



Proposal for Investment Consulting Services

City and County of San Francisco Employees' Retirement System

March 29, 2016

Contact:

Kevin Vandolder, CFA

Partner

200 E. Randolph Street, Suite 1500

Chicago, IL 60601

t +1.847.771.4874

kevin.vandolder@aonhewitt.com

aon.com

March 29, 2016

Diane Chui Justen
Deferred Compensation Plan Manager
City and County of San Francisco Employees' Retirement System
1145 Market Street, 5th Floor
San Francisco, CA 94103

Delivered via email to: diane.chuijusten@sfgov.org

Dear Diane,

Thank you for including Aon Hewitt Investment Consulting, Inc., an Aon Company, as a candidate in your search for investment consulting services for the City and County of San Francisco Employees' Retirement System ("SFERS"). We believe that AHIC has the experience and capabilities necessary to be an effective long-term partner for SFERS investment consulting needs.

Our firm has a long history of serving trustees of large public plans, and we understand the challenges that come with that important responsibility. We believe that one of our key strengths is our ability to provide comprehensive asset allocation, investment policy, and implementation advice to our clients that draws from a global well of knowledge, expertise, research, and quantitative analysis. But also, our expertise is in tailoring that advice to each individual client. All advice that we give is customized to ensure it is right for each public plan's circumstances, risk tolerance, and financial objectives. We believe we can bring this expertise to SFERS.

The consulting team we have identified for SFERS and research specialists in our firm have great insight into the ever changing issues faced by those managing public funds. We believe our depth of resources, breadth of capabilities, and experience working in the public sector makes us strongly qualified for the role as your investment consultant. The proposed consulting team for SFERS is located in our Chicago, IL office.

This proposal is being signed by our Chief Administrative Officer, David Testore. David is authorized to submit and represent the information contained in this response on behalf of AHIC.

David Testore, Chief Administrative Officer

Aon Hewitt Investment Consulting, Inc., an Aon Company
200 E. Randolph Street, Suite 1500
Chicago, IL 60601
Tel: (312) 381-1307
Fax: (312) 381-1366
Email: david.testore@aonhewitt.com

Included in the Appendix are Aon Hewitt Investment Consulting's Form ADV, Part 2A and 2B.

Please contact us if there is any additional information you require or if we can make this proposal more responsive to your needs. We hope to have the opportunity to discuss our capabilities in more detail with you in-person in the near future. Thank you again for your consideration.

Sincerely,

Aon Hewitt Investment Consulting, Inc.



Kevin Vandolder
Partner



William Ryan
Associate Partner



David Testore
Chief Administrative Officer

Table of Contents

Introduction and Executive Summary	1
Statement of Qualifications	3
Previous Project Description and Sample Reports	5
Description of Services (“Services”):	5
Consulting Price Proposal	6
Scope of Services and Fees	6
References	8
Appendix A. RFP Questions	9
Firm Qualifications—Organizational Structure	9
Experience	14
Firm Information	20
Personnel	32
Investment Philosophy	36
Target Date Funds	53
Portfolio Construction	58
Retirement Assumptions	64
Participant Communication	68
Fees	69
Investment Policy	69
Cybersecurity Policy	72
Warranties	75
Other	77
Appendix	79
AHIC Form ADV, Part 2A	
AHIC Form ADV, Part 2B—Kevin Vandolder, William Ryan	
Sample Quarterly Performance Report	
Sample Contract	
<i>Go Big or Go Home : The Case for an Evolution in Risk Taking</i>	
<i>Custom DC Investments for Participant Success</i>	

To protect the confidential and proprietary information included in this material, it may not be disclosed or provided to any third parties without the approval of Aon Hewitt Investment Consulting, Inc., an Aon Company.

Introduction and Executive Summary

Aon Hewitt Investment Consulting

Aon Hewitt Investment Consulting, Inc. (AHIC) is well qualified to execute the requested scope of work. We are a full-service investment consulting firm that serves a wide array of clients, including public retirement systems, state investment boards, insurance companies, nonprofits, state and federal oversight entities, corporate pension funds, endowments, and foundations. Our history goes back 40 years through our legacy organizations. AHIC is one of the largest firms of its type in the U.S., with clients having combined assets of \$1.8 trillion as of June 30, 2015. While our size affords us efficiencies and depth of resources, we pride ourselves on high-touch, client centric consulting. The proposed consulting team for SFERS embodies this philosophy.

We are a stable firm with steady growth. We have carefully managed the growth in our firm and acquired specific expertise to cater to the wide range of specialized services that government entities and public funds seek. The quality and depth of our professional resources, alignment of our interests with our clients, and wide range of experience we have developed are well-respected in the industry.

We Offer SFERS an Experienced Team

The lead team we have identified for SFERS has 34 years of combined investment consulting experience. The proposed consultants, Kevin Vandolder, CFA, AHIC's DC Client Practice Leader, and William (Bill) Ryan, MBA, SPHR, Associate Partner, work with a wide variety of client types and have worked with public retirement systems throughout their tenures with the firm. Both Kevin and Bill have spoken frequently before industry groups on a broad range of topics pertaining to firm's policy and manager research. Bill has authored a research paper which can be found at: <http://www.aon.com/attachments/human-capital-consulting/custom-dc-investments-for-participant-success-wp-july2015.pdf>

They both currently work with several other public funds, and would bring a wealth of knowledge to the relationship. Kevin and Bill would serve as co-lead consultants on the relationship. The consulting team can expertly navigate the firm's extensive resources. Our professional staff includes industry experts spanning the full range of consulting disciplines including asset-liability modeling, asset allocation studies, investment policy development, analytical research, portfolio construction, investment manager searches and monitoring, custodian bank searches and monitoring, governance matters, risk analysis, and regulatory compliance. We do in-house training where we share information among partners and senior-level consultants. And we are constantly improving our capabilities.

We Understand the Public Sector

We are proud to be a trusted advisor to many of those who seek best practices in the public sector. We understand the many challenges and significant opportunities facing public systems. We understand the "fishbowl" environment in which public entities operate, where investment decisions are far more visible than they would be with a private-sector entity. We understand and fully appreciate that governing a public retirement system and managing its assets are difficult jobs. The fact that we have been retained as trusted advisors by 40+ public entities across the country with \$1.8 trillion in aggregate assets (as of June 30, 2015), including several of the top-ten public entities by size, showcases our commitment to the public sector.

At Aon Hewitt, we have a Public Fund Interest Group that shares news, issues, and best practices from public retirement systems, state investment boards, and other public sector clients. We regularly rely on this group of consultants for research, internal discussions, and dissemination of important information to our clients. The depth of public fund knowledge and expertise at Aon Hewitt benefits all of our large public sector clients.

For SFERS, we will bring seasoned, public sector-savvy consultants who have the insights, commitment and expertise to work successfully with public sector funds as we work to exceed your expectations while completing the requested scope of work. Much of their and the greater firm's experience is with the governing boards and investment staffs of other large public entities, such as those in Arkansas, California, Florida, Illinois, Kentucky, Louisiana, Nebraska, New York, Ohio, Pennsylvania, South Carolina, and Texas¹.

We Are Investment Consulting Experts

Our investment knowledge is deep and based on rigorous research and analysis. We are proud of the steady stream of topical research papers we have published that the institutional investment community values. Many times the topics we cover come from challenges raised or suggestions made by our clients. In that way we not only benefit our clients but also the larger investment community.

We have investment consultants working side by side with actuaries in our firm. We have an appreciation of the financial and investment challenges that SFERS' trustees and staff face, and we have the expertise to navigate such challenges. By leveraging our investment and actuarial expertise and our comprehensive analytic and modeling tools, databases, and decision resources, we will work to ensure you receive investment consulting services that meet your needs.

We Promote Governance Best Practices

AHIC has demonstrated a genuine sensitivity to the complex elements of good governance processes. This is reflected in the way we approach our work. We first seek to fully understand the way your investment decisions are made, what responsibilities are retained by SFERS and what are delegated, how oversight and monitoring activities are performed, and how you define success.

With our clients we don't just look at numbers. We look at policies, procedures, accountability, and future planning. AHIC is experienced in problem solving at staff and board levels, and has significant experience in both strategic and tactical contexts. We are skilled in making sure our clients have smooth, efficient decision making, resolving concerns promptly, implementing changes on schedule and on budget, and moving complex portfolios forward as planned.

