

To: Plaintiff

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/s/ Andrew K. Garden

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USA, Inc.*

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KEVIN STEINKE, LOUIS FANTINI, EMILY FANTINI, and DANIEL REYES, on behalf of themselves and all other similarly situated, Plaintiffs, vs. AON INVESTMENTS USA, INC., HEWITT ENNISKNUPP, INC., AON HEWITT INVESTMENT CONSULTING, INC., PORTFOLIO ADVISORS LLC, HAMILTON LANE ADVISORS, L.L.C., and AKSIA LLC, Defendants.	COURT OF COMMON PLEAS PHILADELPHIA COUNTY CIVIL DIVISION JULY TERM, 2021 No. 210601197 COMMERCE PROGRAM
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**DEFENDANT AON INVESTMENTS USA, INC.'S ANSWER AND NEW MATTER TO
THIRD AMENDED CLASS ACTION COMPLAINT**

Defendant Aon Investments USA., Inc. ("Aon"), formerly known as Aon Hewitt Investment Consulting, Inc., formerly known as Hewitt EnnisKnupp, Inc., by its attorneys, hereby

Case ID: 210601197

answers and asserts new matter to Plaintiffs Kevin Steinke, Louis Fantini, Emily Fantini, and Daniel Reyes' (collectively, "plaintiffs") Third Amended Class Action Complaint ("TAC"). In support thereof, Aon avers as follows:

1. Aon denies that it took any wrongful action or inaction with respect to the Pennsylvania Public School Employees' Retirement System ("PSERS"). Aon further denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Aon admits that plaintiffs purport to bring this action on behalf of themselves and on behalf of others, and that they seek injunctive and monetary relief, but denies that they are entitled to this or any other relief. Further, this paragraph contains conclusions of law to which no response is required.

2. Paragraph 2 contains legal conclusions, to which no response is required. To the extent a response is required, Aon denies that it owes or owed PSERS's any obligation beyond those expressly provided by contract. Aon further denies that it owed or owes a fiduciary duty to the "Plan participants" or breached any duty. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

THE PARTIES¹

3. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

¹ All headers herein are as they appear in the TAC. To the extent a header purports to allege a fact, Aon does not admit it.

4. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

5. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

6. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

7. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

8. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

9. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

10. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

11. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

12. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

13. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

14. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

15. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

16. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

17. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

18. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

19. Admitted that plaintiffs purport to bring this action on behalf of themselves and on behalf of others, but denied that plaintiffs have met the requirements to do so. Further denied to the extent that plaintiffs claim that Aon's actions and/or inactions caused increases to the PSERS contribution obligations of plaintiffs or any other individual. Further denied to the extent that plaintiffs claim that Aon's action and/or inactions caused other damages or injuries to plaintiffs or any other individual. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

20. Admitted that Aon is an Illinois corporation. Admitted that Aon's registered agent for service of process is located at 2595 Interstate Drive, Suite 103, Harrisburg, Pennsylvania. Admitted that Aon is a registered investment advisor and that Aon provides certain investment advisory services to pension funds. Denied that Aon provided anything other than general investment advice to PSERS.

21. Admitted.

22. Admitted.

23. Admitted that Hewitt EnnisKnupp, Inc. changed its name to Aon Hewitt Investment Consulting, Inc. The second sentence of this paragraph contains a conclusion of law to which no response is required.

24. Admitted.

25. Admitted that Aon Hewitt Investment Consulting, Inc. changed its name to Aon Investments USA, Inc. Otherwise, this paragraph contains conclusions of law to which no response is required.

26. Admitted that Aon is legally responsible for all obligations of itself, Hewitt EnnisKnupp, Inc., and Aon Hewitt Investment Consulting, Inc. Denied to the extent plaintiffs claim that the actions and/or inactions of Aon, Hewitt EnnisKnupp, Inc., and/or Aon Hewitt Investment Consulting, Inc. caused increases to the PSERS contribution obligations of plaintiffs or any other individual, and denied that the actions or inactions of Aon, Hewitt EnnisKnupp, Inc., and/or Aon Hewitt Investment Consulting, Inc. caused plaintiffs or any other individual any injury or damage. Aon, Hewitt EnnisKnupp, Inc., and/or Aon Hewitt Investment Consulting, Inc. have, at all times, fully and lawfully performed its obligations to PSERS.

27. Admitted that plaintiffs' TAC refers to "Aon" to include Aon Investments USA, Inc., Aon Hewitt Investment Consulting, Inc., and Hewitt EnnisKnupp, Inc.

28. Admitted that from approximately December 6, 2013 to present, and pursuant to certain contracts, Aon, or its predecessor entities, provided PSERS with "Investment Consulting, Performance Evaluation, and other related services for all PSERS' asset classes." Denied that plaintiffs have adequately summarized Aon's obligations to PSERS.

29. Admitted, upon information and belief.

30. Admitted that, upon information and belief based on the documents plaintiffs have attached as Exhibits 3 and 4 to the TAC, defendant Portfolio Advisors LLC (“Portfolio Advisors”) entered into a contract with PSERS to provide PSERS with “private equity, venture capital and private debt investment consulting and administrative services” for the five-year period from August 8, 2012 through August 7, 2017. Those documents speak for themselves, and no response to plaintiffs’ characterization of the document is required. Further, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth as to the remaining averment.

31. Admitted that, upon information and belief based on the documents plaintiffs attached as Exhibits 3 and 4 to the TAC, defendant Portfolio Advisors entered into a contract with PSERS. Those contracts speak for themselves, and no response to plaintiffs’ characterization of the document is required. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of any remaining averments.

32. Admitted, upon information and belief.

33. Admitted, upon information and belief based upon the document plaintiffs have attached as Exhibit 5 to the TAC, that Hamilton Lane Advisors, LLC (“Hamilton Lane”) entered into a contract with PSERS to provide PSERS with “Private Markets Consulting Services” for the five-year period from September 15, 2017 through September 14, 2022. That contract speaks for itself, and no response to plaintiffs’ characterizations are required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of any remaining averments.

34. Admitted that plaintiffs purport to attach PSERS’ contract with Hamilton Lane as Exhibit 5 to the TAC. That contract speaks for itself, and no response to plaintiffs’

characterizations are required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of any remaining averments.

35. Admitted, upon information and belief.

36. Admitted, upon information and belief based upon the documents plaintiffs have attached as Exhibit 7 and Exhibit 8 to the TAC, that Aksia entered into contracts with PSERS to provide PSERS with “non-discretionary hedge fund investment consulting and/or performance measurement services” from and after September 15, 2015. Those contracts speaks for themselves, and no response to plaintiffs’ characterizations are required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of any remaining averments.

JURISDICTION AND VENUE

37. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

38. This paragraph contains legal conclusions, to which no response is required. To the extent a response is required, Aon states that, after reasonable investigation, it is without knowledge or information sufficient to form a belief as to the truth of this averment as no putative class has been certified.

39. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, Aon denies that plaintiffs have met the requirements to certify a class or that one should be certified. Aon further states that, after reasonable investigation, it is without knowledge or information sufficient to form a belief as to the truth of this averment as no putative class has been certified.

40. Admitted.

41. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

42. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

43. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

44. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, Aon denies that plaintiffs suffered any damage. Aon further denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

45. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

46. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, Aon admits plaintiffs purport to seek monetary and equitable relief, but denies that its actions or inactions caused plaintiffs or any other individual any injury or damage.

GENERAL ALLEGATIONS

1. Overview of the Pennsylvania Public School Employee Retirement Plans

47. Admitted that defined benefit and defined contribution are two forms of retirement plans employers can offer. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment, including any allegations included in plaintiffs' first footnote.

48. Admitted, upon information and belief, that Pennsylvania's public-school employees are generally enrolled as members in PSERS. Admitted that, as of March 31, 2022, the market value of PSERS' assets were at least \$75.9 billion. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

49. This paragraph contains a legal conclusion to which no response is required. To the extent a response is required, Aon admits that on December 16, 2021, Buck Global, LLC ("Buck") reported that, as of June 30, 2021, PSERS had a "[f]unded status based on the System's actuarial value of assets [of] 59.6%." This presentation is available on the PSERS website at <https://www.psers.pa.gov/FPP/Publications/General/Documents/2021%20PSERS%20Valuation%20Report.pdf>. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

50. This paragraph contains a legal conclusion to which no response is required. Admitted that the PSERS website states that "membership with PSERS is mandatory" for all full-time Pennsylvania public school employees. Information regarding membership is available on the PSERS website at <https://www.psers.pa.gov/Active-Members/NewToPSERS/Pages/Qualifying.aspx>. *See also* 24 Pa. C.S. § 8301. Also admitted that pages 10–11 of the December 16, 2021 Buck presentation to PSERS state that, as of June 30, 2021, PSERS had 248,091 active members and 242,839 annuitant members. This presentation is available on the PSERS website at <https://www.psers.pa.gov/FPP/Publications/General/Documents/2021%20PSERS%20Valuation%20Report.pdf>. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

51. Admitted that the PSERS Board of Trustees (“PSERB” or the “Board”) has responsibility for administering PSERS. Also admitted that the PSERS website describes PSERS as “a governmental, cost-sharing, multiple-employer retirement plan to which the public school employers, the Commonwealth, and school employees (members) contribute.” See <https://www.psers.pa.gov/Active-Members/NewToPSERS/Pages/What-is-PSERS.aspx>.

52. Admitted that plaintiffs’ allegations involve PSERS’ retirement programs, investments for some of those programs, and increases to contribution rates for certain members who participate in some of those programs. Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

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

53. This paragraph contains a legal conclusion to which no response is required.

54. Admitted that the PSERB is comprised of 15 members. Also admitted, upon information and belief, that PSERS employs its own investment professionals and contracts for the services of outside investment managers and outside consultants. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

55. Admitted that 24 Pa. C.S. § 8521(e) contains the quoted language. Denied that the bold and underline emphases appear in the original. Plaintiffs’ characterization of 24 Pa. C.S. § 8521(e) contains a conclusion of law to which no response is required.

56. Plaintiffs’ characterization of 24 Pa. C.S. § 8521(e) is a conclusion of law to which no response is required.

57. Admitted that 24 Pa. C.S. § 8521(a) contains the quoted language. Denied that the bold and underline emphases appear in the original. Plaintiffs' characterization of 24 Pa. C.S. § 8521(a) contains a conclusion of law to which no response is required.

58. Admitted that the PSERB adopted an Ethics Policy on April 30, 2010, which became effective on July 1, 2010 and is available on the PSERS website at <https://www.psers.pa.gov/About/Board/Documents/Governance%20Manual/Ethics%20Policy.pdf>, and that this Ethics Policy contains the quoted language. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

59. Admitted that the PSERS Ethics Policy referred to in ¶ 58, above, contains the quoted language. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

60. Admitted that the PSERS Ethics Policy referred to in ¶ 58, above, contains the quoted language. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

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

61. Admitted that the Commonwealth of Pennsylvania has amended its public pension laws over the years, including in 2010 with the legislation known as Act 120. Aon states that, after reasonable investigation, it is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of this paragraph.

62. Plaintiffs' characterization of Pennsylvania legislative changes in 2010 is a conclusion of law to which no response is required.

63. Plaintiffs' characterization of Pennsylvania legislative changes in 2010 and 2011 is a conclusion of law to which no response is required.

64. Plaintiffs' characterization of Pennsylvania legislative changes in 2010 and 2011 is a conclusion of law to which no response is required.

65. Plaintiffs' characterization of Pennsylvania legislative changes in 2010 and 2011 is a conclusion of law to which no response is required.

66. Plaintiffs' characterization of Pennsylvania legislative changes in 2010 and 2011 is a conclusion of law to which no response is required.

67. Admitted that 24 Pa. C.S. § 8321(b) states: "Commencing with the annual actuarial valuation performed ... for the period ending June 30, 2014, and every three years thereafter, the board shall compare the actual investment rate of return, net of fees, to the annual interest rate adopted by the board for the calculation of the normal contribution rate, based on the market value of assets, for the prior ten-year period... ." This statute speaks for itself, and no response to plaintiffs' characterization of the statute is required.

68. Plaintiffs' characterization of Pennsylvania legislative changes in 2010 and 2011 is a conclusion of law to which no response is required.

69. Plaintiffs' characterization of Pennsylvania legislative changes in 2010 and 2011 is a conclusion of law to which no response is required.

70. Admitted that the PSERB did not increase member contribution rates pursuant to 24 Pa. C.S. § 8321(b) in 2014 or 2017. Denied that the "results of the shared risk assessment conducted in 2020 were problematic." Further admitted that on April 19, 2021, in resolution no. 2021-16, the PSERB increased certain member contribution rates pursuant to 24 Pa. C.S. § 8321(b) for the period July 1, 2021 to June 30, 2024.

