/a ETFs) and are traded on public exchanges, such as the New York Stock Exchange. Portfolio Advisors also admits that it can be difficult for investors to ascertain the total extent of the fees, costs, and expenses, which is why investment managers engage auditors to perform audits, which occurred on the investments that Portfolio Advisors recommended to PSERS. Portfolio Advisors denies that it was ever an investment manager under the terms of its Contract and denies the remaining allegations in this paragraph.

78. Denied as stated. By way of further response, Portfolio Advisors denies that it created its own performance benchmarks, but, instead, measured performance of PSERS' investments (to the extent it was contracted to do so) according to recognized industry performance benchmarks that PSERS agreed were appropriate. Portfolio advisors further denies that benchmarks "in this space" are "malleable" or "constructed" in a way that allows a fund advisor to appear to meet investment goals.

79. Admitted in part and denied in part. Portfolio Advisors admits that "nontraditional" and "alternative" investments were part of the PSERS investment portfolio. Portfolio Advisors denies the remaining averments of this paragraph, including that PSERS' investment in alternative or nontraditional investments was "extremely high." Portfolio Advisors further denies any implication that it was responsible for determining PSERS' allocation of funds to alternative or non-traditional investments.

80. The language of the Pennsylvania Public Pension Management and Asset Investment Review Commission ("PPMAIRC") speaks for itself. To the extent Plaintiffs

characterize the terms of the PPMAIRC report to possess a meaning inconsistent with the report's language, this characterization is denied. Portfolio Advisors further denies any implication that it was responsible for determining PSERS' allocation of funds to alternative or non-traditional investments nor does the PPMAIRC report imply that Portfolio Advisors had any such responsibility.

81. The language of the Pennsylvania Public Pension Management and Asset Investment Review Commission ("PPMAIRC") speaks for itself. To the extent Plaintiffs characterize the terms of the PPMAIRC report to possess a meaning inconsistent with the report's language, this characterization is denied. By way of further response, Portfolio Advisors states that PSERS' more recent performance demonstrates that PSERS has been performing among the top state pension plans, including, without limitation, with respect to the portion of PSERS' portfolio that was recommended by Portfolio Advisors. Moreover, it is well known in the industry that it is common for alternative investments to have a lower return in the initial stages of the investment period because of the "J curve" and because of up front expenses.

82. The language of the Pennsylvania Public Pension Management and Asset Investment Review Commission ("PPMAIRC") speaks for itself. To the extent Plaintiffs characterize the terms of the PPMAIRC report to possess a meaning inconsistent with the report's language, this characterization is denied. By way of further response, Portfolio Advisors states that PSERS' more recent performance demonstrates that PSERS has been performing among the top state pension plans.

5. **Who Does What?**

83. Portfolio Advisors admits that PSERS employs professional staff. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

84. Portfolio Advisors admits that Glenn R. Grell served as PSERS' Executive Director. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

85. Portfolio Advisors admits that James H. Grossman served as PSERS' Chief Investment Officer. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

86. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

87. Portfolio Advisors admits that Charles J. Spiller served as PSERS' Deputy Chief Investment Officer, Non-Traditional Investments. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

88. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

89. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied. To the extent allegations contained in this paragraph are directed at individuals who are not parties to this action, no response is required.

90. Admitted in part. Portfolio Advisors admits that James Grossman, Glen Grell, and Charles Spiller were employed by PSERS. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

91. Admitted in part, denied in part. Portfolio Advisors admits it worked with Charles Spiller among other PSERS employees while performing its obligations under the Contract. Portfolio Advisors otherwise denies the remaining allegations contained in this paragraph.

92. Admitted in part. Portfolio Advisors admits that PSERS employs professional consultants in addition to its own investment unit employees. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining averments contained in this paragraph.

93. Admitted in part. Portfolio Advisors admits that it was retained as an investment consultant, including from August 8, 2012 to August 7, 2017. Portfolio Advisors also admits that the Board has retained Aon, Hamilton Lane, and Aksia. To the extent that Plaintiffs factual averments imply that Portfolio Advisors was retained by PSERS as an investment consultant any time after August 7, 2017, these averments are denied.

94. This paragraph contains legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to Plan participants' inability to "control how any monies withheld from their paycheck for their retirement is invested," this paragraph is admitted in part and denied in part. Portfolio Advisors admits that defined benefit plans limit Plan participants' ability to choose how their money is specifically invested. Portfolio Advisors denies that Plan participants are "wholly dependent" on "investment advisors and other fiduciaries" given that PSERS solely determines how the monies withheld from Plan participants are invested and

which investments become part of its portfolio. By way of further response, Portfolio Advisors refers to the language set forth in the Public School Employees' Retirement Code, 24 Pa. C.S. § 8101, *et seq.* with respect to the rights and obligations of Plan participants, and to the extent Plaintiffs' representations contradict the language of the statute, they are denied.

95. This paragraph contains legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to the risk profile of alternative investments, Portfolio Advisors denies the allegations in this paragraph. By way of further response, Portfolio Advisors refers to the language set forth in the Public School Employees' Retirement Code, 24 Pa. C.S. § 8101, *et seq.* with respect to the rights and obligations of Plan participants, and to the extent Plaintiffs' representations contradict the language of the statute, they are denied. Factually, to the extent that paragraph 95 implies that Portfolio Advisors had the ability to steer Plaintiffs' investments toward conservative investments it is denied. Portfolio Advisors was hired only to recommend private equity, venture capital and private debt investments and could not recommend other types of investments, nor was it hired to or did it have any responsibility for determining the fund's investment allocation among asset classes.

96. This paragraph contains legal conclusions to which no response is required. By way of further response, Portfolio Advisors refers to the language set forth in the Public School Employees' Retirement Code, 24 Pa. C.S. § 8101, *et seq.* with respect to the rights and obligations of Plan participants, and to the extent Plaintiffs' representations contradict the language of the statute, they are denied.

6. Defendant Portfolio Advisors, LLC

97. Admitted in part, denied in part. Portfolio Advisors admits that it was retained by PSERS as an investment consultant regarding private equity, private credit, and private real estate

investments from August 8, 2012 to August 7, 2017. Per the terms of its Contract, Portfolio Advisors provided non-discretionary investment recommendations for private equity, private credit and private real estate investments, meaning that PSERS—not Portfolio Advisors—made the determination about which investments to invest in and the amount of capital that would be invested. Portfolio Advisors therefore was not hired to and could not recommend other types of investments, nor was it hired to or did it have any responsibility for determining the fund’s investment allocation among asset classes. By way of further response, Portfolio Advisors adhered to the terms and conditions set forth in its Contract with PSERS, and to the extent Plaintiffs’ representations contradict the plain meaning of the Contract’s language, these representations are denied.