Our Research Capabilities Benefit Our Clients

We have structured our firm to focus heavily on research that's relevant to our clients. This includes a dedicated global asset allocation team, an investment policy services group, a global investment management team, and fiduciary services. These teams focus their efforts on issues such as market research, investment program structure, portfolio modeling, investment manager research, policy development, and governance best practices.

Producing thoughtful research papers is highly valued and rewarded in our firm. Therefore, research isn't merely an afterthought or a secondary function for our investment professionals—it is core to our business.

You have a large fund with an excellent reputation. We expect the competition to be extensive, but we hope that you will find that our knowledge, experience, and passion for excellence to be impressive.

¹ It is not known whether clients approve or disapprove of AHIC or the advisory services provided.

Statement of Qualifications

Statement of Qualifications including statement of respondent firm and team members' specific background and experience in providing investment consulting services to government organizations and/ or other relevant industry clients.

Aon Hewitt Investment Consulting, Inc., an Aon plc company (NYSE:AON), is an SEC-registered investment adviser, a CFTC-registered commodity pool operator, and a member of the NFA. We provide independent, innovative solutions to address the complex challenges of 488 clients in North America with total client assets of approximately \$1.8 trillion as of June 30, 2015. Our firm, consisting of over 300 colleagues, advises institutional investors such as corporations, public organizations, union associations, health systems, endowments, and foundations with investments ranging from \$1 million to \$310 billion.

We have in-depth expertise in defined contribution plans. According to Pensions and Investments—November 2014 Survey, AHIC is one of the largest investment consultant to corporate defined contribution plans in the U.S., with more than 300 defined contribution clients. We have significant resources devoted to our defined contribution plan services, including such areas as administrative, total plan cost analysis, communication strategies, and other areas specific to defined contribution plans. We can provide significant resources to SFERS in this area. As of June 30, 2015, AHIC provides investment consulting services to 317 defined contribution clients totaling \$750 billion in assets under advisement. Of those 317 clients, 45 have assets over \$2 billion as of the same date.

In constructing the specific consulting team assigned to SFERS, we take into account your specific requirements and portfolio structure. As such, we propose the team of Kevin Vandolder, Partner and William (Bill) Ryan, Associate Partner. Kevin and Bill are located in our Chicago, IL office. Both have strong credentials and experience advising public retirement and deferred contribution plans. Kevin and Bill will be supported by dedicated team members along with our specialty groups.

Kevin J. Vandolder, CFA

Partner

Kevin, Partner, serves as the firm's DC Client Practice Leader—a position he has held for 10+ years, while serving as lead consultant for a couple of projects and retainer clients. Before joining Aon Hewitt Investment Consulting in 1996, Kevin was in the corporate finance group of the \$9 billion Westcoast Energy group of companies and had previously served in the Canadian Navy (reserve) and Presbyterian World Service.

Kevin holds an MBA from NYU Stern and a B.Comm. degree in finance from the Odette Business School at the University of Windsor and is a CFA charter holder. He is a member of the CFA Society of Austin and previously served as President and Treasurer of the CFA Society of Chicago. Kevin remains active on CFA Institute committees while serving many years as a grader for the Chartered Financial Analyst examination.

Kevin's published research and blog entries includes pieces on innovative investment option structure, how to improve DC participant retirement outcome and wellness and on global DC opportunities and challenges.

Kevin has also served as a guest lecturer at DePaul and Northwestern University while serving on industry organizations such as the Executive Committee and founding member of the Defined Contribution Institutional Investment Association and chair of its Global DC investment committee and speaking at industry conferences such as key note speaker at FRA/DCIO DC Conference in early 2015.

William (Bill) Ryan, MBA, SPHR

Associate Partner

Bill is an Associate Partner within our Aon Hewitt Investment Consulting (AHIC) practice based in Chicago, Illinois. Bill has over 14 years of defined contribution and defined benefit plan experience across investment management, participant education, and operational procedures. His AHIC clients include defined contribution plan, defined benefit plan, and endowment clients with combined assets over \$500 billion. Bill's clients include Turner Construction, Employee Retirement System of Texas, Cisco Systems, Federal Thrift Savings Plan, Illinois Tool Works, Computershare, Aon Corporation, University of Illinois, and California State University

Bill is the Head of AHIC's Target Date Fund research team and a member of AHIC's Custom Target Date Fund team.

Bill has recently authored a white paper called "Customize DC Investments for Participant Success" and blogs "Change the TDF Debate from 'To vs. Through' to 'Stay vs. Leave,'" "Why Retirement Models are Perfect, While People are Not" and, "No Such Thing as a Passive TDF." His recent AHIC publications have provided him the opportunity to be quoted in *Bloomberg News*, as well as *Pension & Investments*.

Prior to joining AHIC, Bill was the Director of Client Relation Services for the University of California (UC) Regents' Office of the Chief Investment Officer (OCIO). His responsibility included overseeing UC's \$20 billion defined contribution (403b and 457b) program's investments along with marketing, communications, compliance, and performance reporting.

In addition, during Bill's tenure at UC, he managed UC's system-wide benefits education program targeted towards UC's 185,000 employees across California. In that role he helped lead the University to be recognized by many notable national retirement industry agencies, as a 2014 Defined Contribution plan Innovator of the Year Finalist by Chief Investment Officer magazine as well as a 2013 Plan Sponsor of the Year Finalist by PLANSPONSOR Magazine.

Bill has been an Eddy Award Judge, Eddy Award Winner, DC West Advisory Board member, DC West speaker, and 2016 401(k) Investment Summit Chair. He has also been a speaker at a few Institutional Investor DC conferences.

Bill joined the firm in 2015. Bill holds a B.S. in management from Rensselaer Polytechnic Institute and also a M.B.A. in corporate finance from the University of California, Irvine. Bill is a Senior Professional in Human Resources (SPHR) as was as is currently a Chartered Financial Analyst (CFA) Level 2 candidate and Chartered Alternative Investment Analyst (CAIA) Level 2 candidate.

Previous Project Description and Sample Reports

Previous Project Description and Sample Reports including a concise description from inception to completion of one project completed within two (2) years from the date of this RPF with services similar to the services proposed in response to this RFP.

Description of Services (“Services”):