4. Changes to Traditional Investments for Public Pension Plans

71. Admitted that plaintiffs purport to identify certain reasons to invest in certain asset classes. Denied that plaintiffs have accurately or completely described all factors to consider when any individual or entity makes investment decisions.

72. Admitted that plaintiffs purport to describe a certain reason to invest in publicly-traded investments. Denied that plaintiffs have accurately or completely described all factors to consider when any individual or entity makes investment decisions.

73. Admitted that public pension funds may choose to invest some portion of their assets in “so-called ‘alternative’ or nontraditional investments.” Denied that plaintiffs have accurately or completely described the investment decisions of all public pension funds.

74. Admitted that the term “alternative investments” can refer to investments in assets such as private equity, venture capital, hedge funds, and real estate. Admitted that alternative investments carry certain risks, but denied that plaintiffs have completely described all factors to consider when any individual or entity decides whether to invest in alternative investments.

75. Admitted that public pension funds may choose to invest some portion of their assets in “private investments.” Denied that plaintiffs have accurately or completely described the structure of “private investments,” how fees are paid, or the factors to consider when any individual or entity makes investment decisions, including whether to invest in “private investments.”

76. Admitted that there generally can be several different “kinds of fees, costs, and expenses associated with non-public investments structured as a limited partnership.” Denied that plaintiffs have accurately or completely described such “fees, costs, and expenses.” To the extent plaintiffs have referenced a particular document – “Partnership Agreement” – but have not

attached it to the pleading, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of this paragraph.

77. Admitted that some types of “alternative investments” may not be publicly traded and that some types of “alternative investments” may charge different fees than other asset classes. Denied that alternative investments “often lack transparency” or that it is “impossible” to ascertain or compare their fees, costs, or expenses, and overall returns. Denied that plaintiffs have fully or completely described the factors to consider when any individual or entity makes investment decisions, including whether to invest in “alternative investments.”

78. Admitted that “alternative and nontraditional investments” may not have a “well-established” benchmark and that an investment advisor or manager may need to identify an appropriate benchmark to measure the performance of certain investments. Denied that Aon creates benchmarks designed to “increase[] the likelihood that the fund advisor who recommended [the investment] will appear to meet its investment goals.” Further denied that plaintiffs have fully or completely described the factors to consider when utilizing benchmarks for non-public investments.

79. Denied. PSERS has a diversified investment portfolio. Further denied that plaintiffs have accurately or completely described all the factors involved in the investment decisions of each particular public pension fund.

80. Admitted that the Pennsylvania Public Pension Management and Asset Investment Review Commission (“PPMAIRC”) published a document titled Final Report and Recommendations in December 2018. Further admitted that plaintiffs purport to attach this report as Exhibit 1 and that the quoted language appears on page 111 of Exhibit 1, which states: “In 2016, PSERS had the highest allocation to alternatives in the nation at 56% ... above the national average

of 26%.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

81. Admitted that in Exhibit 2, in which plaintiffs purport to refer to Appendix I of the PPMAIRC Final Report and Recommendations, there is a presentation entitled “Preliminary Analysis – Fees, Costs, Asset Allocation, Performance. Second Hearing, September 20th, 2018. Dr. Ashby Monk. Harrisburg, PA” that contains the cited rankings. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

82. Admitted that in Exhibit 1, the quoted language appears on page 18. The content of the document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

5. Who Does What?

83. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

84. Admitted that PSERS previously employed Glenn R. Grell (“Grell”) as its Executive Director. Further admitted that on November 18, 2021, Grell took the position of Senior Advisor effective January 1, 2022 and retired effective February 28, 2022. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

85. Admitted that PSERS previously employed James H. Grossman, Jr. (“Grossman”) as its Chief Investment Officer. Further admitted that on November 18, 2021, Grossman took the position of Senior Advisor effective December 9, 2021 and retired effective May 1, 2022. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

86. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

87. Admitted that PSERS previously employed Charles J. Spiller (“Spiller”) as its Deputy Chief Investment Officer, Non-Traditional Investments and that, upon information and belief, he is no longer working at PSERS. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

88. Admitted, upon information and belief, that PSERS employs William Stalter (“Stalter”) as a Senior Portfolio Manager. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

89. This paragraph is a conclusion of law to which no response is required.

90. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

91. Denied that Grell and Grossman were the “primary conduits” for communication between Aon and PSERS. Aon communicated with PSERS through, among other individuals, Grell and Grossman. As to Portfolio Advisors, Hamilton Lane, and Aksia, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

92. Admitted, upon information and belief.

93. Admitted.

94. Denied on the basis that PSERS offers its participants multiple retirement plan options and “classes,” with each having different investment profiles and options. Further denied to the extent plaintiffs aver that Aon owed or breached any duty to plaintiffs or the PSERS plan participants. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

95. This paragraph is a conclusion of law to which no response is required.

96. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, denied that defined benefit plan participants “only ... contribute monies to the Fund” on the basis that defined benefit plan participants also elect members of the PSERS Board. Answering further, Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Aon further states that the relevant statute and governing documents speak for themselves.

6. Defendant Portfolio Advisors LLC

97. Admitted, upon information and belief based upon the document plaintiffs attach as Exhibit 3 to the TAC, that Portfolio Advisors entered into an \$8,000,000 contract with PSERS to provide PSERS with “private equity, venture capital and private debt investment consulting and administrative services” for the five-year period from August 8, 2012 through August 7, 2017. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

98. Admitted, upon information and belief based on Exhibit 3 to the TAC, plaintiffs purport to attach a contract that Portfolio Advisors entered into with PSERS for \$1,600,000 per year for the five-year period from August 8, 2012 through August 7, 2017. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information as to whether and how PSERS paid those sums to Portfolio Advisors.

99. Admitted that the 2012–2017 contract between PSERS and Portfolio Advisors that plaintiffs attached as Exhibit 3 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted all of the relevant language from the document they attached as Exhibit 3. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

100. Admitted that plaintiffs’ Exhibit 3 contains a July 25, 2012 letter from Portfolio Advisors to PSERS stating that Portfolio Advisors’ “annual fee of \$1,600,000 ... is based upon an assumed annual commitment rate of approximately \$2.5 billion and a growing portfolio of Private Equity, Private Debt and Opportunistic High Yield investments that in mid-2012 will represent approximately 200 funds and will grow to approximately 275 funds over the next five years.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

101. Admitted that Addendum 1, Terms and Conditions, ¶ 5 of the purported 2012–2017 contract between Portfolio Advisors and PSERS attached as Exhibit 3 states that “PORTFOLIO ADVISORS shall perform its services under this Agreement as an independent contractor.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

102. Admitted that the relevant language appears in Addendum 1, Terms and Conditions, ¶ 4 of the 2012–2017 contract between Portfolio Advisors and PSERS that plaintiffs attach as Exhibit 3. Denied that the bold and underline emphases appear in the original. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

103. Admitted that 29 U.S.C. § 1104(a) contains the quoted language. Denied that the bold emphases appear in the original. The content of the statute speaks for itself, and no response to plaintiffs' characterization of the statute is required.

104. Admitted that 29 U.S.C. § 1105(a) contains the relevant language. Denied that the bold emphases appear in the original. Also denied that plaintiffs have accurately quoted the statute. The content of the statute speaks for itself, and no response to plaintiffs' characterization of the statute is required. Further answering, plaintiffs' characterization of 29 U.S.C. § 1105(a) contains a conclusion of law to which no response is required.

105. This paragraph is a conclusion of law to which no response is required.

106. Admitted that 24 Pa. C.S. § 8521(e) contains the quoted language. The content of the statute speaks for itself, and no response to plaintiffs' characterization of the statute is required. Further answering, plaintiffs' characterization of 24 Pa. C.S. § 8521(e) contains a conclusion of law to which no response is required.

107. Plaintiffs' characterization of 24 Pa. C.S. § 8521(e) contains a conclusion of law to which no response is required.

108. Plaintiffs' characterizations of an agreement between PSERS and Portfolio Advisors and the several cited federal court decisions contain conclusions of law to which no response is required.

109. This paragraph is a conclusion of law to which no response is required.

110. This paragraph is a conclusion of law to which no response is required.

111. Admitted that plaintiffs' Exhibit 4 contains a "FIRST AMENDMENT TO PURCHASE ORDER FOR PRIVATE EQUITY, VENTURE CAPITAL AND PRIVATE DEBT INVESTMENT CONSULTING AND ADMINISTRATIVE SERVICES" between Portfolio

Advisors and PSERS dated August 3, 2015. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

112. Admitted that plaintiffs' Exhibit 4 contains the quoted language. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

113. Admitted that plaintiffs' Exhibit 4 contains the relevant language. Denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 4. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

114. Admitted that plaintiffs' Exhibit 4 states, "PORTFOLIO ADVISORS' fee for its services to be performed hereunder shall be \$300,000 per annum (the '**Co-Investment Fee**'). . . Upon any termination of this First Amendment, the Program or of the services to be provided by PORTFOLIO ADVISORS hereunder ... PORTFOLIO ADVISORS shall continue to earn and be paid the lower of 1% of the cost of the co-investments or the Co-Investment fee, whichever is lower, for so long as PORTFOLIO ADVISORS continues to serves *[sic]* as the general partner of the Co-Investment Vehicle." The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

115. Admitted that plaintiffs' Exhibit 4 contains the quoted language. Denied that the bold and underline emphases appear in the original. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Further answering, plaintiffs' characterization of an agreement between PSERS and Portfolio Advisors contains a conclusion of law to which no response is required.

116. Admitted that PSERS entered into a contract with Hamilton Lane on or around September 2017. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment. Further answering, plaintiffs' characterization of agreements between PSERS and Portfolio Advisors and PSERS and Hamilton Lane contains a conclusion of law to which no response is required.

117. This paragraph contains a conclusion of law to which no response is required.

118. Admitted that plaintiffs purport to characterize various PSERB resolutions located on PSERS' website at <https://www.psers.pa.gov/About/Board/Resolutions/Pages/default.aspx>, the content of which speak for themselves. Further admitted that the Board passed the resolutions listed in subparts A–TTT of Paragraph 118. Further answering, denied that plaintiffs have completely or accurately described the content of those resolutions.

119. Upon information and belief, admitted that Portfolio Advisors made recommendations to PSERS for investments other than those enumerated by plaintiffs.

120. This paragraph is a conclusion of law to which no response is required.

121. This paragraph is a conclusion of law to which no response is required. Further answering, the content of the document attached as Exhibit 1 speaks for itself, and no response to plaintiffs' characterization of the document is required.

122. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

123. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

124. To the extent plaintiffs reference a particular document – the “Verus Report” – but have not attached it to their pleading, after reasonable investigation, Aon believes it to be the March 2022 fee study prepared by Verus and presented to PSERS. Aon admits that the Verus Report² purported to examine certain aspects of the fees, costs, and expenses paid by PSERS for various investments. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

125. Denied that plaintiffs have accurately quoted the relevant language from the document they reference as the Verus Report. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

126. Admitted that the Verus Report shows that the private equity investments listed by plaintiffs include a carried interest amount of 20% and a management fee of 2%. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

127. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments. To the extent plaintiffs purport to characterize a document, the content speaks for itself.

² To the extent plaintiffs reference a particular document – the “Verus Report” – but have not attached it to the pleading, after reasonable investigation, Aon believes it to be the March 2022 fee study prepared by Verus and presented to PSERS. Hereinafter, Aon answers the remaining allegations referencing the “Verus Report” under the belief that the “Verus Report” is the March 2022 document. To the extent the references to the “Verus Report” in the TAC do not reference the March 2022 document, Aon is without knowledge or information sufficient to form a belief as to the truth of the averments.

128. Denied that the Verus Report states that the referenced investments “have higher than average fees.” To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

129. This paragraph contains conclusions of law to which Aon need not respond. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of these averments.

130. This paragraph contains conclusions of law to which Aon need not respond. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of these averments.

131. This paragraph contains conclusions of law to which Aon need not respond. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of these averments.

132. This paragraph contains conclusions of law to which Aon need not respond. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of these averments.

133. Admitted that on October 5, 2017, the PSERB passed a resolution to “(i) invest[] an initial amount not to exceed \$125 million plus reasonable normal investment expenses, in Portfolio Advisors Secondary Fund III, L.P. (and/or related investment vehicles ‘the Fund’), and (ii) [create] a separately managed account through which PSERS is authorized to invest, paripassu with the Fund, additional capital in an amount not to exceed \$200 million to exploit market dislocations if and when they occur, in accordance with the recommendation of Luke M. Jacobs, Manager, Private Markets, dated September 20, 2017 and Hamilton Lane, LLC dated September 7, 2017,” and that “[a]ny additional capital deployed through the separately managed account shall

be reported to the Board in a timely manner.” Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

134. Upon information and belief, admitted that Portfolio Advisors was no longer an advisor to PSERS in 2021. Denied that Aon’s actions or inactions caused injury to plaintiffs or the putative class. Aon has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS.