98. Admitted in part. Admitted that Portfolio Advisors was paid \$1,600,000 per annum, from August 8, 2012 to August 7, 2017, to provide investment consultant services to PSERS. By way of further response, upon contract amendment Portfolio Advisors was paid an additional \$300,000 per annum beginning in August 3, 2015 to provide services to PSERS in connection with a co-investment program within the Commonwealth of Pennsylvania. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph, including any information regarding the source of the funds to pay its fee.

99. This paragraph contains legal conclusions to which no response is required. By way of further response, Portfolio Advisors adhered to the terms and conditions set forth in its Contract with PSERS, and to the extent Plaintiffs’ representations or quoted language contradicts the plain meaning of the Contract’s language, these representations are denied.

100. This paragraph contains legal conclusions to which no response is required. By way of further response, Portfolio Advisors adhered to the terms and conditions set forth in its Contract with PSERS, and to the extent Plaintiffs' representations contradict the plain meaning of the Contract's language, these representations are denied.

101. Admitted.

102. This paragraph contains legal conclusions to which no response is required. By way of further response, Portfolio Advisors adhered to the terms and conditions set forth in its Contract with PSERS, including the performance of its duties and obligations under the Contract, and to the extent Plaintiffs' representations contradict the plain meaning of the Contract's language, these representations are denied.

103. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations regarding the federal ERISA statute, these allegations are denied to the extent the contents of this paragraph contradict the plain meaning and text of the ERISA statute. By way of further response, neither PSERS, nor the claims asserted by Plaintiffs in this matter are governed by ERISA. Portfolio Advisors' standard of care is defined contractually, ERISA does not apply to the Contract and ERISA therefore is inapplicable in this proceeding.

104. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations regarding the federal ERISA statute, these allegations are denied to the extent the contents of this paragraph contradict the plain meaning and text of the statute. By way of further response, neither PSERS, nor Plaintiffs' claims are governed by ERISA. Portfolio Advisors' standard of care is defined contractually, ERISA does not apply to the Contract and ERISA therefore is inapplicable in this proceeding.

105. The allegations in this paragraph contain legal conclusions to which no response is required. By way of further response, Portfolio Advisors admits that it owed fiduciary duties to the “Board and the Fund” per the terms of the Contract and such duties and obligations to the PSERS Board and Fund concluded upon the Contract’s termination.

106. The allegations in this paragraph contain legal conclusions to which no response is required. By way of further response, Portfolio Advisors admits that it owed fiduciary duties to the “Board and the Fund” per the terms of the Contract and such duties and obligations to the PSERS Board and Fund concluded upon the Contract’s termination.

107. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations regarding Portfolio Advisors’ alleged status as an agent of PSERS, and whether it was required to act for the “exclusive benefit of the members of the system” under 24 Pa. C.S. § 8521(e), these allegations are denied.

108. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations related to Portfolio Advisors’ alleged status as an agent of PSERS, this allegation is denied. Portfolio Advisors was not an agent of the Board. To the extent this paragraph imputes obligations beyond the plain meaning of the Contract’s terms Portfolio Advisors refers to the language of the Contract and otherwise denies the remaining allegations in this paragraph.

109. The allegations in this paragraph contain legal conclusions to which no response is required. By way of further response, Portfolio Advisors denies that its use of software confers a legal relationship under 24 Pa. C.S. § 8521(e) between Portfolio Advisors and PSERS. Portfolio Advisors tracked investment performance pursuant to its Contract using PRIVILEGe® and investment information provided to PSERS about certain of its investments and the use of such

software and information does not confer agency status. Portfolio Advisors was not an agent of PSERS.

110. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to Portfolio Advisors' fiduciary obligations to Plaintiffs and Plan participants under 20 Pa. C.S. §7206 and this allegation is denied. By way of further response, 20 Pa. C.S. §7206 is wholly inapplicable because the statute states that it does not apply to fiduciaries who are administrators of municipal pension or retirement plans, such as PSERS.

111. Admitted.

112. Admitted in part. Portfolio Advisors admits that it provided non-discretionary investment consultant services to PSERS' co-investment program which invested in Pennsylvania-headquartered companies per the August 3, 2015 Amendment and that Portfolio Advisors provided consultancy services pursuant to the terms of such Amendment. To the extent Plaintiffs' representations contradict the plain language of the Amendment, these representations are denied.

113. Admitted in part. Admitted that Portfolio Advisors provided services to PSERS consistent with the terms of the Amendment. Portfolio Advisors otherwise denies the allegations contained in this paragraph to the extent this paragraph imputes obligations beyond the plain meaning of the Amendment's terms.

114. Denied as stated. By way of further response, Portfolio Advisors fulfilled its obligations under the Amendment, the terms of which were set by PSERS. To the extent Plaintiffs' representations contradict the plain language of the Amendment, these representations are denied.

115. Denied as stated. By way of further response, Portfolio Advisors fulfilled its obligations under the Amendment. To the extent Plaintiffs' representations contradict the plain

language of the Amendment, these representations are denied. By way of further response, to the extent that Plaintiffs seek to cast aspersions on the allocation of fees and expenses under the Amendment, Portfolio Advisors denies that such allocation is in any way improper and, in fact, the terms of the Amendment were set by PSERS.

116. Admitted in part. Admitted that Portfolio Advisors' contract with PSERS was not renewed after August 7, 2017 and that it ceased providing consultancy services on August 7, 2017. By way of further response, Hamilton Lane, a Pennsylvania headquartered firm and competitor of Portfolio Advisors, immediately succeeded Portfolio Advisors' role as a consultant on private equity and private credit investments, which Portfolio Advisors understood to be a decision based on PSERS' desire to support businesses within the Commonwealth. To the extent Plaintiffs' representations ascribe meaning to the termination of Portfolio Advisors' Contract other than a desire to support Commonwealth-headquartered companies, these representations are denied.

117. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations related to Portfolio Advisors, they are denied, including that Portfolio Advisors breached any duties.

118. Admitted in part, denied in part. Portfolio Advisors admits that it recommended to PSERS' Board that it consider making monetary capital commitments up to a certain amount in some of the investments contained in this paragraph. Portfolio Advisors denies that it recommended the following investments to the PSERS Board:

- [E] Apollo European Equity Capital Partners IV, L.P.;
- [F] Apollo European Principal Finance Fund (Dollar A), L.P.;
- [T] Catterton Partners VI, L.P.;
- [Z] Collier International Partners VIII, LP;
- [BB] Denham Mining Fund, LP;
- [SSS] Trilantic Capital Partners IV L.P.

119. Admitted.

120. The allegations in this paragraph contain legal conclusions to which no response is required. By way of further response, Portfolio Advisors adhered to the terms and conditions set forth in its Contract with PSERS, including the performance of its duties and obligations under the Contract. To the extent Plaintiffs representations contradict the plain meaning of the Contract's language or otherwise seek to impermissibly excerpt the language and take it out of context, these representations are denied. Indeed, where other paragraphs quote the Contract, Paragraph 120 paraphrases it incorrectly.