TS

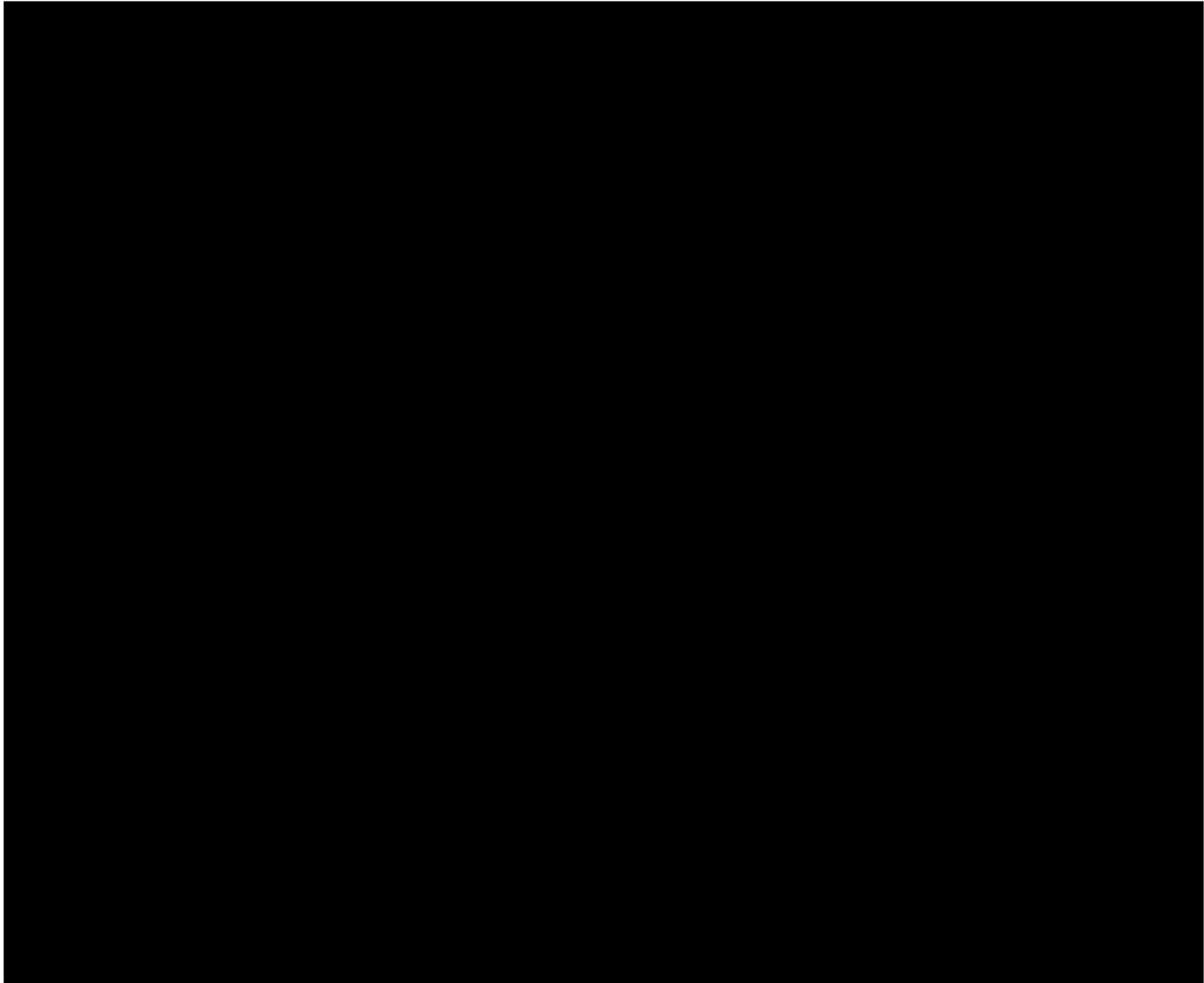
Consulting Price Proposal

Scope of Services and Fees

TS

References

References of three (3) local government agencies and/ or relevant industry clients that the respondent has provided services substantially similar to the services requested in this RFP within five (5) years from the date of this RFP - at least two (2) of the references must be from entities other than the City and County of San Francisco.



Appendix A. RFP Questions

Firm Qualifications—Organizational Structure

- 1. Provide your company's name, address and type of legal entity (corporation, limited liability company, joint venture, partnership, etc.).**

Aon Hewitt Investment Consulting is headquartered in Chicago, Illinois. Our address has been provided below:

Firm Name:	Aon Hewitt Investment Consulting, Inc. (AHIC)
Address:	200 E. Randolph, Suite 1500 Chicago, IL 60601
Type of Legal Entity:	Illinois Corporation

- 2. Provide the name, title, address, telephone and email address of the contact person or persons from your company whom we may contact with questions regarding your response. These individuals must be authorized to negotiate contracts regarding the scope, terms and pricing outlined in the proposal.**

Primary Contact Name:	Kevin Vandolder
Title:	Partner
Address:	200 E. Randolph Street, Suite 1500 Chicago, IL 60601
Telephone Number:	t +1.847.771.4874
Email Address:	Kevin.vandolder@aonhewitt.com

- 3. Provide a short description of your organization, the businesses in which it engages, and the services it provides.**

Aon Hewitt Investment Consulting, Inc., an Aon plc company (NYSE:AON), is an SEC-registered investment adviser, a CFTC-registered commodity pool operator, and a member of the NFA. We provide independent, innovative solutions to address the complex challenges of 488 clients in North America with total client assets of approximately \$1.8 trillion as of June 30, 2015. Our firm, consisting of over 300 colleagues, advises institutional investors such as corporations, public organizations, union associations, health systems, endowments, and foundations with investments ranging from \$1 million to \$310 billion.

- 4. Supply an audited financial statement for the most recently closed fiscal year.**

Out of respect for our environment, Aon does not provide printed 10-Ks, annual reports, or financials in our proposal responses. Below is a link to Aon's Annual Report on Form 10-K for the year ended December 31, 2015, as well as preceding years starting from 2005. The website contains revenue information by business segment: <http://ir.aon.com>.

5. Is your company a subsidiary or affiliate of another company? Provide full disclosure of all direct or indirect ownership.

AHIC is the U.S. investment consulting division of Aon Hewitt and an indirect wholly-owned subsidiary of Aon plc (NYSE: Aon). Aon has three primary business units: Aon Risk Solutions, Aon Securities, and Aon Hewitt. The organizational structure of our parent company is set forth below.



Following is a description of some of our subsidiaries/affiliates:

- **Aon Securities, Inc. (ASI):** ASI is an affiliate of AHIC. AHIC does not receive any revenue from ASI. ASI provides regulatory oversight to certain members of our Delegated team. This oversight is required because a critical component of our Delegated business is private offering commingled investment vehicles, which are classified as a security for regulatory purposes. Therefore, selling units of this investment vehicle requires licensing by FINRA.
- **Hewitt Financial Services:** Hewitt Financial Services, LLC (HFS) is a FINRA registered broker-dealer and is a wholly owned subsidiary of Hewitt Associates, LLC, branded as Aon Hewitt and an affiliate of Aon. HFS, among other things, supports Aon Hewitt by offering and providing securities brokerage services to certain Aon Hewitt defined contribution plan clients. In all such situations, any revenue received by HFS is offset dollar-for-dollar against administration fees otherwise due and owing Aon Hewitt. HFS also supports an on-line tool called DC Nexus, **available exclusively to Aon Hewitt's DC administration clients**. This tool allows clients to access detailed analytical tools, educational materials, and an auction feature, but no Aon Hewitt investment recommendations are available through the tool. Both asset managers and Aon Hewitt defined contribution recordkeeping clients utilize DC Nexus free of charge. In the event that defined contribution client assets are placed into investment strategies through DC Nexus, the asset manager pays an ongoing fee to Aon Hewitt. **But in situations where**

AHIC is also the consultant to the client, Aon Hewitt and HFS have agreed to forgo any potential revenue from the DC Nexus platform for our clients. In all circumstances involving HFS, AHIC's compensation is not effected in any way by HFS' relationship with the client.

- **Hewitt Associates LLC** (Hewitt Associates), an affiliate of AHIC, in its role as recordkeeper of its defined contribution plan clients, may receive revenue sharing payments in connection with the certain services it performs on behalf of various investment organizations. Hewitt Associates collects these payments on behalf of its clients and credits these amounts against the clients' gross recordkeeping fees which lowers overall administrative expenses for such clients.
- **Aon Trust Company** is an Illinois state-chartered non-depository bank limited to trust-only powers. Aon Trust Company (ATC) was launched in direct response to a strategic plan focused on delivering a full-suite solution to Aon Hewitt clients requiring trust/custody services in conjunction with plan administration services. Executive and senior management of Aon Hewitt and its affiliates recognized that clients may be better served when all components of their plan administration are cohesively managed through affiliate organizations. The mandate and purpose of ATC is to deliver the trust and custody services as a component of the retirement solution offerings of Aon Hewitt and its affiliates. ATC is led by a group of dedicated individuals who among them have more than 100 years of banking experience.
- **Aon Retirement Plan Advisors, LLC (ARPA)** is a registered investment advisor, and like us, is a wholly owned subsidiary of Aon Consulting, Inc. ARPA provides investment consulting services primarily to smaller retirement plans (typically under \$75 million in plan assets) and to companies providing certain executive benefits to their employees. We have no financial relationship with ARPA.
- **Aon Hewitt Financial Advisors, LLC (AFA)** is a registered investment advisor and is a wholly owned subsidiary of Hewitt Associates LLC. AFA provides investment advisory services to plan participants through a sub-advisory relationship with Financial Engines Advisors L.L.C. The plan participants that are served by AFA are members of defined contribution plans that are provided plan administration services by Aon Hewitt. AHIC does not benefit in any way from these relationships.

6. Describe any pending agreements to merge or sell your company or any portion thereof. If you can provide this information and it is confidential, please clearly so indicate.

To the best of our knowledge, there are no plans to merge or sell our company or any portion thereof.

7. Indicate your firm's fiduciary classification (Registered Investment Advisor, Affiliate or Fiduciary, etc.)

AHIC is an indirect, wholly owned subsidiary of Aon plc, and is a Registered Investment Advisor with the U.S. Securities and Exchange Commission ("SEC") under the SEC Investment Advisers Act of 1940, as amended.

8. Describe any potential conflicts of interest your firm may have in the handling of this account. Describe any and all services provided to investment management organizations. If your company or its parent is an affiliate of an investment manager, does your firm include this manager in searches it conducts for its clients?

To the best of our knowledge, there would be no potential for any actual or perceived conflict of interest in having AHIC provide services to SFERS.

AHIC does not have arrangements with broker-dealers under which our firm or an affiliated entity will benefit if investment managers place trades for their clients with such broker-dealers.