7. Defendant Hamilton Lane Advisors, LLC

135. Admitted, upon information and belief based upon the document plaintiffs attach as Exhibit 5 to the TAC, that Hamilton Lane entered into a \$7,000,000 contract with PSERS to provide PSERS with “Private Markets Consulting Services” for the five-year period from September 15, 2017 through September 14, 2022. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

136. Admitted that in Exhibit 5 plaintiffs purport to attach a contract that Hamilton Lane entered into with PSERS for \$1,400,000 per year for the five-year period from September 15, 2017 through September 14, 2022. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required. After reasonable investigation, Aon is without knowledge or information as to whether and how PSERS paid or will pay those sums to Hamilton Lane.

137. Admitted that the 2017–2022 contract between PSERS and Hamilton Lane that plaintiffs attached as Exhibit 5 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 5. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

138. Admitted that the 2017–2022 contract between PSERS and Hamilton Lane that plaintiffs attached as Exhibit 5 states that Hamilton Lane “will review private markets investment objectives, policies, and asset allocation and will make recommendations on private markets investment objectives, policies, and asset allocation changes, if any, annually.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

139. Admitted that the document attached as Exhibit 5, which plaintiffs allege is the 2017–2022 contract between Hamilton Lane and PSERS, states that “the Contractor will act as an independent contractor and not as an employee or agent of the Commonwealth.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

140. Admitted that the document attached as Exhibit 5, which plaintiffs allege is the 2017–2022 contract between Hamilton Lane and PSERS, contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 5. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

141. Admitted that 29 U.S.C. § 1104(a) contains the quoted language. The content of statute speaks for itself, and no response to plaintiffs’ characterization of the statute is required.

142. Admitted that 29 U.S.C. § 1105(a) contains the quoted language. Denied that the bold emphases appear in the original. The content of the statute speaks for itself, and no response to plaintiffs’ characterization of the statute is required. Further answering, plaintiffs’

characterization of 29 U.S.C. § 1105(a) contains a conclusion of law to which no response is required.

143. This paragraph is a conclusion of law to which no response is required.

144. Admitted that 24 Pa. C.S. § 8521(e) contains the quoted language. The content of the statute speaks for itself, and no response to plaintiffs' characterization of the statute is required. Further answering, plaintiffs' characterization of 24 Pa. C.S. § 8521(e) contains a conclusion of law to which no response is required.

145. This paragraph, including plaintiff's characterization of 24 Pa. C.S. § 8521(e), contains a conclusion of law to which no response is required.

146. Plaintiffs' characterizations of an agreement between PSERS and Hamilton Lane and the several cited federal court decisions contain conclusions of law to which no response is required.

147. This paragraph is a conclusion of law to which no response is required.

148. Admitted that Exhibit 5, which plaintiffs allege is the 2017–2022 contract between Hamilton Lane and PSERS, contains the quoted language. Denied that the bold and underline emphases appear in the original. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Further answering, plaintiffs' characterization of an agreement between PSERS and Hamilton Lane contains conclusions of law to which no response is required.

149. Admitted that Exhibit 5, which plaintiffs allege is the 2017–2022 contract between Hamilton Lane and PSERS, contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 5. The content of that document speaks for

itself, and no response to plaintiffs' characterization of the document is required. Further answering, plaintiffs' characterization of an agreement between PSERS and Hamilton Lane contain conclusions of law to which no response is required.

150. This paragraph is a conclusion of law to which no response is required.

151. Admitted that the alleged purchase order between Hamilton Lane and PSERS attached in plaintiffs' Exhibit 5 states: "Valid From: 09/15/2017 To 09/14/2022," and that it also states: "Effective Date: 09/14/2017." The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Further answering, plaintiffs' characterization of an agreement between PSERS and Hamilton Lane contains conclusions of law to which no response is required.

152. Admitted that plaintiffs' Exhibit 6 includes a letter dated September 7, 2017 from Hamilton Lane to PSERS that contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 6. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

153. Admitted that plaintiffs' Exhibit 6 includes a letter dated September 7, 2017, which lists "individuals at Hamilton Lane who were involved in the due diligence process for the Fund." The content of the document speaks for itself, and no response to plaintiffs' characterization of the document is required.

154. Admitted that on October 5, 2017, in resolution no. 2017-37, the PSERB voted to "(i) invest[] an initial amount not to exceed \$125 million plus reasonable normal investment

expenses, in Portfolio Advisors Secondary Fund III, L.P. (and/or related investment vehicles ‘the Fund’), and (ii) [create] a separately managed account through which PSERS is authorized to invest, paripassu with the Fund, additional capital in an amount not to exceed \$200 million to exploit market dislocations if and when they occur, in accordance with the recommendation of Luke M. Jacobs, Manager, Private Markets, dated September 20, 2017 and Hamilton Lane, LLC dated September 7, 2017,” and that “[a]ny additional capital deployed through the separately managed account shall be reported to the Board in a timely manner.” Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

155. This paragraph is a conclusion of law to which no response is required.

156. Admitted that plaintiffs purport to characterize various PSERB resolutions located on PSERS website at <https://www.psers.pa.gov/About/Board/Resolutions/Pages/default.aspx>, the content of which speaks for themselves. Further admitted that PSERS’s Board passed the resolutions listed in subparts A–JJJ of Paragraph 156. Further answering, denied that plaintiffs have completely or accurately described the content of those resolutions.

157. Upon information and belief, admitted that Hamilton Lane made recommendations to PSERS for investments other than those enumerated by plaintiffs.

158. Admitted that plaintiffs’ Exhibit 5 includes the quoted language, which speaks for itself. Denied that the bold and underlined emphases appear in the original. No response to plaintiffs’ characterization of the document is required.

159. After reasonable investigation, Aon is without information or knowledge sufficient to form a belief as to the truth of the averments.

160. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

161. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

162. Admitted that the Verus Report purported to examine certain aspects of the fees, costs, and expenses paid by PSERS for various investments. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

163. Denied that plaintiffs have accurately quoted the relevant language from the document they reference as the Verus Report. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

164. Admitted that the Verus Report shows that the private equity investments listed by plaintiffs include a carried interest amount of 20% and a management fee of 2%. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

165. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments. To the extent plaintiffs purport to characterize a document, the content speaks for itself.

166. Denied that the Verus Report states that the referenced investments “have higher than average fees.” To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

167. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments. To the extent plaintiffs purport to characterize a document, the content speaks for itself.

168. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

169. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

170. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

171. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments. To the extent plaintiffs purport to characterize a document, the content speaks for itself.

172. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

8. Defendant Aksia LLC

173. Admitted, upon information and belief based upon the document plaintiffs attach as Exhibit 7 to the TAC, that Aksia entered into a \$3,500,000 contract with PSERS to provide

PSERS with “non-discretionary hedge fund investment consulting and/or performance measurement services” for the five-year period from September 15, 2015 through September 14, 2020. The content of that contract speaks for itself, and no response to plaintiffs’ characterization of the contract is required.

174. Admitted that in Exhibit 7 plaintiffs purport to attach a contract that Aksia entered into with PSERS for \$700,000 per year for the five-year period from September 15, 2015 through September 14, 2020. The content of that document speaks for itself, and no response to plaintiffs’ characterization is required. After reasonable investigation, Aon is without knowledge or information as to whether and how PSERS paid or will pay those sums to Aksia.

175. Admitted that Rider C (PSERS March 2015 Request For Proposals For Hedge Fund Investment Consulting Services) to Exhibit 7, which plaintiffs allege is the 2015–2020 contract between PSERS and Aksia, contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 7. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required. Further answering, plaintiffs’ characterization of an agreement between PSERS and Aksia contains a conclusion of law to which no response is required.

176. Admitted that Exhibit 7, which plaintiffs allege is the 2015–2020 contract between Aksia and PSERS, states that “The CONSULTANT shall perform its services as an independent contractor.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

177. Admitted that Rider C (PSERS March 2015 Request For Proposals For Hedge Fund Investment Consulting Services) to the 2015–2020 contract between PSERS and Aksia, which

plaintiffs purport to attach as part of Exhibit 7, states: “The contractor will serve in a fiduciary capacity and will acknowledge in writing the contractor’s fiduciary status, without qualification.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

178. Admitted that page 2 of Exhibit 7, which plaintiffs allege is the purchase order between Aksia and PSERS, states: “The following Riders are attached and incorporated by reference and made a part of this purchase order: Rider A contains Vendor Terms and Conditions[,] Rider B contains Commonwealth Standard Contract Terms and Conditions[,] Rider C contains PSERS RFP 2015-2 Hedge Fund Investment Consulting Services[, and] Rider D contains Vendor proposal to PSERS RFP 2015-2.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

179. Admitted, upon information and belief based upon the document plaintiffs attach as Exhibit 8, that Aksia entered into a \$5,300,000 contract with PSERS with an “Effective Date” of January 27, 2021, to provide PSERS with “non-discretionary hedge fund and private credit investment consulting and/or performance measurement services” and “special projects and/or services upon terms and conditions mutually agreed upon by the Vendor and PSERS” for the five-year period from February 1, 2021 through January 31, 2026.” The content of that contract speaks for itself, and no response to plaintiffs’ characterization of the contract is required.

180. Admitted that in Exhibit 8 plaintiffs purport to attach a contract that Aksia entered into with PSERS for \$1,100,000 per year for the five-year period from February 1, 2021 through January 31, 2026 for “non-discretionary hedge fund and private credit investment consulting and/or performance measurement services” and “special projects and/or services upon terms and conditions mutually agreed upon by the Vendor and PSERS.” The content of that document speaks

for itself, and no response to plaintiffs' characterization of the document is required. After reasonable investigation, Aon is without knowledge or information as to whether and how PSERS paid or will pay those sums to Aksia.

181. Admitted that the 2021–2026 contract between PSERS and Aksia that plaintiffs purport to attach as Exhibit 8 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 8. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

182. Admitted that the purported 2021–2026 contract between Aksia and PSERS that plaintiffs attached as Exhibit 8 states that “The CONSULTANT shall perform its services under the Purchase Order as an independent contractor.” The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

183. Admitted that the purported 2021–2026 contract between Aksia and PSERS that plaintiffs attached as Exhibit 8 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 8. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

184. Admitted that 29 U.S.C. § 1104(a) contains the quoted language. The content of the statute speaks for itself, and no response to plaintiffs' characterization of the statute is required.

185. Admitted that 29 U.S.C. § 1105(a) contains the quoted language. Denied that the bold emphases appear in the original. The content of the statute speaks for itself, and no response to plaintiffs' characterization of the statute is required. Further answering, plaintiffs'

characterization of 29 U.S.C. § 1105(a) contains a conclusion of law to which no response is required.

186. This paragraph is a conclusion of law to which no response is required.

187. Admitted that 24 Pa. C.S. § 8521(e) contains the quoted language. The content of the statute speaks for itself, and no response to plaintiffs' characterization of the statute is required. Further answering, plaintiffs' characterization of 24 Pa. C.S. § 8521(e) contains a conclusion of law to which no response is required.

188. This paragraph, including plaintiffs' characterization of 24 Pa. C.S. § 8521(e), contains a conclusion of law to which no response is required.

189. Plaintiffs' characterizations of an agreement between PSERS and Aksia and the several cited federal court decisions contain conclusions of law to which no response is required.

190. This paragraph contains a conclusion of law to which no response is required.

191. Admitted that the purported 2021–2026 contract between Aksia and PSERS that plaintiffs attached as Exhibit 8 states that “The CONSULTANT shall maintain during the term of the Purchase Order a policy of errors and omissions insurance for the protection of the Fund.” Denied that the bold and underline emphases appear in the original. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Further answering, plaintiffs' characterization of an agreement between PSERS and Aksia contains conclusions of law to which no response is required.

192. This paragraph, including plaintiffs' characterization of 20 Pa. C.S. § 7206, contains a conclusion of law to which no response is required.

193. This paragraph contains a conclusion of law to which no response is required.

194. Admitted that plaintiffs purport to characterize various PSERB resolutions located on PSERS website at <https://www.psers.pa.gov/About/Board/Resolutions/Pages/default.aspx>, the content of which speak for themselves. To the extent an answer is required, admitted that the Board passed the resolutions listed in subparts A–HH of Paragraph 194. Further answering, denied that plaintiffs have completely or accurately described the contents of those resolutions.

195. Upon information and belief, admitted that Aksia made recommendations to PSERS for investments other than those enumerated by plaintiffs.