121. Denied. By way of further response, Portfolio Advisors agreed to measure the investment performance of certain investments pursuant to agreed-upon industry standard benchmarks. By way of further response, Portfolio Advisors' Contract ended in August 2017, prior to the PPMAIRC report and Portfolio Advisors was not responsible for providing information for (nor was it asked to) the PPMAIRC report. Moreover, the PPMAIRC report does not make such conclusion. Paragraph 121 further does not identify the "variety of factors," so such unidentified factors are also denied.

122. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations related to Portfolio Advisors, they are denied. By way of further response, Portfolio Advisors had no obligation to recommend that investments be sold or removed from the portfolio. The Contract provides only that Portfolio Advisors was to monitor the performance of certain investments and apply consistent methods for evaluating the return on such investments and report the results of those evaluations of the return on investments to the Board for such time periods and at such times as the Board or the Chief Investment Officer of the Board may reasonably direct.

123. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations related to Portfolio Advisors, Portfolio Advisors denies that it had any of the duties alleged in paragraph 123, including without limitation that it was in any way obligated to have knowledge of and/or consider the risk-sharing provision under the terms of its Contract, nor could it under the terms of its mandate under the Contract. To the extent this paragraph implicates obligations beyond the scope of its Contract with PSERS, Portfolio Advisors denies it assumed such obligations.

124. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph with respect to the information contained in the 2022 Verus report. By way of further response, Portfolio Advisors lacks knowledge of: (1) investments in PSERS' portfolio that are the basis of the 2022 Verus report; (2) any investments that were charged the "highest fee amounts." Per the terms of its Contract with PSERS, Portfolio Advisors was not authorized to negotiate with any investment manager regarding fees, costs or investment expenses for the benefit of PSERS. PSERS made clear that it was solely responsible for these negotiations and PSERS negotiated the terms upon which it invested itself.

125. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph with respect to the 2022 Verus report, including Verus' purported conclusion that the active carry for PSERS private equity holdings was 18.4%. After August 7, 2017, Portfolio Advisors was not contracted to provide services to PSERS. Further, per the terms of its Contract, Portfolio Advisors was not authorized to negotiate with any investment manager regarding fees, costs, or investment expenses for the benefit of PSERS. PSERS made clear that it was solely responsible for these negotiations and

PSERS negotiated the terms upon which it invested itself. By way of further response, private equity investments, on average, possess an active carry of 20%, which is a common industry standard.

126. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny allegations with respect to the Verus report. With regard to Catterton Partners VI, L.P., Portfolio Advisors denies that it recommended this investment to the PSERS Board. By way of further response, PSERS hired Portfolio Advisors specifically to recommend private equity investments that, by their nature, carry higher fees and are more illiquid than traditional investments, as these investments are generally also considered to have the potential for higher returns. PSERS, not Portfolio Advisors, made the determination to allocate capital to private equity investments and PSERS, not Portfolio Advisors, made the determination of how much capital to allocate to private equity investments. Private equity investments, on average, possess an active carry of 20%, which is a common industry standard. Therefore, to the extent that the investments listed in paragraph 126 possessed an active carry of 20%, they were, in fact, not atypical for private equity. Further, per the terms of its Contract, Portfolio Advisors was not authorized to negotiate, and did not negotiate, with any investment manager regarding fees, costs, or investment expenses for the benefit of PSERS. PSERS made clear that it was solely responsible for these negotiations and PSERS negotiated the terms upon which it invested itself.

127. Denied. By way of further response, Portfolio Advisors denies that it was obligated to recommend the liquidation or removal of investments under the terms of its Contract. With respect to Plaintiffs' allegation that Portfolio Advisors recommended "overpriced investments," Portfolio Advisors denies this allegation and states that none of the investments that Portfolio Advisors recommended were "overpriced," and, in any event, that PSERS is solely responsible for

negotiating its partnership agreements, including the fees, costs, and expenses associated with each investment agreement. To the extent that Plaintiffs' factual allegations imply that Portfolio Advisors had any role in structuring or negotiating PSERS' limited partnership agreements, these allegations are denied. Portfolio Advisors also denies that it had any role in contributing to the Fund's underperformance.

128. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph with respect to the listed private credit investments, including Verus' purported conclusion that these investments "appear to have higher than average fees." By way of further response, PSERS hired Portfolio Advisors specifically to recommend private credit investments that, by their nature, carry higher fees and are more illiquid than traditional investments, as these investments are generally also considered to have the potential for higher returns. PSERS, not Portfolio Advisors, made the determination to allocate capital to private equity investments and PSERS, not Portfolio Advisors, made the determination of how much capital to allocate to private equity investments. Private credit investments, on average, possess an active carry of 20%, which is a common industry standard. Therefore, to the extent that the investments listed in paragraph 127 possessed an active carry of 20%, they were, in fact, not atypical. Further, per the terms of its Contract, Portfolio Advisors was not authorized to negotiate, and did not negotiate, with any investment manager regarding fees, costs, or investment expenses for the benefit of PSERS. PSERS made clear that it was solely responsible for these negotiations and PSERS negotiated the terms upon which it invested itself.

129. Denied. By way of further response, Portfolio Advisors denies that it was obligated to recommend the liquidation or removal of investments under the terms of its Contract. With respect to Plaintiffs' allegation that Portfolio Advisors recommended "costly" investments,

Portfolio Advisors denies this allegation and states that PSERS is solely responsible for negotiating its partnership agreements, including the fees, costs, and expenses associated with each investment agreement. To the extent that Plaintiffs' factual allegations imply that Portfolio Advisors had any role in structuring or negotiating PSERS' limited partnership agreements, these allegations are denied. Portfolio Advisors also denies that it had any role in contributing to the Fund's underperformance. Portfolio Advisors further denies that any investment it recommended was "inappropriate for a public pension fund."

130. Denied. By way of further response, Portfolio Advisors denies that it was obligated to recommend the liquidation or removal of investments under the terms of its Contract. With regard to Plaintiffs' allegation that Portfolio Advisors recommended investments with "excessive fees," Portfolio Advisors denies this allegation and states that PSERS is solely responsible for negotiating its partnership agreements, including the fees, costs, and expenses associated with each investment agreement. To the extent that Plaintiffs' factual allegations imply that Portfolio Advisors had any role in structuring or negotiating PSERS' limited partnership agreements, these allegations are denied. Portfolio Advisors further denies that it "concealed" any fees from Plan participants.

131. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to Portfolio Advisors, they are denied. By way of further response, Portfolio Advisors denies that the Fund paid excessive fees, costs and expenses on the investments that Portfolio Advisors recommended and denies that the fees, costs and expenses were not disclosed and or were concealed. Further, per the terms of its Contract, Portfolio Advisors was not authorized to negotiate, and did not negotiate, with any investment manager regarding fees, costs, or investment expenses for the benefit of PSERS.