AHIC does serve as the investment consultant to a few large financial services organizations, including those that have institutional money management services. Our financial arrangement with these organizations is exactly the same as it is for our other clients (i.e., fixed fee or asset-based consulting fees).

As a sizable and complex organization, our parent company also does business with financial services organizations that may have investment management offerings. In addition to corporate “firewalls,” we also have strict internal policies and procedures to mitigate potential conflicts. We are confident that no financial considerations influence in any way the advice we give our clients.

However, we have two subsidiaries/affiliates with the following relationship:

- **Aon Securities, Inc. (ASI):** ASI is an affiliate of AHIC. AHIC does not receive any revenue from ASI. ASI provides regulatory oversight to certain members of our Delegated team. This oversight is required because a critical component of our Delegated business is private offering commingled investment vehicles, which are classified as a security for regulatory purposes. Therefore, selling units of this investment vehicle requires licensing by FINRA.
- **Hewitt Financial Services:** Hewitt Financial Services, LLC (HFS) is a registered broker-dealer and member of FINRA and SIPC, and is a wholly owned subsidiary of Hewitt Associates, LLC, which itself is part of the corporate brand of Aon Hewitt and an affiliate of Aon. HFS, among other things, supports Aon Hewitt by offering and providing securities brokerage services to certain Aon Hewitt defined contribution plan clients.
- HFS also supports an online tool called DC Nexus^{TM2}. This tool allows clients to access detailed analytical tools, educational materials, and an auction feature, but no Aon Hewitt investment recommendations are available through the tool. Both asset managers and Aon Hewitt defined contribution recordkeeping clients utilize DC Nexus free of charge. In the event that defined contribution client assets are placed into investment strategies through DC Nexus, the asset manager pays an ongoing fee to Aon Hewitt. Aon Hewitt and HFS have agreed to forgo any potential revenue from the DC Nexus platform for any joint AHIC-Nexus clients. In all circumstances involving HFS, our compensation is not effected in any way by HFS’ relationship with the client.

9. What policies are in effect to control workload? Is there a limit on the number of accounts a consultant may handle?

Our long-term strategy focuses on growing at a measured pace, both at the client level and the personnel level. In recent periods, we have used our position of financial strength to continue adding resources to our research and consulting areas. We are selective about pursuing growth opportunities, as our first priority is to consistently provide the highest quality service to our clients. Our focus is to maintain personalized service without sacrificing our relationships with existing clients for the sake of acquiring new clients.

We do not set specific limits on the number of clients that AHIC will accept, but we will assure that we will not take on more clients than we can responsibly handle. We carefully and regularly review each consultant’s capacity based on the complexity and number of his/her client relationships. Our focus is to maintain the highest levels of personalized, client-centric service.

² DC Nexus is a trademark of Hewitt Associates LLC.

By assigning consulting teams to all our clients, multiple consultants develop strong knowledge of a client's investment program. For SFERS, we have assigned multiple consultants to the team to ensure someone will be available to you at all times. Team members make an effort to coordinate their schedules for personal time off from work.

Additionally, AHIC's consulting work is based off of a common platform of investment policy and manager research, and SFERS should expect to receive consulting advice and manager recommendations that are consistent across all of our consultants. While each consultant is focused on the individual situation and needs of their clients, the consulting principles, research platform, and investment framework are consistent with each client.

Our current ratio of clients to consultants is less than 5:1. Generally speaking, consultants work with a range of 5 to 20 clients, with the number of relationships based on a variety of factors including size and complexity of client, meeting demands, resources required by client, and other factors. As noted, however, we assign multiple consultants to each team so that the responsibilities for any one client are shared by multiple individuals. Our approach provides multiple points of contact for the client and mitigates the impact of consultant travel or other availability issues.

- 10. Describe your errors and omissions coverage. Describe the various types of insurance coverage and indemnification provided to protect clients, including for each insurance type risks covered, carriers, levels, limits, and deductibles.**

TS



TS/PFI

TS

TS/PFI

Experience

11. List the number of years your company has offered investment consulting for defined contribution or deferred compensation plans.

Originally founded in 1974, Aon Hewitt Investment Consulting (AHIC) has been providing investment consulting services for over 40 years.

12. Describe your firm's experience managing defined contribution and deferred compensation plans with assets over \$2 billion.

We have in-depth expertise in defined contribution plans. According to Pensions and Investments—November 2014 Survey, AHIC is one of the largest investment consultant to corporate defined contribution plans in the U.S., with more than 300 defined contribution clients. We have significant resources devoted to our defined contribution plan services, including such areas as administrative, total plan cost analysis, communication strategies, and other areas specific to defined contribution plans. We can provide significant resources to SFERS in this area. As of June 30, 2015, AHIC provides investment consulting services to 317 defined contribution clients totaling \$750 billion in assets under advisement. Of those 317 clients, 45 have assets over \$2 billion as of the same date.

13. Describe your firm's experience in developing investment policies and portfolio management guidelines for defined contribution and deferred compensation plans.

Assisting our clients in investment policy planning is a particular strength of AHIC. Our many years of experience dealing with all types of funds have given us an uncommon appreciation of the issues involved in investment policy development. This experience, in conjunction with our ongoing capital markets research and policy modeling capabilities, provides the basis for assisting our clients in developing investment policies specific to their particular circumstances.

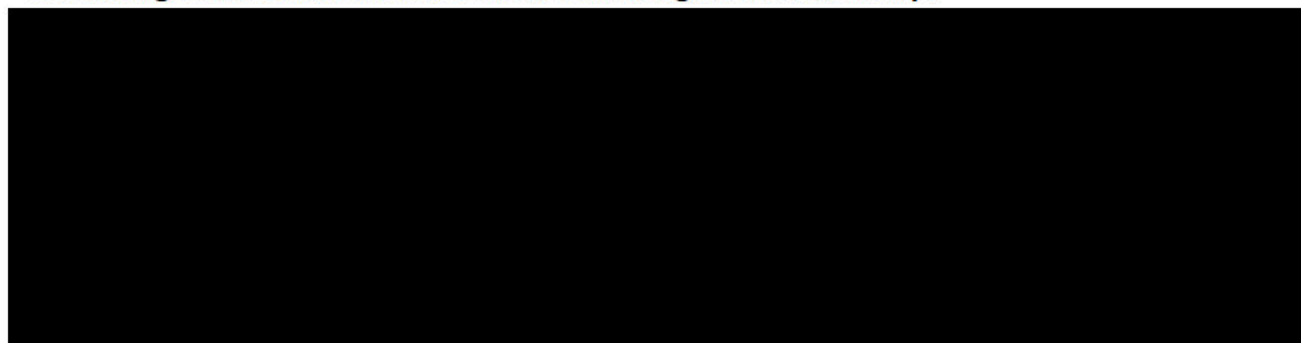
AHIC works with hundreds of clients every year on establishing investment policy statements that are appropriate for their investment programs given their organization's risk tolerances, program objectives, liquidity needs, and governance profile. The investment policy development process begins with an understanding of the sponsor, the investment objectives and the nature of liabilities. We achieve this understanding through meetings with the plan sponsor and/or its investment committee. Investment Policy Statements should be robust and stand the test of time. We recommend that periodically, such as once a year, our clients review the Investment Policy Statement.

In a defined contribution plan, the most important employer-level decision is how many and what types of investment choices to offer to participants. We assist clients in the development of investment structure, investment objectives, policies and guidelines by addressing a number of key issues. We discuss and work through these issues so that each policy reflects the nature of each client's investment program. The participative nature of this process is essential to creating appropriate and useful investment policies, portfolio structures, and guidelines for investment committees. The investment policy statement will summarize and document the investment structure, guidelines, and plan governance.

14. How many years have your company offered investment consulting for governmental defined contribution or deferred compensation plans?