196. Admitted that plaintiffs' Exhibit 7 includes the quoted language, which speaks for itself. Denied that the bold and underlined emphases appear in the original. No response to plaintiffs' characterization of the document is required.

197. Admitted that plaintiffs purport to characterize Exhibit 8, which document speaks for itself. Plaintiffs' characterization of the document is a legal conclusion to which no response is required.

198. After reasonable investigation, Aon is without information or knowledge sufficient to form a belief as to the truth of the averments.

199. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, upon reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

200. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments. To the extent plaintiffs purport to characterize a document, the content speaks for itself.

201. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

202. Admitted that the Verus Report purported to examine certain aspects of the fees, costs, and expenses paid by PSERS for various investments. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

203. This paragraph contains a conclusion of law to which no response is required. Further answering, admitted that the Verus Report concluded that the fees being paid for public investments were generally reasonable. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

204. Admitted that the Verus Report shows that the referenced investments had costs listed as 1.00%. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

205. Admitted that the Verus Report purports to compute the “top 25% quartile costs” in PSERS’ “peer group” for the referenced investments as alleged by plaintiffs. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

206. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments. To the extent plaintiffs purport to characterize a document, the content speaks for itself.

207. Denied that the Verus Report states that the referenced investments “have higher than average fees.” To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

208. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments. To the extent plaintiffs purport to characterize a document, the content speaks for itself.

209. Denied that the Verus Report states that the referenced investments “have higher than average fees.” To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

210. Admitted that the Verus Report shows a performance fee of 30% for the referenced fund. To the extent plaintiffs purport to characterize the Verus Report, the content speaks for itself.

211. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments. To the extent plaintiffs purport to characterize a document, the content speaks for itself.

212. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

213. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

214. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

215. This paragraph contains a conclusion of law to which no response is required. Further answering, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

8. Defendant Aon Investments USA, Inc.

216. Admitted that Hewitt EnnisKnupp, Inc. and PSERS entered into a \$3,450,285 contract with an effective date of December 6, 2013, with services to begin on November 15, 2013, and that the contract terminated on November 14, 2018. Further admitted that plaintiffs purport to attach this contract as Exhibit 9. By way of further response, Aon states that plaintiffs' characterization of an agreement between PSERS and Hewitt EnnisKnupp, Inc. is a conclusion of law to which no response is required.

217. Admitted that PSERS paid Hewitt EnnisKnupp, Inc. the amounts stated in the purported contract plaintiffs attached as Exhibit 9.

218. This paragraph contains conclusions of law to which no response is required. To the extent a response is required, admitted that Hewitt EnnisKnupp, Inc. changed its name to Aon Hewitt Investment Consulting, Inc., and Aon Hewitt Investment Consulting, Inc. changed its name to Aon Investments USA, Inc.

219. Admitted that the purported 2013–2018 contract between PSERS and Hewitt EnnisKnupp, Inc. that plaintiffs attached as Exhibit 9 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 9. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

220. Admitted that the purported 2013–2018 contract between PSERS and Hewitt EnnisKnupp, Inc. that plaintiffs attached as Exhibit 9 states: “The CONSULTANT or its parent shall maintain during the term of the Purchase Order a policy of errors and omissions insurance for the protection of the PSERS’ Fund.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

221. Admitted that the purported 2013–2018 contract between PSERS and Hewitt EnnisKnupp, Inc. that plaintiffs attached as Exhibit 9 states: “CONSULTANT acknowledges that it is a ‘fiduciary’ with respect to PSERS and the Fund as that term is defined in the Employee Retirement Income Security Act of 1974 (ERISA), regardless of the applicability of ERISA to the Purchase Order.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

222. Admitted that Aon Hewitt Investment Consulting Inc. and PSERS entered into a contract with an effective date of February 28, 2019 for “Investment Consulting, Performance Evaluation and other related services for all PSERS asset classes” during the period from March 5, 2019 through September 5, 2019. Further admitted that plaintiffs purport to attach this contract as Exhibit 10. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

223. Admitted that PSERS paid Aon Hewitt Investment Consulting Inc. \$365,750.00 for the period dated March 5, 2019 through September 5, 2019. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of whether payment was made “out of PSERS funds.”

224. This paragraph contains conclusions of law to which no response is required. To the extent a response is required, admitted that Hewitt EnnisKnupp, Inc. changed its name to Aon

Hewitt Investment Consulting, Inc., and Aon Hewitt Investment Consulting, Inc. changed its name to Aon Investments USA, Inc.

225. Plaintiffs' characterization of agreements between PSERS and Hewitt EnnisKnupp, Inc./Aon Hewitt Investment Consulting, Inc., attached as Exhibits 9 and 10, is a conclusion of law to which no response is required. The content of the documents speak for itself, and no response to plaintiffs' characterization of the documents is required.

226. Admitted that Aon Hewitt Investment Consulting, Inc. entered into a \$3,401,600 contract with PSERS with an "Effective Date" of September 27, 2019 to provide PSERS with "Investment Consulting, Performance Evaluation, and other related services for all PSERS' asset classes" for the five-year period from October 1, 2019 through September 30, 2024. Further admitted that plaintiffs purport to attach this contract as Exhibit 11. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

227. Admitted that PSERS paid Aon Hewitt Investment Consulting Inc./Aon Investments USA, Inc. \$643,174.00 for the period October 1, 2019 through September 30, 2020; \$668,610.00 for the period October 1, 2020 through September 30, 2021. Further admitted that PSERS is obligated to pay Aon Investments USA, Inc. at least \$680,340.00 for the period October 1, 2021 through September 30, 2022; \$696,527.00 for the period October 1, 2022 through September 30, 2023; and \$712,949.00 for the period October 1, 2023 through September 30, 2024.

228. Admitted that the purported 2019–2024 contract between PSERS and Aon that plaintiffs attached as Exhibit 11 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 11. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

229. Admitted that the purported 2019–2024 contract between PSERS and Aon that plaintiffs attached as Exhibit 11 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 11. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

230. Admitted that the purported 2019–2024 contract between PSERS and Aon that plaintiffs attached as Exhibit 11 states that “The CONSULTANT shall perform its services under the Purchase Order as an independent contractor.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

231. Admitted that the purported 2019–2024 contract between PSERS and Aon that plaintiffs attached as Exhibit 11 contains the quoted language. Denied that the bold and underline emphases appear in the original. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

232. Admitted that 29 U.S.C. § 1104(a) contains the quoted language. The content of the statute speaks for itself, and no response to plaintiffs’ characterization of the statute is required.

233. Admitted that 29 U.S.C. § 1105(a) contains the quoted language. Denied that the bold emphases appear in the original. The content of the statute speaks for itself, and no response to plaintiffs’ characterization of the statute is required. Further answering, plaintiffs’ characterization of 29 U.S.C. § 1105(a) contains a conclusion of law to which no response is required.

234. Admitted that 24 Pa. C.S. § 8521(e) contains the quoted language. The content of the statute speaks for itself, and no response to plaintiffs’ characterization of the statute is required.

Further answering plaintiffs' characterization of 24 Pa. C.S. § 8521(e) contains a conclusion of law to which no response is required.

235. This paragraph, including plaintiffs' characterization of 24 Pa. C.S. § 8521(e), contains a conclusion of law to which no response is required.

236. This paragraph contains a conclusion of law to which no response is required.

237. This paragraph contains a conclusion of law to which no response is required.

238. Admitted that the purported 2019–2024 contract between PSERS and Aon that plaintiffs attached as Exhibit 11 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the relevant language from the document they attached as Exhibit 11. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Further answering, plaintiffs' characterization of an agreement between PSERS and Aon contains conclusions of law to which no response is required.

239. Admitted that the purported 2019–2024 contract between PSERS and Aon that plaintiffs attached as Exhibit 11 contains the quoted language. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Further answering, plaintiffs' characterization of an agreement between PSERS and Aon, as well as their characterization of Aon's alleged fiduciary duty, is a conclusion of law to which no response is required.

240. This paragraph contains a conclusion of law to which no response is required.

241. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, denied that Aon breached any obligations to PSERS. Aon has, at

all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS.

242. Denied that Aon “claims it was not obligated to recommend *any* investments to PSERS.” (Emphasis added.) Aon did not, nor did Aon have a responsibility to, make specific investment recommendations regarding “alternative” or private-market investments. Further responding, plaintiffs’ characterization of fund amounts as “very substantial” is vague and no response is required. Aon has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS, including by advising PSERS on certain investments options when appropriate. Admitted that Aon advised PSERS regarding possible investments in the investments listed in subparts of Paragraph 242.

243. Paragraph 243 is a conclusion of law, to which no response is required. To the extent a response is required, Aon has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS. Answering further, plaintiffs’ characterization of information regarding investments as “remarkably little” is vague and no response is required. Aon provides available information to PSERS when requested. Denied that the investments listed in subparts of Paragraph 242 were held in PSERS’ portfolio as of December 2021.

244. Paragraph 244 is a conclusion of law, to which no response is required. To the extent a response is required, Aon has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS, including with respect to these investments. Denied that plaintiffs have completely or accurately described the liquidity of the investments or all factors to consider when an individual or entity decides whether to invest in certain investment opportunities.

245. Admitted that Aon received final net asset values (“NAVs”) for certain investments after the date by which PSERB requested certain reports by Aon. Admitted that, at PSERS’ request, Aon updated certain NAVs to accurately report those returns to PSERS. Aon denies plaintiffs’ characterization that it “altered the data that had already been publicly published.” After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of whether “[t]his practice was something that Aon’s predecessor, Wilshire, did not do.” Aon has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS.

246. Plaintiffs’ characterization of an agreement between PSERS and Aon is a conclusion of law to which no response is required. By way of further response, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment. Aon further denies that its “computing and reporting methodology ... deviated from generally acceptable performance metrics and indices.” Aon is a leader in the investment consultant industry and its practices are consistent with industry standards

247. Admitted that PSERS’ Comprehensive Annual Financial Reports (“CAFR”) state that “[Aon] calculates the total investment return of the System as well as the performance of each external investment management firm and each internal investment manager retained by the Board to invest the System’s assets.” Answering further, the CAFR is a document that speaks for itself and no response to plaintiffs’ characterization of it is required.

248. Admitted that Hewitt EnnisKnupp, Inc. and PSERS entered into a contract on December 6, 2013, and Aon Hewitt Investment Consulting, Inc. and PSERS entered into contracts on March 5, 2019 and September 27, 2019 for the provision of “Investment Consulting, Performance Evaluation, and other related services for all PSERS’ asset classes.” Plaintiffs’

characterization of those agreements is a legal conclusion to which no response is required. Denied that Aon made “errors” in 2015 or “at various times thereafter.” Admitted that on March 5, 2021, Aon disclosed to PSERS data issues for April, May, and September 2015 returns. Further admitted that plaintiffs purport to attach this letter as Exhibit 15. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required. Aon has, at all times, fully and lawfully performed its obligations to PSERS, including, but not limited to, when calculating monthly, quarterly, or annual performance reports. Further, plaintiffs’ averment regarding “impact on the current Plan participants” is a legal conclusion to which no response is required.

249. Denied. Although Aon may rely on other entities for data utilized in its calculations, Aon calculates certain relevant performance, including returns for PSERS’ various composites and total plan return.

250. Denied. Although Aon may rely on other entities for data utilized in its calculations, Aon calculates certain relevant performance, including returns for PSERS’ various composites and total plan return.

251. Plaintiffs’ characterization of Aon’s alleged fiduciary duty is a conclusion of law to which no response is required. To the extent a response is required, denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

252. Plaintiffs’ characterization of Aon’s alleged duties and obligations is a conclusion of law to which no response is required. To the extent a response is required, denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

253. Plaintiffs’ characterization of Aon’s alleged duties and obligations, along with their characterization of plaintiffs’ increased contributions as a “surcharge,” are conclusions of law to

which no response is required. To the extent a response is required, denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Further answering, Aon's asset-liability studies incorporate contributions from PSERS' members when considering total member contributions and asset projections used in Aon's analyses. To the extent Aon is tasked with advising PSERS on its investment strategy, total contributions is the relevant consideration. Aon was, at all relevant times, aware of and considered total contributions in its analysis as appropriate.

254. Admitted that Aon reviews certain benchmarks when recommended by other investment advisors and conducts a Benchmark Review every two to three years. Denied that any benchmarks on which Aon advised PSERS were "lower than they reasonably should have been." Aon has, at all times, fully and lawfully performed its obligations to PSERS, including with respect to benchmarks. Answering further, the 2018 PPMAIRC Report is a document that speaks for itself, and no response to plaintiffs' characterizations of the document is required.

255. Plaintiffs' characterization of Aon's alleged duties and obligations is a conclusion of law to which no response is required. To the extent a response is required, denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS, including with respect to presenting possible changes to PSERS asset allocation.