PSERS made clear that it was solely responsible for these negotiations and PSERS negotiated the terms upon which it invested itself.

132. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to Portfolio Advisors, denied. By way of further response, PSERS, not Portfolio Advisors, made the determination to allocate capital to private equity investments and PSERS, not Portfolio Advisors, made the determination of how much capital to allocate to private equity investments. Indeed, Portfolio Advisors was not engaged to and did not consult on the entirety of PSERS' portfolio. Portfolio Advisors further was not retained to nor was it under any obligation to evaluate whether PSERS should sell any non-traditional or alternative investments based upon the allocation mix of its portfolio. Nor was Portfolio Advisors retained to renegotiate (or recommend the renegotiation of) the terms of any investment partnership agreements to reduce the fees, costs, and expenses. Indeed, such investment partnership agreements generally are not subject to renegotiation.

133. Denied as stated. Portfolio Advisors admits Hamilton Lane and PSERS engaged in due diligence with respect to Portfolio Advisors' Secondary Fund III, L.P. and that after the termination of its contract with PSERS, the PSERS Board thereafter voted to invest in Portfolio Advisors' Secondary Fund III, L.P. Portfolio Advisors denies that PSERS' investment in the Secondary Fund III, L.P. or the referenced separate account was in any way improper. These investments were recommended by PSERS' then-advisor Hamilton Lane and PSERS' investment professionals and were approved by the PSERS Board after full disclosure of Portfolio Advisors' prior consultancy relationship. Moreover, Portfolio Advisors refers to the resolution [PSERB Resolution 2017-37] regarding the scope of PSERS' investment in Secondary Fund III, L.P., the terms of which speak for itself.

134. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations relating to Portfolio Advisors' "actions and inactions" leading to the 2021 shared risk increases, these allegations are denied.

7. Defendant Hamilton Lane Advisors LLC

135. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

136. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

137. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

138. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

139. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

140. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

141. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

142. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

143. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

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146. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

147. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

148. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

149. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

150. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

151. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

152. Denied as stated. To the extent Plaintiffs' averments mischaracterize Hamilton Lane's recommendation of, or PSERS' investment in, Portfolio Advisors' Secondary fund III, L.P. or the separate account, these averments are denied. By way of further response, Hamilton Lane and PSERS engaged in due diligence with respect to Portfolio Advisors' Secondary Fund III, L.P., and the PSERS Board thereafter voted to invest in Portfolio Advisors' Secondary Fund III, L.P. only after the termination of Portfolio Advisors' Contract with PSERS. Portfolio Advisors denies that PSERS' investment in the Secondary Fund III, L.P. or the separate account was in any way improper. These investments were recommended by PSERS' then-advisor Hamilton Lane and PSERS' investment professionals and were approved by the PSERS Board after full disclosure of

Portfolio Advisors' prior consultancy relationship. Moreover, Portfolio Advisors refers to the resolution [PSERB Resolution 2017-37] regarding the scope of PSERS' investment in Secondary Fund III, L.P., the terms of which speak for itself.

153. Admitted that Hamilton Lane personnel conducted due diligence on Portfolio Advisors and the Portfolio Advisors fund, including without limitation on August 28, 2017. These investments were recommended by PSERS' then-advisor Hamilton Lane and PSERS' investment professionals and were approved by the PSERS Board after full disclosure of Portfolio Advisors' prior consultancy relationship. To the extent Plaintiffs' averments mischaracterize Hamilton Lane's recommendation of, or PSERS' investment in, Portfolio Advisors' Secondary fund III, L.P. or the separate account, these averments are denied. Portfolio Advisors further denies that the diligence was in any way inappropriate.

154. Admitted in that the PSERS Board voted to invest in Portfolio Advisors' Secondary Fund III, L.P. and the separately managed account and admitted as to the substance of the PSERB Resolution 2017-37. Otherwise, denied. By way of further response, Portfolio Advisors denies that the timing of PSERS' investment in the Secondary Fund III, L.P. or the separately managed account "strongly suggests" that Portfolio Advisors was engaged in inappropriate behavior with Hamilton Lane. Portfolio Advisors further denies that it was "cooperating" with Hamilton Lane as is implied in this paragraph, as there was nothing inappropriate about Portfolio Advisors responding to due diligence inquiries and questions that Hamilton Lane and/or PSERS' investment professionals raised with respect to a potential investment in the Secondary Fund III, L.P. or otherwise. Portfolio Advisors undertook no role in the vetting of the Secondary Fund III, L.P. or the separately managed account. PSERS requested that Hamilton Lane consider Portfolio Advisors' Secondary Fund II, L.P., and the PSERS Board was solely responsible for determining

whether to invest in the fund. These investments were recommended by PSERS' then-advisor Hamilton Lane and PSERS' investment professionals and were approved by the PSERS Board after full disclosure of Portfolio Advisors' prior consultancy relationship. To the extent that Plaintiffs' averments mischaracterize PSERS' desire to consider an investment in Portfolio Advisors' Secondary Fund III, L.P. or the separately managed account, these averments are denied.

155. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

156. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

157. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

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171. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

172. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

8. Defendant Aksia LLC

173. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

174. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

175. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

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214. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

215. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

9. **Defendant Aon Investments USA, Inc.**

216. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

217. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

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253. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

254. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

255. The allegations contained in this paragraph are directed to a party other than Portfolio Advisors, and therefore no response is required.

10. The Legislature Authorizes a Study of PSERS to Determine How it Should Maximize Future Rates of Return Net of Fees

256. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations contained in this paragraph.

257. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph. To the extent Plaintiffs' representations in this paragraph regarding 24 Pa. C.S. § 8538 contradict the language of the statute, these representations are denied.

258. Portfolio Advisors admits that the Pennsylvania Public Pension Management and Asset Investment Review Commission issued a report in December 2018. To the extent Plaintiffs' representations in this paragraph contradict the language of the PPMAIRC report, these representations are denied.

11. Aon, Hamilton Lane and Aksia Respond to the December 2018 PPMAIRC Directives

259. To the extent that the allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, no response is required. Otherwise, denied as stated. Portfolio Advisors' obligations are set forth in the Contract and Amendment. By way of further response, Portfolio Advisors was no longer an investment consultant to PSERS when the PPMAIRC report was issued in 2018. Portfolio Advisors further denies that an investment professional should never recommend investments that have higher investment fees, costs, or expenses than traditional investments, as many factors in addition to fees, costs, and expenses must be taken into account when considering whether to recommend an alternative investment, including without limitation the investment manager's experience, track record, and consistency, as well as diversification, risk, and a myriad of other potential items.

260. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, Portfolio Advisors was no longer an investment consultant to PSERS when the PPMAIRC report was issued in 2018.

261. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, Portfolio Advisors was no longer an investment consultant to PSERS when the PPMAIRC report was issued in 2018.

262. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, Portfolio Advisors was no longer an investment consultant to PSERS when the PPMAIRC report was issued in 2018.

263. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, Portfolio Advisors was no longer an investment consultant to PSERS when the PPMAIRC report was issued in 2018.

264. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, Portfolio Advisors was no longer an investment consultant to PSERS when the PPMAIRC report was issued in 2018.

265. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, Portfolio Advisors was no longer an investment consultant to PSERS when the PPMAIRC report was issued in 2018.

266. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

267. To the extent this paragraph contains factual allegations they are denied. By way of further response, Portfolio Advisors denies that it recommended any investments that had excessive fees or expenses or that any of the investments that Portfolio Advisors recommended harmed Plaintiffs or the other Class members. Further, per the terms of its Contract, Portfolio Advisors was not authorized to negotiate, and did not negotiate, with any investment manager regarding fees, costs, or investment expenses for the benefit of PSERS. PSERS made clear that it was solely responsible for these negotiations, and PSERS negotiated the terms upon which it invested itself.

268. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

269. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. With regard to direct allegations made against Portfolio Advisors, these are admitted in part and denied in part. Portfolio Advisors admits that private equity investments, by their nature, involve investing into limited partnerships – within these limited partnerships, neither the investment consultant nor the limited partners are privy to the specific assets within a private equity fund. Portfolio Advisors denies that PSERS invested into private equity funds “without knowing” what the limited partnership would do with Plan money. By way of further response, Portfolio Advisors conducted extensive due diligence of each investment it recommended to PSERS per the terms of its Contract.

270. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

271. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

272. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

273. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

274. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

275. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

276. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

277. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

278. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

279. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

280. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

281. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

282. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

283. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

284. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. To the extent that these allegations are directed toward Portfolio Advisors, Portfolio Advisors states that while there may be a market to sell alternative investments, there are reasons why it may not be prudent to sell underperforming investments, including without limitation the fact that private equity and private credit investments may be in the typical and anticipated J curve such that they may later have greater performance and/or that such sale may not, in fact, mitigate losses.

285. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied. By way of further response, alternative investments, including without limitation private equity and private credit investments, are a common part of public employee retirement plan portfolios. Moreover, the Contract was non-discretionary, meaning PSERS, and not Portfolio Advisors, made the decision regarding which investments to make. Moreover, PSERS made the determination to allocate capital to these kinds of investments and made the determination regarding how much capital to allocate to them. Portfolio Advisors did not participate in those decisions, nor was it contracted to or did it make recommendations regarding same. To the extent allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

12. The Harrisburg Property Purchases

286. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

287. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

288. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, the

allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

289. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

290. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

291. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

292. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

293. Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph without additional information. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

294. Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph without additional information. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

295. Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining information contained in this paragraph. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

13. Defendants Hamilton Lane, Aon, and Aksia Promote PSERS Staff Travel

296. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

297. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

298. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

14. The Attempt to Re-Write History

299. To the extent this paragraph contains factual allegations relating to 24 Pa. C.S. § 8101, *et seq.*, Portfolio Advisors denies these allegations to the extent Plaintiffs' representations contradict the terms of the statute.

300. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

301. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph without additional information or citation to a specific report.

302. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

303. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

304. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

305. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

306. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

307. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

308. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

309. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

310. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

311. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

312. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

313. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

314. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

315. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

316. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

317. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

318. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

319. Portfolio Advisors refers to the language set forth in PSERS Board Resolution No. 2021-16. To the extent Plaintiffs' representations contradict the language of the Resolution, they are denied. By way of further response, the allegations in this paragraph occurred after Portfolio Advisors ceased its investment consultancy relationship with PSERS.

320. PSERS' obligations with respect to Plan participants are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.* among others. To the extent Plaintiffs' representations in this paragraph contradict the language of the respective statutes, these representations are denied.

321. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the information contained in this paragraph.

322. PSERS' retirement plan and contribution rates for Plan participants are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*, among others. To the extent Plaintiffs' representations in this paragraph contradict the language of the respective statutes, these representations are denied.

323. PSERS' retirement plan and contribution rates for Plan participants are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*, among others. To the extent Plaintiffs' representations in this paragraph contradict the language of the respective statutes, these representations are denied.

324. PSERS' retirement plan and contribution rates for Plan participants are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*, among others. To the extent Plaintiffs' representations in this paragraph contradict the language of the respective statutes, these representations are denied.

325. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent that this paragraph contains factual allegations, they are denied, including denied that Portfolio Advisors acted wrongfully or wrongfully failed to act. By way of further response, Portfolio Advisors denies that it caused harm to Plaintiffs or the putative class. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

326. PSERS' retirement plan and the contribution rates for Plan participants are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*, among others. To the extent Plaintiffs' representations in this paragraph contradict the language of the respective statutes, these representations are denied.

327. PSERS' retirement plan and the contribution rates for Plan participants are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*, among others. To the extent Plaintiffs' representations in this paragraph contradict the language of the respective statutes, these representations are denied.

328. PSERS' retirement plan and the contribution rates for Plan participants are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*, among others. To the extent Plaintiffs' representations in this paragraph contradict the language of the respective statutes, these representations are denied.

329. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. To the extent this paragraph contains factual allegations with respect to whether Portfolio Advisors caused harm to Plaintiffs and the putative class, these allegations are denied.

330. PSERS' retirement plan and the contribution rates for Plan participants are determined by statute, *see* 24 Pa. C.S. § 8101, *et seq.*, among others. To the extent Plaintiffs' representations in this paragraph contradict the language of the respective statutes, these representations are denied.

15. The Unreasonably Risky, Illiquid, and Expensive Alternative Investment Portfolio

331. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. To the extent this paragraph contains factual allegations with respect to whether Portfolio Advisors caused harm to Plaintiffs and the putative class, these allegations are denied. To the extent this paragraph imputes obligations beyond the plain meaning of the terms of Portfolio Advisors Contract with PSERS, Portfolio Advisors refers to the language of the Contract and otherwise denies the allegations in this paragraph.

332. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent the allegations contained in this paragraph are directed at parties in this

action other than Portfolio Advisors, no response is required. To the extent this paragraph contains factual allegations with respect to whether Portfolio Advisors caused harm to Plaintiffs and the putative class, these allegations are denied. By way of further response, Portfolio Advisors denies that it breached any obligations to PSERS and denies that it owed any obligations directly to Plaintiffs or the Class members. To the extent this paragraph imputes obligations beyond the plain meaning of the terms of Portfolio Advisors Contract with PSERS, Portfolio Advisors refers to the language of the Contract and otherwise denies the allegations in this paragraph.

333. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations with respect to whether Portfolio Advisors caused harm to Plaintiffs and the putative class, these allegations are denied. By way of further response, Portfolio Advisors denies that it breached any obligations to PSERS and denies that it owed any obligations directly to Plaintiffs or the Class members. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. Otherwise, denied.

334. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. To the extent this paragraph imputes obligations beyond the plain meaning of the terms of Portfolio Advisors' Contract with PSERS, Portfolio Advisors refers to the language of the Contract and otherwise denies the allegations in this paragraph. By way of further response, per the terms of its Contract, Portfolio Advisors had no authority to negotiate investment terms with general partners. Portfolio Advisors identified what terms in which it believed PSERS could obtain regarding percentage of management fees, carried interests or costs. However, PSERS was solely responsible for negotiating its partnership agreements, including the fees, costs, and expenses associated with each

investment. Per the terms of its Contract with PSERS, Portfolio Advisors was not authorized to negotiate with any investment manager regarding fees, costs, or investment expenses for the benefit of PSERS. PSERS made clear that it was solely responsible for these negotiations, and PSERS negotiated the terms upon which it invested itself.

335. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. To the extent the allegations in this paragraph are directed at Portfolio Advisors, they are admitted in part and denied in part. Portfolio Advisors admits that it recommended certain investments to PSERS for which it paid management fees based on committed capital, which is the market and industry standard, and PSERS was solely responsible for negotiating its partnership agreements, including the fees, costs, and expenses associated with a such investment. Portfolio Advisors denies that it recommended investments that charged fees to Plan participants.

336. Denied. By way of further response, Portfolio Advisors and PSERS agreed that PSERS should use benchmarks that were commonly accepted in the industry. Portfolio Advisors at all times recommended and used appropriate benchmarks.

337. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. To the extent the allegations in this paragraph are directed at Portfolio Advisors, they are admitted in part and denied in part. Portfolio Advisors provided investment recommendations to the PSERS Board consistent with its obligations under the Contract, and Portfolio Advisors and PSERS' investment professionals considered other investments before deciding on the investments they recommended to the PSERS Board. Portfolio Advisors denies that the process in which it and the PSERS investment professional provided investment recommendations to the PSERS Board either "preclude[ed] the

Board from comparing any particular investment recommendation with other similar choices” or caused “significant additional losses to the Fund.” Indeed, the Contract did not require Portfolio Advisors to make any such investment comparisons. Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations related to PPMAIRC report’s recommendations.

338. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. To the extent the allegations in this paragraph are directed at Portfolio Advisors, they are denied.

339. Denied. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. By way of further response, to the extent the allegations in this paragraph are directed to Portfolio Advisors, Portfolio Advisors adhered to the terms and conditions set forth in its Contract with PSERS, including the performance of its duties and obligations under the Contract. Portfolio Advisors further relied on audited financial statements and other information provided by the investment managers and/or PSERS in calculating investment returns. Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

340. Denied. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. By way of further response, to the extent the allegations in this paragraph are directed to Portfolio Advisors, Portfolio Advisors adhered to the terms and conditions set forth in its Contract with PSERS, including the performance of its duties and obligations under the Contract. Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

341. Denied. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. By way of further response, to the extent the allegations in this paragraph are directed to Portfolio Advisors, Portfolio Advisors adhered to the terms and conditions set forth in its Contract with PSERS, including the performance of its duties and obligations under the Contract. Portfolio Advisors is without sufficient information or knowledge to admit or deny the remaining allegations contained in this paragraph.

342. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

343. Admitted in part, denied in part. Portfolio Advisors admits that Plaintiffs purport to reference the CEM Benchmarking report. Portfolio Advisors otherwise denies Plaintiffs' allegations to the extent Plaintiffs' averments mischaracterize or misrepresent the report or imply in any way that Portfolio Advisors did not fulfill its responsibilities to PSERS under its Contract, which it did.

344. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations with respect to Portfolio Advisors' alleged fiduciary obligations, these allegations are denied. By way of further response, Portfolio Advisors' Contract expressly provides that Portfolio Advisors is not responsible for the overall performance of PSERS' portfolio. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

345. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

346. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

347. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations related to “results” or comparisons from other pension funds without specific citation to a report. By way of further response, Portfolio Advisors denies that it is “evident” that its recommendations “caused significant Plan losses and damage and injury to the Plaintiffs and the Class.” Indeed, the investments Portfolio Advisors recommended to PSERS generally have performed well, and PSERS is currently outperforming other public pension funds.

348. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

349. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

350. Denied. To the extent the allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required. By way of further response, to the extent the allegations in this paragraph are directed to Portfolio Advisors, Portfolio Advisors adhered to the terms and conditions set forth in its Contract with PSERS, including the performance of its duties and obligations under the Contract. To the extent that the subparagraphs are directed at Portfolio Advisors, they are denied.

351. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations with respect to Portfolio Advisors, Portfolio Advisors denies that it failed to disclose or reveal or fraudulently concealed the details of its work with PSERS and denies that its work lacked diligence or that it did not

disclose material information about the investments. Portfolio Advisors performed its obligations under the terms of the Contract with PSERS. Portfolio Advisors denies that any such allegation made in this paragraph would toll the “relevant statute of limitations.”

352. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations with respect to Portfolio Advisors’ compliance with its obligations to PSERS, these allegations are denied.

353. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations with respect to compliance with alternative or non-traditional investment standards, or implies that Portfolio Advisors failed to fulfill its contractual or fiduciary obligations, these allegations are denied.

354. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations related to “results” or comparisons from other pension funds without specific citation to a “financial report.” To the extent the allegations in this paragraph contain legal conclusions, no response is required. To the extent this paragraph contains factual allegations with respect to whether Portfolio Advisors owed a fiduciary duty to Plan participants, these allegations are denied. Moreover, to the extent this paragraph implies that Portfolio Advisors had any responsibility for the preparation of PSERS’ financial statements, these allegations are denied.

355. After reasonable investigation, Portfolio Advisors is without sufficient information or knowledge to admit or deny the allegations related to a letter “from certain board members” without additional information. Portfolio Advisors further denies it had any responsibility for determining PSERS overall investment composition across the portfolio and states that this

allegation relates to statistics about PSERS' portfolio composition three years after Portfolio Advisors ceased being a consultant to PSERS.

16. Defendants' Recent Activities Continue to Conceal their Actions and Obstruct Transparency

356. Denied. By way of further response, Portfolio Advisors specifically denies that it has "engaged in prolonged concealment of the relevant facts."

357. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

358. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

359. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. To the extent that the allegations in this paragraph pertain to Portfolio Advisors' agreement to the terms of the Protective Order, these allegations are moot; the Protective Order went into effect on October 4, 2022.

360. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. To the extent that the allegations in this paragraph pertain to Portfolio Advisors' agreement to the terms of the Protective Order, these allegations are moot; a Protective Order has been in effect since October 4, 2022.

361. Denied. A Protective Order has been in effect since October 4, 2022.

362. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

363. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

364. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

365. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

366. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

367. These allegations in this paragraph are moot. Portfolio Advisors agreed to the terms of the Protective Order, which has been in effect since October 4, 2022.

368. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. To the extent the allegations in this paragraph are directed at Portfolio Advisors, they are denied. By way of further response, Portfolio Advisors specifically denies that it was obligated to make disclosures to Plan participants under the terms of its Contract.

CLASS ACTION ALLEGATIONS

369. This paragraph contains an instruction and thus no response is required.

370. Admitted in part, denied in part. Admitted that Plaintiffs bring this action on behalf of themselves and a putative class. Portfolio Advisors denies the remaining allegations in this paragraph, including that its alleged actions and inactions were “wrongful.”

371. The allegations in this paragraph contain legal conclusions to which no response is required.

372. The allegations in this paragraph contain legal conclusions to which no response is required.

373. The allegations in this paragraph contain legal conclusions to which no response is required.

374. The allegations in this paragraph contain legal conclusions to which no response is required.

375. The allegations in this paragraph contain legal conclusions to which no response is required.

376. The allegations in this paragraph contain legal conclusions to which no response is required.

377. The allegations in this paragraph contain legal conclusions to which no response is required.

378. The allegations in this paragraph contain legal conclusions to which no response is required.

379. The allegations in this paragraph contain legal conclusions to which no response is required.

380. The allegations in this paragraph contain legal conclusions to which no response is required.

381. The allegations in this paragraph contain legal conclusions to which no response is required.

382. The allegations in this paragraph contain legal conclusions to which no response is required. Portfolio Advisors denies that it is liable to Plaintiffs for their alleged damages. By way of further response, Portfolio Advisors denies that it is jointly and severally liable for any claims in this action.

383. The allegations in this paragraph contain legal conclusions to which no response is required.

384. The allegations in this paragraph contain legal conclusions to which no response is required.

COUNT I
BREACH OF FIDUCIARY DUTY
AGAINST AON INVESTMENTS USA, INC.
(HEWITT ENNISKNUPP, INC. and
AON HEWITT INVESTMENT CONSULTING, INC.)

385. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

386. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

387. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

388. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

389. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

390. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

391. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

392. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

393. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

394. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

395. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

396. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

COUNT II
BREACH OF FIDUCIARY DUTY
AGAINST PORTFOLIO ADVISORS

397. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

398. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations against Portfolio Advisors, they are denied.

399. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations against Portfolio Advisors, they are denied, including without limitation that Portfolio Advisors owes any direct obligations to Plan participants.

400. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations against Portfolio Advisors, they are denied, including without limitation that Portfolio Advisors owes any direct obligations to Plan participants or that Portfolio Advisors had any obligations to PSERS and the Fund beyond that which is stated in the Contract.

401. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations against Portfolio Advisors, they are denied.

402. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations against Portfolio Advisors, they are denied.

403. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations against Portfolio Advisors, they are denied. By way of further response, Portfolio Advisors is without sufficient information or knowledge to admit or deny Plaintiffs' allegations regarding the "true results" of the nine-year period. Portfolio Advisors otherwise denies the remaining allegations in this paragraph.

404. Denied as stated. Portfolio Advisors adhered to the terms of its Contract with PSERS and thoroughly vetted all investment recommendations it provided to PSERS. PSERS was solely responsible for negotiating with investment managers the fees, costs, or investment expenses for the benefit of PSERS. By way of further response, Portfolio Advisors understands that private equity investments, can on average carry higher fees compared to public equity investments; however, private equity investments typically have the potential to generate higher positive rates of return.

405. Denied. Portfolio Advisors denies that Plaintiffs were injured or damaged and that Portfolio Advisors actions or inactions caused any damage. By way of further response, Portfolio Advisors states that the investments it recommended have generally performed well and that PSERS' Fund is currently performing well as compared to other public pension funds. Portfolio Advisors also states that it fulfilled its obligations to PSERS.

406. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations against Portfolio Advisors, they are denied. By way of further response, Portfolio Advisors provided services to PSERS consistent with the terms of the Contract. Portfolio Advisors otherwise denies the allegations contained in this paragraph to the extent this paragraph imputes obligations beyond the plain meaning of the Contract's terms.

407. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations against Portfolio Advisors, it is denied that Plaintiffs or Class Members are entitled to legal or equitable relief.

**COUNT III
BREACH OF FIDUCIARY DUTY
AGAINST HAMILTON LANE**

408. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

409. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

410. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

411. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

412. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

413. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

414. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

415. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

416. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

417. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

418. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

**COUNT IV
BREACH OF FIDUCIARY DUTY
AGAINST AKSIA LLC**

419. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

420. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

421. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

422. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

423. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

424. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

425. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

426. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

427. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

428. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

429. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

COUNT V
AIDING AND ABETTING BREACH OF FIDUCIARY DUTY
AGAINST AON INVESTMENTS USA, INC.
(HEWITT ENNISKNUPP, INC. and
AON HEWITT INVESTMENT CONSULTING, INC.)

430. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

431. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

432. Admitted in part, denied in part. Portfolio Advisors admits that it was contracted as an investment consultant to PSERS from August 8, 2012 until August 7, 2017. During the contract period, Portfolio Advisors recommended investments to PSERS consistent with the terms of its Contract. Portfolio Advisors otherwise denies the allegations contained in this paragraph to the extent this paragraph imputes obligations beyond the plain meaning of the Contract's terms or that it owed duties directly to Plaintiffs or the Plaintiff class. To the extent the allegations

contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, no response is required.

433. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

434. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied. To the extent the factual allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

435. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied. To the extent the factual allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

436. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

437. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

438. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

439. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

440. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied.

To the extent the factual allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

441. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied. To the extent the factual allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

442. Portfolio Advisors denies that Plaintiffs and members of the putative Class have suffered any damages.

443. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

**COUNT VI
AIDING AND ABETTING BREACH OF FIDUCIARY DUTY
AGAINST HAMILTON LANE ADVISORS L.L.C.**

444. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

445. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. To the extent allegations in this paragraph are directed at Portfolio Advisors they are denied. By way of further response, Portfolio Advisors denies that it owed duties directly to Plaintiffs or the Plaintiff class.

446. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

447. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

448. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

449. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

450. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

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454. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

455. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

456. Portfolio Advisors denies that Plaintiffs and members of the putative Class have suffered any damages.

457. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

COUNT VII
AIDING AND ABETTING BREACH OF FIDUCIARY DUTY
AGAINST AKSIA LLC

458. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

459. Admitted in part, denied in part. Portfolio Advisors admits that it was contracted as an investment consultant to PSERS from August 8, 2012 until August 7, 2017. During the

contract period, Portfolio Advisors recommended investments to PSERS consistent with the terms of its Contract. Portfolio Advisors otherwise denies the allegations contained in this paragraph to the extent this paragraph imputes obligations beyond the plain meaning of the Contract's terms. To the extent the allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, no response is required.

460. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

461. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations regarding Portfolio Advisors, these allegations are denied. To the extent the factual allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

462. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations regarding Portfolio Advisors, these allegations are denied. To the extent the factual allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

463. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

464. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

465. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

466. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

467. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. To the extent this paragraph contains factual allegations regarding Portfolio Advisors, these allegations are denied.

468. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied. To the extent the factual allegations contained in this paragraph are directed at parties in this action other than Portfolio Advisors, no response is required.

469. Portfolio Advisors denies that Plaintiffs and members of the putative Class have suffered any damages.

470. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required. To the extent this paragraph contains factual allegations regarding Portfolio Advisors, these allegations are denied.

COUNT VIII
BREACH OF THIRD PARTY BENEFICIARY CONTRACT
AGAINST AON INVESTMENTS USA, INC.
(HEWITT ENNISKNUPP, INC. and
AON HEWITT INVESTMENT CONSULTING, INC.)

471. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

472. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

473. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

474. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

475. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

476. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

477. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

478. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

COUNT IX
BREACH OF THIRD-PARTY BENEFICIARY CONTRACT
AGAINST PORTFOLIO ADVISORS LLC

479. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

480. Admitted in part, denied in part. Portfolio Advisors admits that it entered into a Contract and an Amendment pursuant to which it would provide investment consulting and administrative services to the Board through the performance of services that are enumerated in the Contract. Portfolio Advisors denies that it was providing services to anyone other than the Board and that the Contract and Amendment describe its services as “expert.”

481. Denied as stated. Portfolio Advisors admits that it was contracted as an investment consultant to the PSERS Board from August 8, 2012 until August 7, 2017. During the contract period, Portfolio Advisors recommended investments to the PSERS Board consistent with the terms of its Contract. Portfolio Advisors otherwise denies the allegations contained in this paragraph to the extent this paragraph imputes obligations beyond the plain meaning of the Contract’s terms. Portfolio Advisors further denies that it had any obligations directly to Plaintiffs or the putative Plaintiff Class.

482. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied.

483. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied.

484. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied.

485. Admitted in part and denied in part. Portfolio Advisors admits it willingly entered into the agreement and that it was paid for services under its Contract to provide investment consulting services to PSERS during the Contract period. Otherwise, denied as stated.

486. The allegations in this paragraph contain legal conclusions to which no response is required. To the extent this paragraph contains factual allegations, these allegations are denied. By way of further response, Portfolio Advisors did not breach its Contract, and the Plaintiff Class and the Plan did not suffer any damages as a result of Portfolio Advisors' conduct.

COUNT X
BREACH OF THIRD-PARTY BENEFICIARY CONTRACT
AGAINST HAMILTON LANE ADVISORS L.L.C.

487. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

488. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

489. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

490. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

491. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

492. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

493. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

494. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

**COUNT XI
BREACH OF THIRD PARTY BENEFICIARY CONTRACT
AGAINST AKSIA, LLC**

495. Portfolio Advisors incorporates by reference its answers to all preceding and subsequent paragraphs as if fully set forth herein.

496. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

497. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

498. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

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500. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

501. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

502. The allegations contained in this paragraph are directed to a party, or parties, other than Portfolio Advisors, and therefore no response is required.

WHEREFORE, Defendant, Portfolio Advisors, LLC, respectfully requests that this Honorable Court dismiss Plaintiffs' Third Amended Class Action Complaint, enter judgment in favor of Portfolio Advisors, against Plaintiffs, and award such further relief as it deems necessary and proper.

NEW MATTER

1. Portfolio Advisors does not assume the burden of proving any fact, issue, or element of a cause of action for which the burden properly belongs to Plaintiffs. Nothing in the New Matter is intended to be or shall be construed as an admission that any particular issue or subject is relevant to Plaintiffs' allegations.

2. The responses contained in paragraph 1 through 502 of Portfolio Advisors' Answer are herein incorporated by reference.

3. Plaintiffs' Third Amended Complaint fails to state a claim against Portfolio Advisors upon which relief can be granted.

4. The statute of limitations bars Plaintiffs' claims against Portfolio Advisors in whole or in part.

5. Plaintiffs' claims against Portfolio Advisors are barred for failure to join one or more indispensable party.

6. Plaintiffs' claims against Portfolio Advisors are barred by the doctrine of sovereign immunity.

7. Plaintiffs lack standing to bring and maintain their claims against Portfolio Advisors.

8. Plaintiffs' claims against Portfolio Advisors are barred because Portfolio Advisors is immune from suit.

9. Portfolio Advisors acted reasonably, appropriately, and in good faith at all times.

10. Portfolio Advisors did not, and could not, injure Plan participants, including but not limited to the participants of classes T-G, T-F, and T-H, given that classes T-G, T-F, and T-H did not exist during Portfolio Advisors' Contract period with PSERS.

11. Portfolio Advisors lacked authority to make any investment decisions on behalf of PSERS, and therefore could not have caused the injuries alleged by Plaintiffs in the Third Amended Complaint.

12. Portfolio Advisors lacked authority to negotiate the terms, conditions, and fees of any investment it recommended on behalf of PSERS, and therefore could not have caused the injuries alleged by Plaintiffs in the Third Amended Complaint.

13. Plaintiffs have failed to mitigate, offset, minimize, or avoid any alleged damages.

14. Portfolio Advisors reserves all rights to assert all defenses available under Pennsylvania Rule of Civil Procedure 1030(a).

15. Portfolio Advisors reserves the right to supplement this Answer with New Matter upon further investigation and discovery of additional defenses.

WHEREFORE, Defendant, Portfolio Advisors, LLC, respectfully requests that this Honorable Court dismiss Plaintiffs' Third Amended Complaint, enter judgment in Portfolio Advisors' favor and against Plaintiffs, and award such further relief as it deems necessary and proper.

DATED: April 19, 2023

Respectfully submitted,

/s/ Patrick M. Northen

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Attorneys for Portfolio Advisors, LLC

VERIFICATION

I, William Indelicato, hereby verify that I am a Managing Director at Portfolio Advisors, LLC, and that the facts set forth in the foregoing Answer and New Matter to Plaintiffs' Third Amended Complaint are true and correct to the best of my knowledge, information and belief. I understand that false statements made herein are subject to the penalties of 18 Pa. C.S. § 4904 relating to unsworn falsification to authorities.

A handwritten signature in black ink, appearing to be 'W. Indelicato', written over a horizontal line.

William Indelicato

CERTIFICATE OF SERVICE

I, Patrick M. Northen, Esquire, hereby certify that on this date the foregoing Answer and New Matter to Plaintiffs' Third Amended Complaint which was filed electronically, was served on all counsel of record via electronic mail.

Dated: April 19, 2023

BY: /s/ Patrick M. Northen

Patrick M. Northen