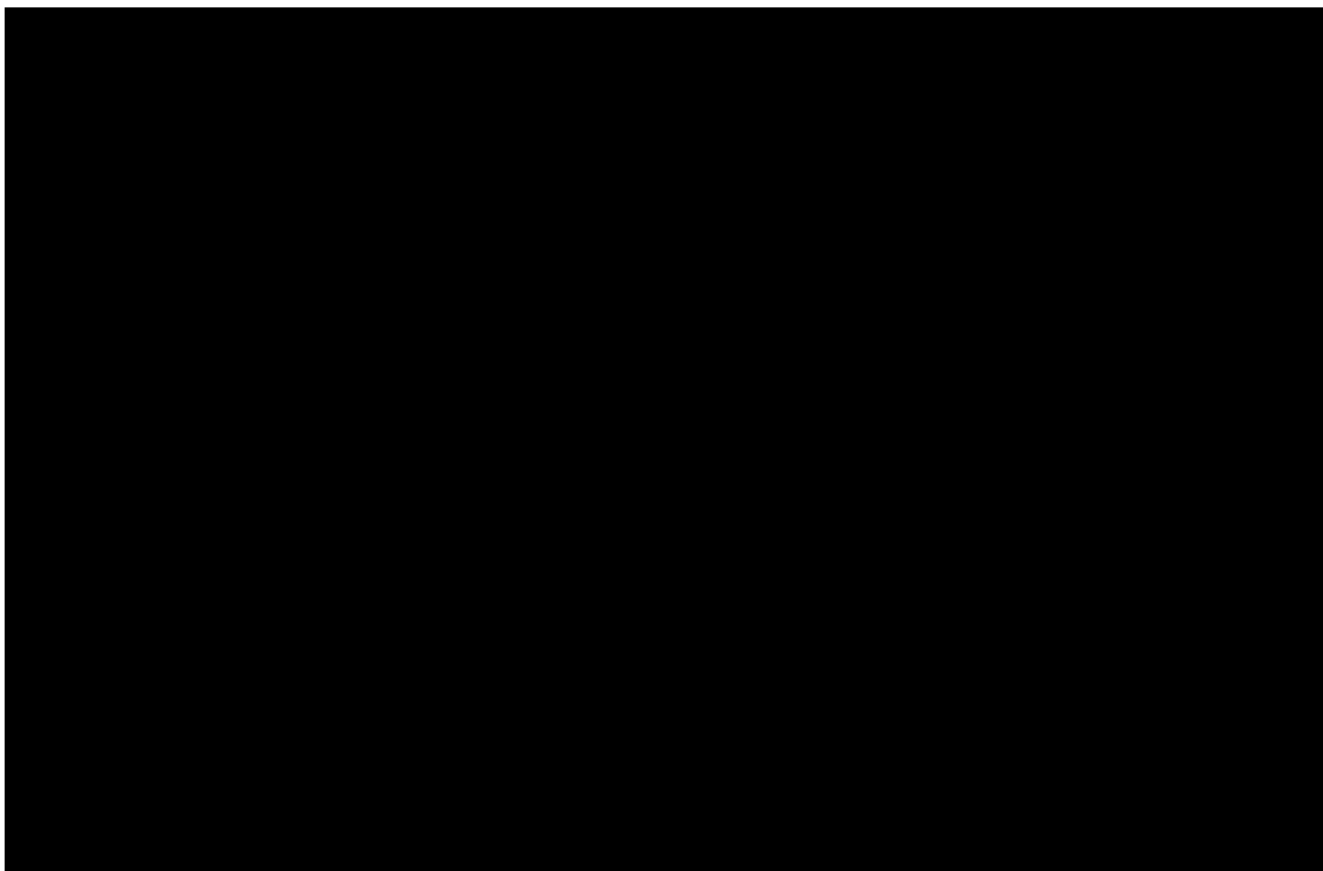
Originally founded in 1974, Aon Hewitt Investment Consulting (AHIC) has been providing investment consulting services for over 40 years.

15. Please provide a representative list of at least five (5) public sector deferred compensation and defined compensation clients (not references) for whom you provide investment consulting services. Include asset size and length of relationship.



16. Provide three recent verifiable client references. Preferably, references should be in California, particularly customers who have been provided services similar to those being proposed for this plan. For each reference contractor should provide the following:

- a. *Client name;*
- b. *Contact name and title;*
- c. *Telephone number; and*
- d. *Length and dates of relationship.*



17. *How many deferred compensation and defined contribution plans to whom you provide investment-consulting services offer a self-directed brokerage option? How many offer full brokerage? How many are public plans?*

As of June 3, 2015, 117 clients to whom we provide investment consulting services offer a self-directed brokerage option. Of those 117, 75% offer full brokerage. 19 are public plans.

18. *Provide samples of client reports and indicate their frequency.*

We provide performance summary reports on a monthly basis and more detailed performance reports on a quarterly basis. Our monthly reports are snapshots of performance results and benchmark comparisons. Our typical monthly report contains a performance summary table of the full investment program, asset allocation and attribution at the total fund level; however, these reports can be fully customized to meet the needs of SFERS.

Our quarterly performance reports provide greater detail on our clients' investment programs. The report includes an overview of the major capital markets, an executive summary with a high level overview of the total plan and a detailed body including sections on each asset class and multiple pages on each investment manager. Our reports contain key information in easy to read exhibits that will be meaningful to laypersons and investment professionals alike.

We are able to tailor our performance reports to meet the specific needs of SFERS by removing from, adding to or modifying to our standard reports.

Please refer to the **Appendix** section for a sample quarterly performance report.

19. How soon after the end of the evaluation period does your company provide performance reports for the plan funds?

Our quarterly performance reports are typically available 30–45 days following quarter end, depending largely on the service providers' and investment managers' ability to provide us with the required information. In some cases, we prepare reports earlier than 30 days for clients with earlier review meetings. In these cases, some data may be preliminary and select universe information may not be included as our universe data typically becomes available after the 35th calendar day. Monthly performance reports are typically available seven to 10 business days after receipt of monthly audited custodian statements.

20. What other communication is provided to clients (including description of services and/ or samples of newsletters, seminars, research, etc.)?

AHIC prides itself in providing educational services as well as specific on-site sessions with staff. One of the primary functions of a consultant is to educate and inform clients of changes in the appropriate investment and regulatory environment, as well as to keep clients abreast of new opportunities, trends, and our best thinking. AHIC assumes a highly proactive role in ensuring that our consultants and clients stay up-to-date with the latest information through multiple communication channels.

Our ongoing, routine research spans the spectrum of investment related topics. We conduct research into broad asset allocation themes, as well as specific investment opportunities. We also consider operational aspects of institutional investment programs. As a large investment consulting firm, we have the luxury of dedicating individuals to the research function. Thus, our research efforts are always ongoing.

We strive to make our research available to our clients via a multitude of avenues and frequencies that can be customized to each client's preferences. Clients are apprised of developments in the investment landscape via calls from client teams, scheduled conference calls, internet sources, emails, conferences, etc. The frequency of research can be completely tailored to each client's preferences. For instance, on one end of the spectrum we maintain our firm website and blog where clients can access market updates and our research at their convenience. On the other end of the spectrum, we maintain distribution lists that will automatically send e-mails to clients containing our most recent research as they are published.

Several resources developed for clients are outlined below. All of these services are included in client retainer fees.

- **Aon Hewitt Retirement and Investment Blog:** In 2014, we launched the [Retirement and Investment Blog](#), which now boasts nearly 2,000 subscribers globally. Researchers and consultants publish two to three posts a week on various topics including research, market events, legislative changes, and more. Following is a representative list of recent defined contribution blogs:
 - No Such Thing as a Passive TDF
 - Why Retirement Models are Perfect, While People are Not
 - A Good Target Date Fund is Hard to Find
 - Change the TDF Debate from “To vs. Through” to “Stay vs. Leave”
 - DC Participants: the New Savant Investors?
- **The Source:** A new initiative in 2013, our monthly client newsletter offers a convenient, resource-packed email with links to ongoing and ad hoc research, events, and alerts.
- **Webcasts:** AHIC hosts educational webcasts on key issues impacting clients. These will vary in topic, but are open to all clients who have interest.
- **Leadership Summit:** The Leadership Summit is an excellent opportunity for current and future leaders of public retirement systems to meet their peers and discuss important topics in a private setting. The small group size allows for discussion of issues of general concern as well as those unique to each individual system in attendance. The goal of the Summit is to provide effective leadership strategies and techniques that promote good stewardship.
- **Fiduciary and Governance Training:** To help Plan fiduciaries be fully familiar with their roles and responsibilities, we provide comprehensive fiduciary training for trustees, committees and staffs. We routinely offer an initial in-depth session and regular updates. We also offer periodic sessions on best practices in governance for public funds. In this we cover reporting requirements, delegations of duties, monitoring activities, audits, and related topics.
- **Orientations:** We have developed and facilitated numerous orientation programs for trustees, committee members and staff that are coming into a public retirement system. There is a new best practice for orientations now because of the programs our clients have adopted and we are happy to have been a part of this positive evolution in governance.
- **Quarterly Market Perspective and Quarterly Investment Outlook Publications:** Quarterly publications produced by our Global Investment Consulting Practice.
- **Medium-Term Views:** Traditionally, much attention has been paid to short-term (tactical) and long-term (strategic) issues, leaving the medium-term (12–36 months) opportunities largely unexploited at times. This provides plan sponsors an opportunity to potentially capitalize on market dislocations by complementing strategic allocations with targeted opportunities for return enhancement or risk-mitigation.
- **White Papers:** The research team publishes white papers, which address a variety of topics and cover the broad interests of the firm’s diverse client base. Following is a representative list of recent defined contribution research papers:
 - Customize DC Investments for Participant Success
 - Private Market Real Estate Investment Options for Defined Contribution Plans: New and Improved Solutions.
 - Operational Risks and Your Custodian: A Perfect Match?
 - What is in a Name: White-Label Funds in DC Plans.
 - In a Brave New Pensions World, What will DC Members Really Want?