9. The Legislature Authorizes a Study of PSERS to Determine How It Should "Maximize Future Rates of Return Net of Fees"

256. Plaintiffs' characterization of Pennsylvania's obligations are legal conclusions to which no response is required. To the extent a response is required, Aon admits that on December 16, 2021, Buck reported that, as of June 30, 2021, PSERS had a "funded status based on the System's actuarial value of assets" of 59.6%. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

257. Admitted that 24 Pa. C.S. § 8538 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted 24 Pa. C.S. § 8538. The content of the statute speaks for itself, and no response to plaintiffs' characterization of the statute is required.

258. Admitted that the Public Pension Management and Asset Investment Review Commission published a Final Report and Recommendations in December 2018 that is publicly available on the PSERS website and that plaintiffs purport to attach to the TAC as Exhibit 1. Admitted that the Exhibit 1 contains the relevant language. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the document they attached as Exhibit 1. The PPMAIRC Final Report is a document that speaks for itself, and no response to plaintiffs' characterizations of the document is required.

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

259. This paragraph contains a conclusion of law to which no response is required. Denied that Aon "recommend[ed] investments that had high investment fees, costs, and expenses, but produced low returns." Aon consulted the PSERB on PSERS' overall asset allocation and investments in publicly-traded assets. Aon was not responsible for recommending "alternative" or private-market investments to PSERS. Further responding, Aon has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS.

260. This paragraph, as well as plaintiffs' characterization of Aon's alleged duties and obligations, is a conclusion of law to which no response is required. To the extent a response is required, denied that Aon did, or had a responsibility to, make specific investment recommendations regarding "alternative" or private-market investments. Further responding, Aon

has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS.

261. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

262. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

263. Denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS, including providing different strategies for PSERS' consideration regarding asset allocations. Further responding, Aon consulted the PSERB on PSERS' overall asset allocation and investments in publicly-traded assets. Aon was not responsible for recommending, and did not recommend, "alternative" or private-market investments to PSERS.

264. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

265. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, Aon states that it has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS. Aon denies that it directed the PSERB to shift investments for PSERS into more illiquid options that were more expensive and that provided lower returns. In fact, as part of its 2020 asset liability study, Aon provided options for portfolios that reduced the illiquid assets by 5-6%. Aon consulted the PSERB on PSERS' overall asset allocation and investments in publicly-traded assets. Aon was not responsible for recommending, and did not recommend, "alternative" or private-market investments to PSERS. Further responding that the PPMAIRC report was directed to the Governor of Pennsylvania and PSERS published a response to the report pursuant to PSERB

resolution no. 2017-41, which is publicly available at <https://www.psers.pa.gov/About/Board/Resolutions/Documents/2018/res41.pdf>. As to Hamilton Lane and Aksia, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment. As to plaintiffs' characterization of the actions of Grell, Grossman, Spiller, Stalter, and other PSERS staff regarding "strenuously advocate[ing] for 'diversification,'" after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

266. This paragraph contains a conclusion of law to which no response is required. Otherwise, as to Aon, denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS and, during the period 2018 to the present, Aon has continued to consult the PSERB on achieving a balanced, diversified, long-term investment strategy for PSERS regarding PSERS' overall asset allocation and investments in publicly-traded assets. As to Hamilton Lane and Aksia, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

267. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

268. Denied that Aon has had any involvement in PSERS' investment in or holding of real property in Harrisburg, Pennsylvania. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Upon information and belief, plaintiffs have alleged in paragraph 112 that PSERS entered into a purported contract with Portfolio Advisors attached as Exhibit 4 in which

the PSERB “approved an investment program for which PSERS will make co-investments in companies that are headquartered in Pennsylvania and in real properties that are located in Pennsylvania.” Aon consulted the PSERB on PSERS’ overall asset allocation and investment in publicly-traded assets. Aon was not responsible for recommending, and did not recommend, “alternative” or private-market investments to PSERS. As to Hamilton Lane and Aksia, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

269. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

270. Admitted that on December 19, 2018, Hamilton Lane sent a letter regarding Santé Health Ventures III, L.P. and Santé Health Ventures IV, L.P. to the PSERB. This letter is publicly available on the PSERS website at <https://www.pasers.pa.gov/About/Board/Resolutions/Documents/2019/Res-02.pdf>. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

271. Admitted that on January 17, 2019, in resolution no. 2019-02 the PSERB voted to “invest[] an amount not to exceed \$150 million plus reasonable normal investment expenses in Santé Health Ventures III, L.P. (\$75 million) and Santé Health Ventures IV, L.P. (\$75 million) (and/or related investment vehicles), in accordance with the recommendation of Patrick G. Knapp, Senior Investment Professional, Private Markets, dated December 19, 2018 and Hamilton Lane, dated December 19, 2018.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

272. Admitted that on December 19, 2018, Hamilton Lane sent a letter regarding Santé Health Ventures III, LP to the PSERB. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required.

273. Admitted that on November 3, 2020, Aksia sent a letter regarding Sixth Street Specialty Lending Europe II, L.P. to the PSERB. This letter is publicly available on the PSERS website at <https://www.psers.pa.gov/About/Board/Resolutions/Documents/2020/2020-50.pdf>. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

274. Admitted that on December 3, 2020 in resolution no. 2020-50, the PSERB voted to “invest[] an amount not to exceed \$125 million plus reasonable normal investment expenses, in Sixth Street Specialty Lending Europe II, L.P. (and/or related investment vehicles), in accordance with the recommendation of James F. Del Gaudio, Senior Portfolio Manager, dated November 16, 2020 and Aksia, LLC dated November 3, 2020.” The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

275. Admitted that on November 3, 2020, Aksia sent a letter regarding Sixth Street Specialty Lending Europe II, L.P. to the PSERB. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

276. Admitted that on January 25, 2019, Hamilton Lane sent a letter regarding Searchlight Capital III, L.P. to the PSERB that contains the quoted language. This letter is publicly available on the PSERS website at <https://www.psers.pa.gov/About/Board/Resolutions/Documents/2019/Res-10.pdf>. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

277. Admitted that on March 8, 2019, in resolution no. 2019-10, the PSERB voted to "invest[] an amount not to exceed \$150 million plus reasonable normal investment expenses, in Searchlight Capital III, L.P. (and/or related investment vehicles), in accordance with the recommendation of Darren C. Foreman, Senior Portfolio Manager, Private Markets, and James F. Del Gaudio, Portfolio Manager, dated February 19, 2019 and Hamilton Lane, dated January 25, 2019." The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

278. Admitted that on January 25, 2019, Hamilton Lane sent a letter regarding Searchlight Capital III, L.P. to the PSERB. The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

279. Admitted that the April 1, 2019 letter from Hamilton Lane to the PSERB, which plaintiffs purport to attach in Exhibit 12, contains the quoted language. The content of that

document speaks for itself, and no response to plaintiffs' characterization of the document is required.

280. Admitted that on August 9, 2019, in resolution no. 2019-36, which plaintiffs purport to attach in Exhibit 12, the PSERB voted to "invest[] an amount not to exceed \$300 million plus reasonable normal investment expenses, in Platinum Equity Capital Partners V, L.P. (and/or related investment vehicles), in accordance with the recommendation of Luke M. Jacobs, Portfolio Manager, dated April 29, 2019 and Hamilton Lane, dated April 1, 2019." The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

281. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

282. Admitted that a May 21, 2019 online article on the website "Private Equity Stakeholder Project" states: "Private equity firm Platinum Equity acquired prison, jail, and detention service provider Securus Technologies in November 2017"; "Securus' exorbitant phone charges and fees isolate communities of color and poverty and limit opportunities for growth and rehabilitation"; and "Securus faces increasing legislative and regulatory oversight ... and it has faced public regulatory admonishment and millions of dollars in fines." The content of that document speaks for itself, and no response to plaintiffs' characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

283. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

284. Admitted that alternative investments may be less liquid than traditional publicly-traded investments. Denied that plaintiffs have completely described all factors to consider when an individual or entity decides whether to invest in so-called “alternative investments.”

285. Admitted that so-called “alternative investments” carry certain risks, but denied that plaintiffs have completely described all factors to consider when an individual or entity decides whether to invest in alternative investments, which can be profitable, preserve capital in volatile markets while improving long-term risk adjusted returns, and have a place in a diversified investment portfolio. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

11. The Harrisburg Property Purchases

286. Admitted that on December 8, 2017, in resolution no. 2017-61, the PSERB voted to “invest[] an amount not to exceed \$5 million, in 812 Market, LLC for the purpose of acquiring real property located in Harrisburg, Pennsylvania, in accordance with the recommendation of Charles J. Spiller, Deputy Chief Investment Officer, Non-Traditional Investments, dated December 6, 2017.” Admitted that on December 5, 2018, in resolution no. 2018-63, the PSERB voted to “invest[] an amount not to exceed \$1 million, via its interest in 812 Market, Inc., for the purpose of acquiring real property located at 23, 27, and 31 N. 10th Street in Harrisburg, Pennsylvania, in accordance with the recommendation of Charles J. Spiller, Deputy Chief Investment Officer, Non-Traditional Investments, dated December 5, 2018.” Admitted that on December 7, 2018, in resolution no. 2018-64, the PSERB voted to “invest[] an amount not to exceed \$2 million, via its interest in 812 Market, Inc., for the purpose of acquiring real property known as the Publications Building in Harrisburg, Pennsylvania, pursuant to Act 128 of 2018, and in accordance with the recommendation of Charles J. Spiller, Deputy Chief Investment Officer,

Non-Traditional Investments, dated December 5, 2018.” Admitted that on January 17, 2019, in resolution no. 2019-04, the PSERB voted to “invest[] an amount not to exceed \$200,000, via its interest in 812 Market, Inc., for the purpose of acquiring real property located at 1000 Market Street in Harrisburg, Pennsylvania, in accordance with the recommendation of Glen R. Grell, Executive Director, dated January 17, 2019.” Answering further, Aon states that it has not had any involvement in PSERS’ investment in or holding of real property in Harrisburg, Pennsylvania. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

287. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

288. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

289. Admitted that the parcels of land referred to as 812 Market Street are part of PSERS’ Real Estate Portfolio in the Private Real Estate Composite. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

290. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

291. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

292. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

293. Admitted that on April 18, 2021, The Philadelphia Inquirer reported that “[t]he FBI is investigating the purchase of millions of dollars in real estate in Harrisburg[,] ... digging into the PSERS fund’s authorization of \$13.5 million in spending in recent years to purchase and demolish buildings near its headquarters in the state capital.” The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required.

294. Admitted that on June 8, 2021, Penn Live News reported that: “The fund has created about a half-dozen nonprofits to hold titles to its 15 or so real estate investments around the nation, IRS records show. While the statement Monday cites only one, 812 Market Inc. public records show that the same flawed language is in the filings for two other PSERS nonprofits, one for its headquarters building and another for a mall property in San Antonio, Texas.” This article is publicly available at <https://www.pennlive.com/news/2021/06/facing-fbi-probe-psers-backtracks-on-disclosure-that-staffers-were-on-both-sides-of-real-estate-dealings.html>. The content of that document speaks for itself, and no response to plaintiffs’ characterization of the document is required. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

295. Admitted that State Senator Katie J. Muth filed a lawsuit styled *Muth v. PSERS, et al.*, Case No. 182 M.D. 2021, in Pennsylvania state court. Aon further answers that this paragraph contains legal conclusions to which no response is required. Further, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments.

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

296. Admitted that Aon contracts with PSERS to provide reimbursement from Aon to PSERS staff for travel costs related to travel to Aon’s office, or to investment conferences or

training seminars sponsored by Aon, up to a maximum of \$10,000 per calendar year (2013–2018 and 2019 contracts) and \$25,000 per calendar year (2019–2024 contract). Denied that Aon provided any travel arrangements for PSERS staff. Further denied that any reimbursements were for travel at “extravagant” cost or to “exotic locations.” Aon admits that Hamilton Lane’s purported contract with PSERS states: “the Consultant shall reimburse the Client for the reasonable travel expenses actually incurred by the Client, if any, for each contract year (i) for travel to Consultant’s location for due diligence and/or to discuss performance results, economic outlook, investment strategy, organization changes and other pertinent matters and (ii) to attend investment conferences, training, seminars or similar events sponsored by Consultant.... The reimbursable expenses for each of (i) or (ii), above, shall not exceed \$10,000 per calendar year.” (TAC Exhibit 5, Hamilton Lane 2017–2022 contract, Rider B ¶ 10(b).) Aon admits that Aksia’s purported 2015–2020 and 2021–2026 contracts with PSERS also have provisions that address PSERS staff travel (TAC Exhibit 7, Aksia 2015–2020 contract, Rider A ¶ 1; TAC Exhibit 8, Aksia 2021–2026 contract, Rider I ¶ C.22). Otherwise, as to Hamilton Lane and Aksia, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

297. Admitted that Aon contracts with PSERS to provide reimbursement from Aon to PSERS staff for travel costs related to travel to Aon’s office, or to investment conferences or training seminars sponsored by Aon, up to a maximum of \$10,000 per calendar year (2013–2018 and 2019 contracts) or \$25,000 per calendar year (2019–2024 contract). As to Hamilton Lane and Aksia, other than the relevant provisions in the contracts plaintiffs attached as exhibits to the TAC, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment. As to what plaintiffs consider “[a] substantial portion” or which

trips plaintiffs' allegations refer to, after a reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

298. Denied that Aon treated PSERS travel expenses as "an expense of the underlying investment vehicle itself." Aon reimbursed PSERS travel expenses consistent with its obligations. Further responding, Aon did not recommend or direct PSERS' non-traditional investments. As to Hamilton Lane and Aksia, after a reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment. Plaintiffs' characterization of the effect on the "Class Member contribution increase requirement" is a conclusion of law to which no response is required.

13. The Attempt to Re-Write History

299. Plaintiffs' characterization of 24 Pa. C.S. § 8321(b) is a conclusion of law to which no response is required.

300. Admitted that the PSERB did not implement shared-risk contribution increases pursuant to 24 Pa. C.S. § 8321(b) to PSERS member contribution rates in 2014 or 2017.

301. Plaintiffs' characterization of 24 Pa. C.S. § 8321(b) is a conclusion of law to which no response is required.

302. Admitted, upon information and belief, that Buck provided actuarial services to PSERS in connection with the shared risk assessment that occurred in 2020. In its December 3, 2020 presentation to the PSERB, which is publicly available on the PSERS website at <https://www.psers.pa.gov/About/Board/Resolutions/Documents/2020/PSERS%202020%20Valuation%20Board%20Presentation%20Dec%203.pdf>, and its June 30, 2020 Actuarial Valuation Report, which is available at <https://www.psers.pa.gov/FPP/Publications/General/Documents/2020%20PSERS%20Val%20Re>

port.pdf, Buck stated that “[t]he geometric average of the annual interest rates adopted by the Board over the 9-year period less 1.00% is 6.36%.”

303. Admitted that plaintiffs’ Exhibit 13 purports to be a letter dated August 12, 2020 from Pennsylvania Treasurer Joseph Torsella to Glen Grell that “request[s] additional information regarding issues that were brought to my attention after the August 7, 2020 general board meeting for the Public School Employees’ Retirement System.” The letter is a document that speaks for itself. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

304. Admitted that plaintiffs’ Exhibit 13 includes a letter, dated August 12, 2020, that appears to be from Pennsylvania Treasurer Joseph Torsella to Glen Grell. That letter is a document that speaks for itself. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments of this paragraph.

305. Admitted that plaintiffs’ Exhibit 14 includes a letter, dated September 1, 2020, that appears to be from Grell to Pennsylvania Treasurer Torsella. That letter is a document that speaks for itself. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the remaining averments of this paragraph.

306. Admitted that Exhibit 14, which purports to be a September 1, 2020 letter from Grell to Pennsylvania Treasurer Torsella, contains the quoted language. Denied that the bold emphases appear in the original. That letter is a document that speaks for itself.

307. Admitted that Exhibit 14, which purports to be a September 1, 2020 letter from Grell to Pennsylvania Treasurer Torsella, contains the quoted language. Denied that the bold and underline emphases appear in the original. That letter is a document that speaks for itself.

308. Admitted that on December 3, 2020, the PSERB adopted Buck's June 30, 2020 Valuation Board Presentation, which is publicly available on the PSERS website at <https://www.pfers.pa.gov/About/Board/Resolutions/Documents/2020/PSERS%202020%20Valuation%20Board%20Presentation%20Dec%203.pdf>. Further admitted that page eight of that presentation indicates that the "geometric average time-weighted rate of return, net of fees, for the nine-year period ending June 30, 2020 is 6.38% per annum, as calculated by Aon." Further admitted that page ten of that presentation states: "The geometric average time-weighted market rate of return, net of fees, of 6.38% is greater than 6.36% (average of the annual interest rates adopted by the Board over the same 9-year period less 1.00%). Therefore, the Shared Risk contribution rate is zero." Further admitted that in resolution no. 2020-52, dated December 3, 2020, the PSERB did not implement increases to the contribution rates of any PSERS members. Denied that these figures represent any "shared risk analysis" by Aon.

309. Admitted that on December 3, 2020, Aon and Grossman were aware that the PSERS nine-year return would have been 6.34% if the Comprehensive Annual Financial Reports values were used. Denied that Aon's performance calculations were in any way improper. As to what Grell and Carl knew or believed, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

310. Denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS, including, but not limited to, providing objective performance reports to the PSERB. As to what Grossman, Grell, and Carl knew or believed, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment. What Grossman, Grell, and Carl reasonably should have known is a conclusion of law to which no response is required.

311. Denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS, including, but not limited to, providing objective performance reports to the PSERB. As to what Grossman and Grell believed or intended, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

312. Denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS, including, but not limited to, when calculating PSERS' monthly, quarterly, and annual performance reports. Further denied that Aon's calculation processes are, in any way, "unorthodox" or improper. Aon is a leader in the investment consultant industry and its practices are consistent with industry standards. As to Wilshire's purported practices, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

313. This paragraph contains a legal conclusion to which no response is required. To the extent a response is required, denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

314. This paragraph contains a legal conclusion to which no response is required. To the extent a response is required, denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Aon further answers that an audit of Aon's calculations was completed by ACA, an independent auditor, prior to the December 3, 2020 PSERB meeting.

315. Admitted that plaintiffs purport to attach a March 5, 2021 letter from Aon to PSERS as Exhibit 15. That letter is a document that speaks for itself. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the document they attached as Exhibit 15.

316. Admitted that, on March 26, 2021, the PSERB issued an online media statement regarding member contribution rates, which is publicly available at https://www.media.pa.gov/pages/Public-School-Employees-Retirement-System_details.aspx?newsid=134. That statement speaks for itself. Denied that the bold and underline emphases appear in the original.

317. Admitted that, on April 16, 2021, Aon sent a letter to PSERS. Plaintiffs purport to attach a copy of the letter to the TAC as Exhibit 16, which document is heavily redacted and does not include all of the language quoted in paragraph 221. Denied that the bold and underline emphases appear in the original. Also denied that plaintiffs have accurately quoted the document they attached as Exhibit 16. The letter speaks for itself.

318. Admitted that 6.34% is lower than 6.36% and, as a result, the 6.36% statutory hurdle was not reached. Denied that there was any change in the actual nine-year rate of return.

319. Admitted that on April 19, 2021, the PSERB passed resolution no. 2021-16 amending resolution no. 2020-52. Resolution no. 2021-16 is publicly available on the PSERS website at <https://www.psers.pa.gov/About/Board/Resolutions/Pages/2021-Board-Meeting-Resolutions.aspx>. Denied that resolution no. 2021-16 contains the quoted language, which instead appears in a PSERS online media statement that can be found at https://www.media.pa.gov/pages/Public-School-Employees-Retirement-System_details.aspx?newsid=140.

320. Admitted that, on April 19, 2021, in resolution no. 2021-16, the PSERB “certifie[d] the T-E member contribution rate of 8.0%, T-F member contribution rate of 10.8%, T-G member contribution rate of 9.0% (Defined benefit rate 6.25%; DC rate 2.75%) and T-H member contribution rate of 8.25% (Defined benefit rate 5.25%; DC rate 3.00%) for the three-year period

from July 1, 2021 to June 30, 2024 in accordance with the Shared Risk provisions of PSERS' Retirement Code.”

321. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

322. Admitted that on April 19, 2021, in resolution no. 2021-16, the PSERB “certifie[d] the T-E member contribution rate of 8.0%, T-F member contribution rate of 10.8%, T-G member contribution rate of 9.0% (Defined benefit rate 6.25%; DC rate 2.75%) and T-H member contribution rate of 8.25% (Defined benefit rate 5.25%; DC rate 3.00%) for the three-year period from July 1, 2021 to June 30, 2024 in accordance with the Shared Risk provisions of PSERS' Retirement Code.” Also admitted that the chart plaintiffs reproduces in paragraph 226 is publicly available on the PSERS website at <https://www.psers.pa.gov/Active-Members/NewToPSERS/Pages/sharedriskfaq.aspx> under the heading “Who has to contribute more?” Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

323. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

324. This paragraph contains conclusions of law to which no response is required. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

325. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully

and lawfully performed its obligations to PSERS. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

326. This paragraph is a conclusion of law to which no response is required.

327. This paragraph is a conclusion of law to which no response is required.

328. This paragraph is a conclusion of law to which no response is required.

329. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

330. This paragraph is a conclusion of law to which no response is required.

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

331. Plaintiffs' characterizations of Aon's, Aksia's, Portfolio Advisors', and Hamilton Lane's contractual, statutory, and common law duties are conclusions of law to which no response is required. Admitted that PSERS' purported contracts with these parties are attached as plaintiffs' Exhibits 3–5, 7–11. These documents speak for themselves.

332. This paragraph contains a conclusion of law to which no response is required. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

333. Denied that Aon committed any wrongdoing that caused injury to plaintiffs or anyone else. Aon has, at all times, fully and lawfully performed its obligations to PSERS. As to Aksia, Portfolio Advisors, and Hamilton Lane, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

334. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

335. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

336. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

337. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

338. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, denied. Although Aon may rely on other entities for data utilized in its calculations, Aon calculates certain relevant performance, including certain returns for PSERS' various composites and total plan return. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

339. Denied. Although Aon may rely on other entities for data utilized in its calculations, Aon calculates certain relevant performance, including certain returns for PSERS' various composites and total plan return. Aon has, at all times, fully and lawfully performed its obligations to PSERS. After reasonable investigation, Aon is with knowledge or information sufficient to form a belief as to the truth of the averments relating to the actions of Portfolio Advisors, Hamilton Lane, and Aksia.

340. Denied. Although Aon may rely on other entities for data utilized in its calculations, Aon calculates certain relevant performance, including certain returns for PSERS' various composites and total plan return. However, in the scope of its work for PSERS, Aon does not

“value” investments. Aon has, at all times, fully and lawfully performed its obligations to PSERS. After reasonable investigation, Aon is with knowledge or information sufficient to form a belief as to the truth of the averments relating to the actions of Portfolio Advisors, Hamilton Lane, and Aksia.

341. After reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of the averment as it relates to the actions of Portfolio Advisors, Hamilton Lane, and Aksia. Denied that Aon does not calculate gross returns for any investments. Aon calculates and reports performance to PSERS, which includes certain returns for PSERS various composites (which may include asset classes plaintiffs have characterized as “alternative”) and total plan return. Where gross of fee NAVs are available for certain investments, Aon does calculate gross of fee returns. Where NAVs are reported net of fees, Aon does not calculate gross of fee returns. Aon has, at all times, fully and lawfully performed its obligations to PSERS, including with respect to reporting on the performance of certain PSERS investments.

342. This paragraph is a conclusion of law to which no response is required. To the extent a response is required, Aon states that it has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS. Aon denies that it recommended “inappropriate investments that caused significant additional plan losses to the Fund” or that it “failed to recommend that PSERS jettison the overly expensive funds in the portfolio lineup.” Aon consulted the PSERB on PSERS’ overall asset allocation and investments in publicly-traded assets. Aon was not responsible for recommending, and did not recommend, “alternative” or private market investments to PSERS. Further responding that the PPMAIRC report was directed to the Governor of Pennsylvania and PSERS published a response to the report pursuant to PSERB resolution no. 2017-41, which is publicly available at

<https://www.psers.pa.gov/About/Board/Resolutions/Documents/2018/res41.pdf>. As to Hamilton Lane and Aksia, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

343. Admitted that plaintiffs purport to attach a report prepared by CEM Benchmarking at Exhibit 17. Denied that plaintiffs has accurately quoted the document attached as Exhibit 17. That report is a document that speaks for itself and no response is required to plaintiffs' characterization of the document.

344. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, denied that Aon committed any wrongdoing that caused injury to plaintiffs or anyone else. Aon has, at all times, fully and lawfully performed its obligations to PSERS. As to Aksia, Portfolio Advisors, and Hamilton Lane, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment

345. Denied. Aon admits that PSERS' asset allocation included leverage in 2017, 2018, 2019, 2020, and 2021, but states that it has, at all times, fully and lawfully performed its obligations to PSERS. Further responding, Aon was not responsible for recommending, and did not recommend, "alternative" or private-market investments to PSERS. As to Aksia and Hamilton Lane, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment. This paragraph contains a conclusion of law to which no response is required.