- Longevity Insurance in DC Plans.
- Defined Contribution Research Reports and Tools
- 2016 Hot Topics in Retirement and Financial Well-Being
- Aon Hewitt 401(k) Index™
- 2015 Trends & Experience in DC Plans Survey
- The Real Deal: 2015 Retirement Income Adequacy at Large Companies
- 2015 Universe Benchmarks

21. Describe the last two fund evaluations and investment policy projects that you have conducted for public retirement plan clients and any actions taken by the clients in response to the evaluation.

TS

Age Group	Percentage of Respondents
18-29	85%
30-49	80%
50-64	75%
65+	75%

■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]
■	[REDACTED]

TS

22. The current core investment funds and Investment Policy Statement is listed in the Appendix B & C. What changes would your firm suggest we consider in the next year and longer term?

Within the Core Funds tier, our preference is to limit the number of funds, while still allowing participants the opportunity to build diversified portfolios that span the range of objectives typically used. Research shows that DC participants tend to make adverse/no decisions when presented with too many options. We believe Core Fund line-ups can be as few as four to six options.

To the extent a plan sponsor does not want to streamline their menu this far, we generally favor options being fewer in number and having a broad purview—e.g., offering a “All Cap or All Cap Global” portfolio instead of having individual style box options for value, growth and blend of large, mid, and small cap. Over the next year and longer term SFERS should consider streamlining the Plan’s domestic equity options within the Core investment funds.

23. Does your organization assist plan sponsors in the preparation and evaluation of RFPs for third party administration? If so, please list three recent RFP projects your company completed.

Yes, our firm has a dedicated practice that assists plan sponsors in independently evaluating third party recordkeeping administration which includes service and fees. Recent evaluations have been completed by Aon Hewitt for California State University, Montgomery County Public Schools and Yale University.

Firm Information

24. Provide the name, title, email address and phone number of the person responsible for submitting the RFP. If there is a different person that SFDCP should contact with questions

³Not all clients may have the same experience. There is no guarantee that results or savings will be achieved if you should select AHIC and/or its affiliated entities to provide services to you.

regarding this RFP submission, please also provide the name, title, email address and phone number of that person.

Primary Contact Name:	Kevin Vandolder
Title:	Partner
Email Address:	Kevin.vandolder@aonhewitt.com
Telephone Number:	+1. 847.771.4874

- 25. Briefly describe the ownership of the firm, including the individuals or entities that are the largest owners of the firm. Provide a list of the individuals or entities (and their percentage ownership) that have more than a 10% ownership, and indicate whether any of them are involved in the subject product.**

As of April 7, 2015, the shareholders who own 5% or more of Aon plc's Ordinary Shares entitled to vote at the Annual Meeting and known to us were:

Name of Beneficial Owner	Number of Ordinary Shares	% of Class
BlackRock, Inc.	15,438,567	5.4
The Vanguard Group	15,099,363	5.3
State Street Corporation	15,125,282	5.3
Eagle Capital Management L.L.C. (New York)	14,520,034	5.1

No shareholder owned more than 10% of Aon plc's Ordinary Shares as of that date.

For additional information regarding Aon Hewitt's financials, below is a link to Aon's Annual Report on Form 10-K for the year ended December 31, 2015, as well as preceding years starting from 2005: <http://ir.aon.com/>.

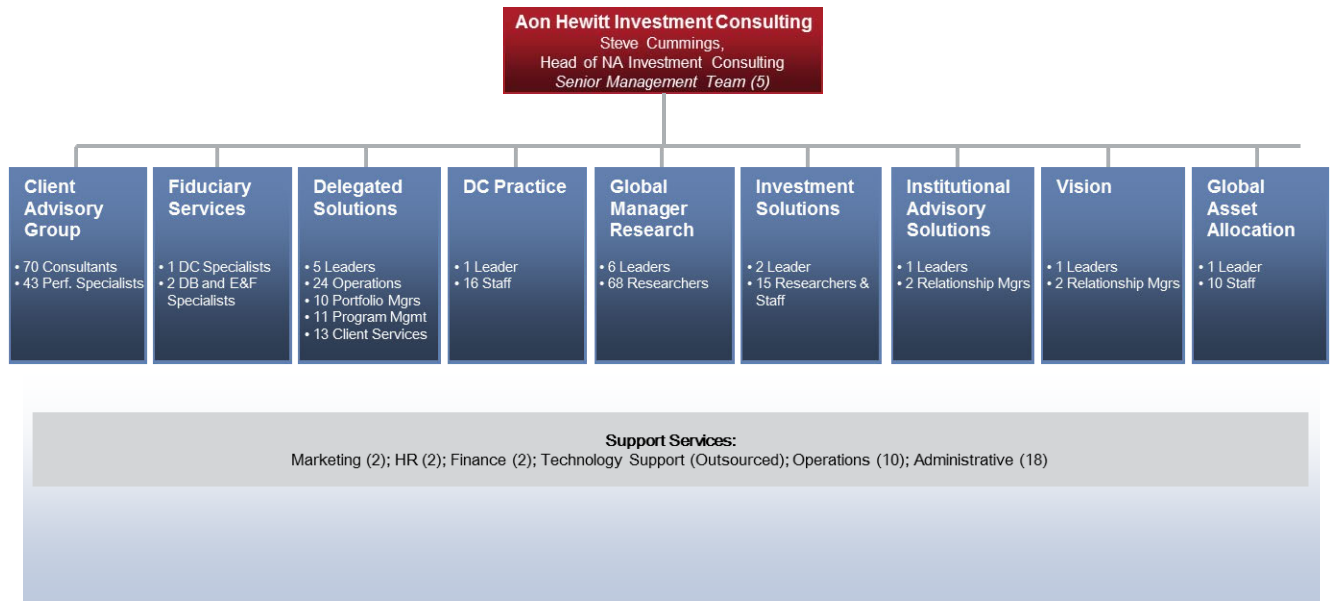
- 26. Have there been any material developments (changes in ownership, personnel, business, etc.) since January 1, 2012? Briefly describe such developments, with particular emphasis on the effect of such changes on investment consulting services. Indicate whether any such developments should be expected in the future and describe in as much detail as possible.**

Originally founded in 1974, Aon Hewitt Investment Consulting came together in its current form in 2010 when Hewitt Associates acquired Ennis Knupp & Associates and subsequently merged with Aon Corporation. Aon changed its jurisdiction of incorporation from Delaware to the U.K. via an internal reorganization at the end of Q1 2012. These two changes had no impact on the ownership of AHIC.

Additionally, formerly named Hewitt EnnisKnupp, Aon made the announcement January 1, 2015, that the name would be changed to Aon Hewitt Investment Consulting, Inc. The name change is simply an external reflection of the capability of our firm as part of the Aon family across retirement and investments and around the world. To the best of our knowledge, we do not anticipate any further changes.

27. Please provide a chart describing the firm's organizational structure overall and specifically relating to investing consulting services for defined contribution or deferred compensation plans.

AHIC is 100% dedicated to providing investment consulting services to our clients. Below is an organizational chart of AHIC depicting our firm and its operating divisions and functional areas along with employee breakdown (as of December 31, 2015):



28. Has your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) ever been involved in litigation where an allegation of a breach of fiduciary responsibility was made. If yes, for each litigation matter, please provide the following information:

- a) Full name of the case;**
- b) Court where the case was filed;**
- c) Case number;**
- d) Date the case was filed;**
- e) Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and**
- f) Procedural posture (if the case is pending) or outcome of the case (if the case is resolved).**

Aon plc and its business units and affiliates do business throughout the country and, like all businesses in the United States, are subject to a certain number of lawsuits pending in the ordinary course of its business on a worldwide basis. Details of litigation filed against Aon are available in Aon plc's annual Form 10 K filing (Note 16) and Aon plc's quarterly Form 10 Q filing (Note 14). Excerpts of the 10 K and 10 Q filings containing, respectively, Note 16 and Note 14, is available on Aon's website (www.aon.com). Although the ultimate outcome of all such matters cannot be ascertained, it is the position of Aon plc that the disposition or ultimate determination of such claims will not have a material effect on the financial position of Aon plc or any of its business units nor impact its ability to perform services for the benefit of its clients.

29. Has your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) ever been involved in an administrative proceeding including but not limited to arbitration where an allegation of a breach of fiduciary responsibility was made. If yes, for each administrative proceeding, please provide the following information:

- a) Full name of person initiating the proceeding;**
- b) Administrative body hearing the matter;**
- c) Proceeding number;**
- d) Date the proceeding was filed;**
- e) Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and**
- f) Procedural posture (if the proceeding is pending) or outcome of the proceeding (if the proceeding is resolved).**

Please refer to our response to question #28 above.

30. Identify any demands or claims asserted against your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) alleging a breach of fiduciary duty that did not proceed to litigation or an administrative proceeding. For each such demand or claim, please provide the following information:

- a) The name of the person asserting the demand or claim;**
- b) The date the person asserted the demand or claim;**
- c) The person's relationship to the firm, officer or employee;**
- d) A summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and**
- e) How the demand or claim was resolved.**

Please refer to our response to question #28 above.

31. Identify all lawsuits filed against your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) in the past five (5) years, and please provide the following information for each lawsuit:

- a) Full name of the case;**
- b) Court where the case was filed;**
- c) Case number;**
- d) Date the case was filed;**
- e) Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and**
- f) Procedural posture (if the case is pending) or outcome of the case (if the case is resolved).**

Please refer to our response to question #28 above.

32. Identify all administrative proceedings initiated against your firm or any officer or employee at your firm (or ex-officer or employee while employed at your firm) in the past five (5) years, and please provide the following information for each proceeding:

- a) Full name of person initiating the proceeding;**
- b) Administrative body hearing the matter;**
- c) Proceeding number;**
- d) Date the proceeding was filed;**
- e) Summary of the allegations, including the names of all officers or employees referenced in the allegations or involved in the alleged conduct; and**
- f) Procedural posture (if the proceeding is pending) or outcome of the proceeding (if the proceeding is resolved).**

Please refer to our response to question #28 above.

33. Has your firm been involved in an investigation or enforcement action by a regulatory agency? If yes, please explain and provide the following information:

- a) *The regulatory agency or agencies involved;*
- b) *The dates of the investigation or enforcement action;*
- c) *The nature of the investigation or enforcement; and*
- d) *Procedural posture (if the investigation or enforcement is pending) or outcome of the proceeding (if the investigation or enforcement is resolved).*

Since inception of AHIC, as far as AHIC is aware, neither AHIC itself nor any of its investment professionals, officers, directors or employees have been the focus of a non-routine inquiry or investigation by the SEC, CFTC/NFA or any other federal, state or local regulatory agency, or the target of any government or professional investigation.

AHIC's legacy organization Ennis Knupp and Associates underwent a routine exam by the SEC in 2007.

34. Have any officers or employees of your firm, or ex-officers or employees while employed at your firm, been involved in litigation, investigation, or enforcement action by a regulatory agency or other legal proceedings related to investment activities. If yes, please explain.

To the best of our knowledge, no employees, ex-officers, or employees while employed at AHIC has been involved in litigation, investigation, or enforcement action by a regulatory agency or other legal proceedings related to investment activities.

35. Does your firm provide health and other employment benefits to domestic partners of employees? If yes, describe. If no, indicate whether your firm would adopt such benefits if it were selected for this assignment.

Aon has become an industry leader in innovative benefit plan design. As early adopters of flexible benefit and high-deductible health plans, our benefit program is created with our colleagues in mind. It is designed to be flexible to fit their needs—no matter what they are.

In 2014, Aon began offering our colleagues medical plan options through the Aon Corporate Exchange, a flexible, centralized, and efficient way to deliver medical coverage. This solution offered more choice in an expanded health care market. Aon colleagues were encouraged to truly “shop” for the best solution to help address their health insurance coverage needs by comparing plan features through web-based resources. The Aon Active Exchange, as it is known today, continues to offer expanded choice in the area of vision and voluntary benefits.

Full-time employees and regular part-time employees are eligible for a variety of benefits. Certain plans are designed to allow coverage for eligible dependents which include your spouse or domestic partner (same- or opposite-sex), eligible children under age 26, and eligible children of any age who became handicapped or totally disabled before age 26. Costs to colleagues vary depending upon who is being covered, the plan chosen and in some cases where you reside.

Benefits offered include medical (and prescription drugs), dental, vision, health savings and flexible spending accounts, pay replacement, and retirement as well as voluntary benefits (e.g., auto and

homeowners insurance, legal services, critical illness insurance, group personal umbrella liability, identity theft protection, home warranty coverage and pet insurance).

36. Discuss the overall business objectives of your firm with respect to future growth. Comment on any present or planned areas of emphasis expected in the near future (3 years or less).

Our long-term strategy focuses on growing at a measured pace, both at the client level and the personnel level. In recent periods, we have used our position of financial strength to continue adding resources to our research and consulting areas. We are selective about pursuing growth opportunities, as our first priority is to consistently provide the highest quality service to our clients. Our focus is to maintain personalized service without sacrificing our relationships with existing clients for the sake of acquiring new clients.

We do not set specific limits on the number of clients that AHIC will accept, but we will assure that we will not take on more clients than we can responsibly handle. We carefully and regularly review each consultant's capacity based on the complexity and number of his/her client relationships. Our focus is to maintain the highest levels of personalized, client-centric service now and in the near future.

37. Describe your firm's history, research resources and processes for asset allocation advice.

Originally founded in 1974, Aon Hewitt Investment Consulting, Inc. (AHIC) has been providing investment consulting services for over 40 years. AHIC, an Aon plc company (NYSE:AON), is an SEC-registered investment adviser, a CFTC-registered commodity pool operator, and a member of the NFA. We provide independent, innovative solutions to address the complex challenges of 488 clients in North America with total client assets of approximately \$1.8 trillion as of June 30, 2015. Our firm, consisting of over 300 colleagues, advises institutional investors such as corporations, public organizations, union associations, health systems, endowments, and foundations with investments ranging from \$1 million to \$310 billion.

Research Resources

As the investment landscape has evolved, we have deliberately built our professional capabilities—both people and technology—to remain at the forefront of this evolution and to be able to continue to meet the needs of sophisticated investors. Given the highly specialized needs of today's institutional investors, we have invested significant resources in areas that our clients seek our advice. We consider investment research to be one of AHIC's most essential responsibilities and devote significant, dedicated resources to that effort. We do not base our advice on conventional wisdom or fads, but rather develop positions based on rigorous internal research combined with input from strong academic and professional experts.

Our research platform includes the Global Asset Engine, Investment Policy Services, and Trust and Fiduciary Services. The Global Asset Engine comprises our Global Investment Manager (GIM) Team, the global asset allocation team, and transition management. Together, these research groups include over 135 individuals (as of December 31, 2015).

Our GIM Team is focused on identifying investment managers and strategies across both traditional and alternative asset classes for our clients to use and monitoring existing managers in clients'

portfolios. This team conducts ongoing due diligence on existing client managers, actively seeks new managers that may have the ability to add value to client portfolios, and is responsible for issuing recommendations on managers to our broad client base.

In conducting investment research, we draw on published research and our extensive network of contacts to apply the best possible ideas, data, and analytical techniques to research that will directly benefit our clients. Our network of contacts encompasses leading academic institutions, investment managers, regulatory agencies, financial institutions, industry/trade associations, independent research institutes, rating agencies, and financial data providers. To keep at the forefront of the latest thinking on investment issues, we participate in numerous industry seminars such as those sponsored by the Institutional Investor Institute, CFA Institute, and the Institute for Fiduciary Education.