346. Aon admits that PSERS' asset allocation included actively-managed funds in 2017, 2018, 2019, 2020, and 2021, but also included index funds during those years. Aon's asset allocation assumes passive management for all asset classes where passive management is available. As to Aksia and Hamilton Lane, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment. By way of further response, Aon states that plaintiffs

have not completely described all factors to be considered in crafting a diversified investment portfolio, which can properly comprise both “indexed-type investments” and “actively-managed funds.”

347. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

348. Admitted that in March and April 2021, including in resolution nos. 2021-12, 2021-13, and 2021-15, the PSERB authorized the engagement of several law firms, including Pillsbury Winthrop Shaw Pittman LLP, Sidley Austin LLP, and Morgan, Lewis & Bockius LLP, to “represent and provide guidance to the Board in matters relating to a federal investigation and any collateral issues related thereto.” Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

349. Admitted that on April 8, 2021, PSERS issued an online media statement that “PSERS has been served with a grand jury subpoena for documents and is cooperating fully with the request by the U.S. Attorney’s Office in the Eastern District of Pennsylvania. To protect the interests of its members, outside counsel has been hired by the Board of Trustees to not only respond to this document subpoena but conduct an investigation into the calculation of the shared risk rate and the basis for the subpoena.” The statement can be found at https://www.media.pa.gov/pages/Public-School-Employees-Retirement-System_details.aspx?newsid=138. Otherwise, after reasonable investigation, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

350. Denied that Aon committed any wrongdoing that caused injury to plaintiffs or anyone else. Aon has, at all times, fully and lawfully performed its obligations to PSERS. As to Aksia, Portfolio Advisors, and Hamilton Lane, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

351. This paragraph contains a legal conclusion to which no response is required. To the extent a response is required, Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

352. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

353. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

354. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, denied on the basis that PSERS investments, by asset class, are published each year in PSERS' Comprehensive Annual Financial Report. Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other

individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

355. Admitted that on June 10, 2021, State Treasurer Stacy Garrity, the Acting Secretary Noe Ortega, Former State Treasurer Joseph M. Torsella, Secretary of Banking and Securities Richard Vague, State Senator Katie J. Muth, and Chief Executive Officer of the Pennsylvania School Board Association sent a letter to Christopher SantaMaria. It is further admitted that letter contained the chart set forth in this paragraph of the TAC and stated that the chart showed that PSERS' "allocation of 62.6% to alternatives – investments other than publicly traded stocks and bonds – is more than double the size of other plans: Public (27.9%), Union (25.6%) and Corporate (16.8%)." The letter speaks for itself.

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

356. Denied. Aon denies that it has committed any wrongdoing. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Aon further denies that it has caused any delay or obstruction to plaintiffs, or that it has "engaged in prolonged concealment" of any relevant facts. Aon has, and will continue to, comply with any and all court rules and obligations, including with respect to any discovery obligations Aon may have. Further denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

357. Admitted that plaintiff Steinke propounded document requests upon Aon during the first half of 2022, certain of which seek information related to "fees, costs, and charges." Denied that those requests were "discrete" or that all of plaintiff Steinke's requests were appropriately relevant, narrow, and specific. Further denied that plaintiffs have accurately characterized "fees, costs, and charges" as a "surcharge." Further denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

358. Admitted to the extent that Aon has responded to plaintiff Steinke's document requests and those written responses indicate Aon will produce certain documents in response to the document requests. Denied that Aon has not produced any documents. As plaintiffs allege in paragraph 364, Aon has begun producing documents. Further denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

359. Denied that Aon has not produced any documents. As plaintiffs allege in paragraph 364, Aon has begun producing documents. Denied that Aon advised plaintiff's counsel that it will not produce documents until Portfolio Advisors and Aksia agreed to the terms of a protective. Aon has agreed not to delay production of documents based upon the lack of entry of a protective order, subject to all parties' agreement to treat the documents as confidential or highly confidential/attorneys' eyes only (as designated by Aon). Admitted following PSERS' assertion of the deliberative process privilege over documents in Aon's possession, and the Court's May 24, 2022 order sustaining some of PSERS' claims regarding the privilege, Aon has repeatedly told plaintiffs' counsel that it intends to produce certain documents after PSERS has engaged in its privilege review. Further denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

360. Admitted that Aon, Hamilton Lane, and plaintiff Steinke agreed on the terms of a protective order prior to the appearance of defendants Portfolio Advisors and Aksia in this matter. Denied that plaintiffs "allowed" Aon to submit any of its documents to PSERS for review. Following PSERS' assertion of the deliberative process privilege over documents in Aon's possession, and the Court's May 24, 2022 order sustaining some of PSERS' claims regarding the privilege, Aon has repeatedly told plaintiffs' counsel that it intends to produce certain documents

after PSERS has engaged in its privilege review. Denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

361. Denied. Upon information and belief, the parties have agreed to a protective order. Denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

362. Admitted that, on May 9, 2022, the Court ordered Hamilton Lane and Aon to product documents responsive to plaintiffs' requests. Admitted that Hamilton Lane produced certain documents. Denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

363. This paragraph contains a conclusion of law to which no response is required. Further, this paragraph is not directed at Aon and, therefore, it makes no response thereto. Denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

364. Admitted that Aon produced certain documents. Further admitted that following PSERS' assertion of the deliberative process privilege over documents in Aon's possession, and the Court's May 24, 2022 order sustaining some of PSERS' claims regarding the privilege, Aon tendered documents to PSERS for its review. Denied that plaintiffs have inquired regarding the status of the review or that Aon has withheld any information about the status of the review from plaintiff. Further denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

365. Admitted, upon information and belief, that PSERS has produced a privilege log to Hamilton Lane. Further admitted, upon information and belief, that no document or privilege logs have yet been produced to plaintiffs as a result of PSERS' privilege review. Denied that this allegation is relevant to plaintiffs' proof of any cause of action or claim.

366. Admitted that Aon, Hamilton Lane, and plaintiff Steinke agreed on the terms of a protective order prior to the appearance of defendants Portfolio Advisors and Aksia in this matter. Further admitted that, in the interest of judicial economy, Aon insisted that the “new Defendants” be given the opportunity to agree to a protective order that would govern the exchange of documents and information in this case. Denied that this allegation is relevant to plaintiffs’ proof of any cause of action or claim.

367. Denied. The parties have agreed to a protective order. Denied that this allegation is relevant to plaintiffs’ proof of any cause of action or claim.

368. Denied that Aon is “refusing to make disclosures to the Plan participants.” Aon has, and will continue to, comply with any and all court rules and obligations, including with respect to any discovery obligations Aon may have. Further denied that Aon’s action or inactions caused any injury or damage to plaintiffs or the putative class, and denied that this allegation is relevant to plaintiffs’ proof of any cause of action or claim.

CLASS ACTION ALLEGATIONS

369. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here. Aon denies any allegations of wrongful conduct. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

370. Aon admits only that plaintiffs purport to bring this action as a class action. Aon denies that a class should be certified and denies that it has engaged in “wrongful conduct.”

371. This paragraph contains a legal conclusion to which no response is required. To the extent a response is required, Aon admits only that plaintiffs’ paragraph 371 purports to define a class. Aon denies that a class should be certified.

372. This paragraph contains a legal conclusion to which no response is required. To the extent a response is required, Aon admits only that plaintiffs' paragraph 372 purports to define a class. Aon denies that a class should be certified. Aon further denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

373. This paragraph contains a legal conclusion to which no response is required. To the extent a response is required, Aon admits only that plaintiffs' paragraph 373 purports to define a class. Aon denies that a class should be certified. Aon further denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

374. This paragraph contains conclusions of law to which no response is required. To the extent that a response is required, Aon denies that a class should be certified.

375. This paragraph contains conclusions of law to which no response is required.

376. This paragraph contains conclusions of law to which no response is required.

377. This paragraph contains a conclusion of law to which no response is required.

378. This paragraph contains conclusions of law to which no response is required. To the extent a response is required, after reasonable investigation, Aon lacks information sufficient to form a belief as to the truth of the averments in this paragraph.

379. This paragraph contains conclusions of law to which no response is required.

380. This paragraph contains conclusions of law to which no response is required.

381. This paragraph contains conclusions of law to which no response is required.

382. This paragraph contains a conclusion of law to which no response is required.

383. Aon admits only that plaintiffs purport to plead their allegations in the alternative.

384. Aon admits only that plaintiffs purport to demand a jury trial.

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

385. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

386. Plaintiffs' characterization of the duties Aon allegedly owed PSERS and its participants and beneficiaries is a conclusion of law to which no response is required.

387. Plaintiffs' characterization of the duties Aon allegedly owed PSERS and its "Plan participants" is a conclusion of law to which no response is required.

388. Plaintiffs' characterization of the duties Aon allegedly owed PSERS' "Plan participants" is a conclusion of law to which no response is required.

389. This paragraph contains a conclusion of law to which no response is required. Further, Aon denies that it breached a fiduciary duty. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

390. This paragraph contains a conclusion of law to which no response is required. Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

391. This paragraph contains a conclusion of law to which no response is required. Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

392. This paragraph contains a conclusion of law to which no response is required. Aon denies plaintiffs' characterization that certain unidentified investments "were unsuitably expensive[.]" Aon further denies plaintiffs' characterization that it is "almost impossible to compute the true rate of return" for certain unidentified investments. Further answering, Aon has, at all times, fully and lawfully performed its obligations to PSERS.

393. Plaintiffs' characterization of Aon's alleged duties and obligations, along with their characterization of plaintiffs' increased contributions as a "surcharge," are conclusions of law to which no response is required. To the extent a response is required, denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Further answering, Aon's asset-liability studies, and any subsequent advice on asset allocation, incorporate contributions from PSERS' members when considering total member contributions and asset projections used in Aon's analyses. To the extent Aon is tasked with advising PSERS on its investment strategy, including asset allocation, total contributions is the relevant consideration. Aon was, at all relevant times, aware of and considered total contributions in its analysis as appropriate.

394. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, denied on the basis that Aon's actions and/or inactions were not wrongful. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

395. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, Aon has, at all times, carried out its duties and obligations consistent with industry standards and fully and lawfully performed its obligations to PSERS.

396. This paragraph contains a legal conclusion of law to which no response is required. To the extent a response is required, Aon denies that plaintiffs and/or the putative class are entitled to any relief whatsoever, including but not limited to equitable relief.

WHEREFORE, Aon respectfully requests that the Court enter judgment in its favor and against plaintiffs, together with its costs and other such relief as the Court deems just and proper.

COUNT II
BREACH OF FIDUCIARY DUTY
AGAINST PORTFOLIO ADVISORS LLC

397. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

398. Aon has no obligation to answer allegations directed at a different party.

399. Aon has no obligation to answer allegations directed at a different party.

400. Aon has no obligation to answer allegations directed at a different party.

401. Aon has no obligation to answer allegations directed at a different party.

402. Aon has no obligation to answer allegations directed at a different party.

403. Aon has no obligation to answer allegations directed at a different party.

404. Aon has no obligation to answer allegations directed at a different party.

405. Aon has no obligation to answer allegations directed at a different party.

406. Aon has no obligation to answer allegations directed at a different party.

407. Aon has no obligation to answer allegations directed at a different party.

COUNT III
BREACH OF FIDUCIARY DUTY
AGAINST HAMILTON LANE ADVISORS L.L.C.

408. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

409. Aon has no obligation to answer allegations directed at a different party.

410. Aon has no obligation to answer allegations directed at a different party.

411. Aon has no obligation to answer allegations directed at a different party.

412. Aon has no obligation to answer allegations directed at a different party.

413. Aon has no obligation to answer allegations directed at a different party.

414. Aon has no obligation to answer allegations directed at a different party.

415. Aon has no obligation to answer allegations directed at a different party.

416. Aon has no obligation to answer allegations directed at a different party.

417. Aon has no obligation to answer allegations directed at a different party.

418. Aon has no obligation to answer allegations directed at a different party.

COUNT IV
BREACH OF FIDUCIARY DUTY
AGAINST AKSIA LLC

419. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

420. Aon has no obligation to answer allegations directed at a different party.

421. Aon has no obligation to answer allegations directed at a different party.

422. Aon has no obligation to answer allegations directed at a different party.

423. Aon has no obligation to answer allegations directed at a different party.

424. Aon has no obligation to answer allegations directed at a different party.

425. Aon has no obligation to answer allegations directed at a different party.
426. Aon has no obligation to answer allegations directed at a different party.
427. Aon has no obligation to answer allegations directed at a different party.
428. Aon has no obligation to answer allegations directed at a different party.
429. Aon has no obligation to answer allegations directed at a different party.

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

430. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

431. Admitted that plaintiffs' Third Amended Complaint refers to "Aon" to include Aon Investments USA, Inc., Aon Hewitt Investment Consulting, Inc., and Hewitt EnnisKnupp, Inc.

432. Admitted that PSERS entered into purported contracts with Aon, Aksia, Hamilton Lane, and Portfolio Advisors, which are attached as Exhibits 3–5, 7–11 to plaintiffs' TAC. These documents speak for themselves.

433. Plaintiffs' characterization of the certain alleged duties that PSERS trustees, Grell, Grossman, Spiller, and Stalter owed to PSERS and its participants is a conclusion of law to which no response is required.

434. Plaintiffs' characterization of alleged duties that Aksia, Portfolio Advisors, and Hamilton Lane owed to PSERS and its participants is a conclusion of law to which no response is required.

435. Denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Plaintiffs' allegation that Grell, Grossman, Spiller, Stalter, Aksia, Portfolio Advisors, and

Hamilton Lane breached their fiduciary duties is a conclusion of law to which no response is required. To the extent this paragraph refers to all of plaintiffs' allegation throughout the TAC ("in all the ways alleged throughout this Third Amended Complaint"), Aon refers to its response to each and every allegation in this TAC.

436. Admitted only that Aon was aware of the requirement for a shared risk assessment imposed by Pennsylvania statute. Otherwise, denied to the extent plaintiffs suggest Aon recommended "investment vehicles that did not provide the targeted rates of return and/or had those rates diminished by excessive costs and fees." Aon consulted the PSERB on PSERS' overall asset allocation and investments in publicly-traded assets in accordance with the investment objectives set by the PSERB in PSERS' Investment Policy Statement ("IPS"). PSERS' current IPS is publicly available at [https://www.psers.pa.gov/About/Investment/Documents/Guide/IPS%20\(adopted\)%20FINAL.pdf](https://www.psers.pa.gov/About/Investment/Documents/Guide/IPS%20(adopted)%20FINAL.pdf). PSERS' previous IPS (2016–2020) is publicly available at [https://www.psers.pa.gov/About/Investment/Documents/Guide/Inv%20Policy%20Stmt%20\(approved%202019-12-06\).pdf](https://www.psers.pa.gov/About/Investment/Documents/Guide/Inv%20Policy%20Stmt%20(approved%202019-12-06).pdf). Aon has, at all times, fully and lawfully performed its obligations to PSERS. Further responding, any investment or diversified portfolio is expected to have a range of potential returns for any single year with no guarantees. In addition, the expected returns for many passive publicly-traded asset classes do not meet PSERS' targeted rates of return in isolation. It is only through a diversified investment portfolio that PSERS has the opportunity to achieve its targeted rates of return over the long-term.

437. Denied. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Plaintiffs' allegation that Grossman, Grell, Spiller, and Stalter breached their fiduciary duties is a conclusion of law to which no response is required. Aon denies that its actions and/or

inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage. Aon consulted the PSERB on PSERS' overall asset allocation and investments in publicly-traded assets. Aon was not responsible for recommending, and did not recommend, "alternative" or private-market investments to PSERS. Further denied that Aon "alter[ed] investment performance figures." Aon's calculation and reporting processes are in no way improper. Aon is a leader in the investment consultant industry and its practices are consistent with industry standards

438. Plaintiffs' allegation that Grell and Grossman breached their fiduciary duties is a conclusion of law to which no response is required To the extent a response is required, denied that Aon provided any assistance in furthering Grell and Grossman's alleged fiduciary breaches. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage.

439. This paragraph contains conclusions of law to which no response is required. To the extent a response is required, denied that any asset allocation advice provided to PSERS by Aon violated any alleged fiduciary duty. Aon has, at all times, fully and lawfully performed its obligations to PSERS. Further,.

440. This paragraph contains conclusions of law to which no response is required. To the extent a response is required, denied that Aon aided and abetted any alleged fiduciary breaches. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

441. This paragraph contains conclusions of law to which no response is required. To the extent a response is required, denied that Aon knew of any alleged fiduciary breaches. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

442. This paragraph contains a conclusion of law to which no response is required. To the extent a response is required, Aon denies that its actions and/or inactions caused an increased contribution obligation from plaintiffs or any other individual and denies that its actions or inactions caused plaintiffs or any other individual any injury or damage.

443. This paragraph contains a conclusion of law to which no response is required.

WHEREFORE, Aon respectfully requests that the Court enter judgment in its favor and against plaintiffs, together with its costs and other such relief as the Court deems just and proper.

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

444. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

445. Aon has no obligation to answer allegations directed at a different party.

446. Aon has no obligation to answer allegations directed at a different party.

447. Aon has no obligation to answer allegations directed at a different party.

448. Aon has no obligation to answer allegations directed at a different party.

449. Aon has no obligation to answer allegations directed at a different party.

450. Aon has no obligation to answer allegations directed at a different party.

451. Aon has no obligation to answer allegations directed at a different party.

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453. Aon has no obligation to answer allegations directed at a different party.

- 454. Aon has no obligation to answer allegations directed at a different party.
- 455. Aon has no obligation to answer allegations directed at a different party.
- 456. Aon has no obligation to answer allegations directed at a different party.
- 457. Aon has no obligation to answer allegations directed at a different party.

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

458. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

- 459. Aon has no obligation to answer allegations directed at a different party.
- 460. Aon has no obligation to answer allegations directed at a different party.
- 461. Aon has no obligation to answer allegations directed at a different party.
- 462. Aon has no obligation to answer allegations directed at a different party.
- 463. Aon has no obligation to answer allegations directed at a different party.
- 464. Aon has no obligation to answer allegations directed at a different party.
- 465. Aon has no obligation to answer allegations directed at a different party.
- 466. Aon has no obligation to answer allegations directed at a different party.
- 467. Aon has no obligation to answer allegations directed at a different party.
- 468. Aon has no obligation to answer allegations directed at a different party.
- 469. Aon has no obligation to answer allegations directed at a different party.
- 470. Aon has no obligation to answer allegations directed at a different party.

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

471. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

472. Admitted that PSERS entered into contracts with Aon, and its predecessor entities, which plaintiffs purport to attach as Exhibits 9, 10, and 11 to plaintiffs' TAC. These documents speak for themselves.

473. Plaintiffs' characterization of the legal duties that Aon owed PSERS' participants is a conclusion of law to which no response is required.

474. This paragraph contains conclusions of law to which no response is required.

475. This paragraph contains conclusions of law to which no response is required.

476. This paragraph contains conclusions of law to which no response is required. To the extent a response is required, denied that Aon "breached its contractual and statutory obligations," "recommend[ed] unsuitable investments," or "improperly analyz[ed] and report[ed] on the Plan's investment returns." Aon has, at all times, fully and lawfully performed its obligations to PSERS, including with respect to its performance reporting and asset liability studies.

477. Admitted that Aon, and its predecessor entities, willingly entered into certain contracts with PSERS, which plaintiffs purport to attach as Exhibits 9, 10, and 11 to plaintiffs' TAC. As to how PSERS paid Aon for its services, Aon is without knowledge or information sufficient to form a belief as to the truth of this averment.

478. This paragraph contains conclusions of law to which no response is required. To the extent a response is required, it is denied that Aon breached its obligations, or caused harm to plaintiffs, the putative class, or PSERS. Aon has, at all times, fully and lawfully performed its obligations to PSERS.

WHEREFORE, Aon respectfully requests that the Court enter judgment in its favor and against plaintiffs, together with its costs and other such relief as the Court deems just and proper.

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

479. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

480. Aon has no obligation to answer allegations directed at a different party.

481. Aon has no obligation to answer allegations directed at a different party.

482. Aon has no obligation to answer allegations directed at a different party.

483. Aon has no obligation to answer allegations directed at a different party.

484. Aon has no obligation to answer allegations directed at a different party.

485. Aon has no obligation to answer allegations directed at a different party.

486. Aon has no obligation to answer allegations directed at a different party.

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

487. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

488. Aon has no obligation to answer allegations directed at a different party.

489. Aon has no obligation to answer allegations directed at a different party.

490. Aon has no obligation to answer allegations directed at a different party.

491. Aon has no obligation to answer allegations directed at a different party.

492. Aon has no obligation to answer allegations directed at a different party.

493. Aon has no obligation to answer allegations directed at a different party.

494. Aon has no obligation to answer allegations directed at a different party.

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

495. Aon incorporates its answers to all preceding and subsequent paragraphs of the TAC as if set forth in full here.

496. Aon has no obligation to answer allegations directed at a different party.

497. Aon has no obligation to answer allegations directed at a different party.

498. Aon has no obligation to answer allegations directed at a different party.

499. Aon has no obligation to answer allegations directed at a different party.

500. Aon has no obligation to answer allegations directed at a different party.

501. Aon has no obligation to answer allegations directed at a different party.

502. Aon has no obligation to answer allegations directed at a different party.

NEW MATTER

Without limiting or waiving any defense available to it, and without assuming the burden of pleading or proof that would otherwise lie with plaintiffs, defendant Aon hereby asserts the following matter:

1. Aon hereby incorporates its answers to all paragraphs of the TAC as if set forth in full here.

2. Plaintiffs fail to state a claim upon which relief can be granted.

3. Plaintiffs have not suffered any damages.

4. Plaintiffs' alleged injuries were caused or contributed to, in whole or part, by the acts or omissions of persons, parties, and/or organizations other than Aon and over whom Aon had no control, right of control, or responsibility. The members of the PSERB manage PSERS and make its investment decisions. Further, Portfolio Advisors, Hamilton Lane, and Aksia served as specialized PSERS consultants that advised PSERS and its Board on private equity, venture capital, private debt, alternative, private credit, private infrastructure, private real estate, and hedge fund investments.

5. Aon hereby incorporates by reference its answers to paragraphs 356–368 of the TAC as if set forth in full here. In paragraphs 356–368 of the TAC, Plaintiffs improperly raise concerns with Defendants' responses to Plaintiff Steinke's discovery requests. These concerns are irrelevant to the claims at issue in this case. Plaintiffs may not file pleadings regarding impertinent matters. *See* 231 Pa. Code § 1028(a)(2). Accordingly, paragraphs 356–368 of the TAC should be stricken.

6. Discovery may reveal that the TAC and/or any class member's claim is barred by estoppel.

7. Discovery may reveal that the TAC and/or any class member's claim is barred by release.

8. Discovery may reveal that the TAC and/or any class member's claim is barred by the statute of limitations. The statute of limitations is two years for breach of fiduciary claims (including aiding and abetting claims) and four years for breach of contract claims. *Melley v. Pioneer Bank, N.A.*, 834 A.2d 1191, 1200 (Pa. Super. Ct. 2003). If any named plaintiff and/or any class members had knowledge of the facts supporting their fiduciary duties claims prior to June

2019/2020 (specifically, that Aon breached its fiduciary duties in its reporting or advising concerning Plan investments), or their breach of contract claims prior to June 2017/2018, their claims are time-barred.

9. Discovery may reveal that the TAC and/or any class member's claim is barred by waiver.

10. Discovery may reveal that plaintiffs lack standing to bring this action. Because plaintiffs participate in a PSERS defined benefit plan, their retirement benefits are fixed and will not change based on any change to the market value of PSERS assets. Further, under 24 Pa. C.S. § 8502(m), any shared risk increases that plaintiffs might pay will be credited back to them, with interest. Additionally, plaintiffs allege they joined PSERS in 2016, 2018, and 2019, but bring claims for alleged conduct or inaction prior to those dates.

11. Aon pleads each and every defense, objection, and avoidance that may apply to this action.

12. Aon reserves the right to amend this answer and to assert any new matter that discovery reveals is applicable.

WHEREFORE, Aon respectfully requests that the Court enter judgment in its favor and against plaintiffs, together with its costs and other such relief as the Court deems just and proper.

Dated: October 7, 2022

/s/ Andrew K. Garden

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**Admitted Pro Hac Vice*

Counsel for Aon Investments USA, Inc.

VERIFICATION

I, Claire Shaughnessy, Partner, Client Services, hereby state that I am authorized to make this verification on behalf of Defendant Aon Investments USA, Inc. I verify that the averments and denials of fact made in the foregoing Answer and New Matter are true and correct to the best of my knowledge, information and belief, and that this verification is subject to the penalties of 18 Pa. C.S. § 4904, relating to unsworn falsification to authorities.

Dated: October 6, 2022



Claire Shaughnessy

CERTIFICATE OF SERVICE

I, Andrew K. Garden, Esquire, hereby certify that on the date set forth below I caused a true and correct copy of the foregoing answer and new matter to be electronically filed using the Court's electronic filing system, and that the document is available for downloading and viewing there to all counsel of record.

Dated: October 7, 2022

/s/ Andrew K. Garden