TS

Asset Allocation Process

TS

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

■ [REDACTED] TS [REDACTED]

TS

-
-
-
-

TS

-
-
-
-

TS

-
-
-
-



TS

38. Is your firm, its parent or affiliate a broker/ dealer? If "<yes," briefly describe the affiliation.

AHIC has no affiliations with brokerage firms that we recommend, consider for recommendation or otherwise mention to clients. AHIC does not have arrangements with broker-dealers under which our firm or an affiliated entity will benefit if investment managers place trades for their clients with such broker-dealers. However, we have two subsidiaries/affiliates with the following relationship:

- **Aon Securities, Inc. (ASI):** ASI is an affiliate of AHIC. AHIC does not receive any revenue from ASI. ASI provides regulatory oversight to certain members of our Delegated team. This oversight is required because a critical component of our Delegated business is private offering commingled investment

vehicles, which are classified as a security for regulatory purposes. Therefore, selling units of this investment vehicle requires licensing by FINRA.

- **Hewitt Financial Services:** Hewitt Financial Services, LLC (HFS) is a registered broker dealer and member of FINRA and SIPC, and is a wholly owned subsidiary of Hewitt Associates, LLC, which itself is part of the corporate brand of Aon Hewitt and an affiliate of Aon. HFS, among other things, supports Aon Hewitt by offering and providing securities brokerage services to certain Aon Hewitt defined contribution plan clients.

39. Has your company ever filed a petition or has your company ever been petitioned into bankruptcy or insolvency or has your company ever made any assignment for the benefit of your creditors? If so, provide complete details.

Aon Hewitt Investment Consulting has not filed or had filed against us any bankruptcy or insolvency proceedings (voluntary or involuntary) or undergone the appointment of a receiver trustee, or assignee for the benefit of creditors.

40. Has your company ever had a contract terminated by a client for cause within the last five (5) years? If so, by whom and under what circumstances? Provide the name and telephone number of each client that has terminated your company's services.

We do not provide information on individual client circumstances as such relationships are confidential. Inevitably, given the size of our consulting business, its longstanding tenure as provider of such services and the size and breadth of its client base, our services have been the subject of business disputes from time to time in the past. Typically, such disputes are resolved to the parties' mutual satisfaction.

41. Has your company ever had a contract non-renewed or terminated without cause by a client? If so, by whom? Provide the name and telephone number of each client that has non-renewed or terminated your company's services.

Given the size and breadth of Aon Hewitt's client base, in the normal course of business clients will leave or choose another provider at the time of renewal due to a variety of competitive factors.

42. Provide samples of your deferred compensation plan investment consulting contracts.

Please refer to the **Appendix** section for a sample contract.

43. In the last five (5) years, has your company failed or refused to complete a contract? If so, provide an explanation.

AHIC has not willfully refused to complete a contract in the past 5 years. We do not provide information on individual client circumstances as such relationships are confidential. Inevitably, given the size of our consulting business, its longstanding tenure as provider of such services and the size and breadth of its client base, our services have been the subject of business disputes from time to time in the past. Typically, such disputes are resolved to the parties' mutual satisfaction.

Personnel

44. Provide the name, title, contact information and biography of the team members you propose for this assignment, as well as their direct experience in carrying out the services required. Please also identify whether these team members will be assigned to other clients and if so, the approximate percentage of time devoted to those clients.

We have assembled a highly qualified team to ensure that SFERS will receive a responsive, client centric approach to serve your specific needs. AHIC's goal is to provide SFERS a team of experts

with the experience to exceed your expectations. The following key personnel will be responsible for delivering distinctive value to SFERS.

Consultant Name:	Kevin Vandolder, CFA	William (Bill) Ryan, MBA, SPHR
Title:	Partner	Associate Partner
Address:	200 E. Randolph St., Chicago, IL 60601	200 E. Randolph St., Chicago, IL 60601
Telephone Number:	+1.847.305.4070	+1.312.381.5022
Email Address:	kevin.vandolder@aonhewitt.com	bill.ryan@aonhewitt.com
Experience:	Kevin is AHIC's DC Client Practice Leader.	14 years
Time Devoted to Other Clients:	35%	50%

Kevin J. Vandolder, CFA

Partner

Kevin, Partner, serves as the firm's DC Client Practice Leader—a position he has held for 10+ years while serving as lead consultant for a couple of projects and retainer clients. Before joining Aon Hewitt Investment Consulting in 1996, Kevin was in the corporate finance group of the \$9 billion Westcoast Energy group of companies and had previously served in the Canadian Navy (reserve) and Presbyterian World Service.

Kevin holds an MBA from NYU Stern and a B.Comm. degree in finance from the Odette Business School at the University of Windsor and is a CFA charter holder. He is a member of the CFA Society of Austin and previously served as President and Treasurer of the CFA Society of Chicago. Kevin remains active on CFA Institute committees while serving many years as a grader for the Chartered Financial Analyst examination.

Kevin's published research and blog entries includes pieces on innovative investment option structure, how to improve DC participant retirement outcome and wellness and on global DC opportunities and challenges.

Kevin has also served as a guest lecturer at DePaul and Northwestern University while serving on industry organizations such as the Executive Committee and founding member of the Defined Contribution Institutional Investment Association and chair of its Global DC investment committee and speaking at industry conferences such as key note speaker at FRA/DCIO DC Conference in early 2015.

William (Bill) Ryan, MBA, SPHR

Associate Partner

Bill is an Associate Partner within our Aon Hewitt Investment Consulting (AHIC) practice based in Chicago, Illinois. Bill has over 14 years of defined contribution and defined benefit plan experience across investment management, participant education, and operational procedures. His AHIC clients include defined contribution plan, defined benefit plan, and endowment clients with combined assets over \$500 billion. Bill's clients include Turner Construction, Employee Retirement System of Texas, Cisco Systems, Federal Thrift Savings Plan, Illinois Tool Works, Computershare, Aon Corporation, University of Illinois, and California State University

Bill is the Head of AHIC's Target Date Fund research team and a member of AHIC's Custom Target Date Fund team.

Bill has recently authored a white paper called "Customize DC Investments for Participant Success" and blogs "Change the TDF Debate from "To vs. Through" to "Stay vs. Leave"", "Why Retirement

Models are Perfect, While People are Not” and, “No Such Thing as a Passive TDF”. His recent AHIC publications have provided him the opportunity to be quoted in Bloomberg News as well as Pension & Investments.

Prior to joining AHIC, Bill was the Director of Client Relation Services for the University of California (UC) Regents’ Office of the Chief Investment Officer (OCIO). His responsibility included overseeing UC’s \$20 billion defined contribution (403b and 457b) program’s investments along with marketing, communications, compliance, and performance reporting.

In addition, during Bill’s tenure at UC, he managed UC’s system-wide benefits education program targeted towards UC’s 185,000 employees across California. In that role he helped lead the University to be recognized by many notable national retirement industry agencies, as a 2014 Defined Contribution plan Innovator of the Year Finalist by Chief Investment Officer magazine as well as a 2013 Plan Sponsor of the Year Finalist by PLANSPONSOR Magazine.

Bill has been an been a Pension & Investments Eddy Award Judge, Eddy Award Winner, DC West Advisory Board member, DC West speaker, and 2016 401(k) Investment Summit Chair. He has also been a speaker at a few Institutional Investor DC conferences.

Bill joined the firm in 2015. He holds a B.S. in management from Rensselaer Polytechnic Institute and also a M.B.A. in corporate finance from the University of California, Irvine. Bill is a Senior Professional in Human Resources (SPHR) as was as is currently a Chartered Financial Analyst (CFA) Level 2 candidate and Chartered Alternative Investment Analyst (CAIA) Level 2 candidate.

45. Identify which individuals on the team proposed in this response, if any, are under employment contracts and when those contracts expire.

Both Kevin and Bill are permanent full-time employees of AHIC with an indefinite employment contract. Most employees of AHIC hold the same employment status. The support client manager as well as the performance reporting analyst(s) that will be selected for SFERS will also hold the same employment status.

46. Other than the team managers above, how many people are specifically dedicated to this service?

The client team will include the two leads Kevin and Bill along with a support client manager and at least one performance reporting analysts.

47. What is their tenure with the service as well as their investment experience and credentials?

Kevin has over 20 years of 457 plan experience. Bill has over 14 years of 457 plan experience. The client manager and performance analyst have not yet been named, but the client manager will typically have 3-5 years of experience and the performance analyst will have 1–3 years of experience.

Investment Philosophy

48. Describe your investment consulting philosophy as it applies to participant-directed deferred compensation and defined contribution plans, particularly plans of public sector sponsors. Include the approach to the development of a plan-appropriate investment offering and ongoing performance measurement and monitoring.

TS

[REDACTED]

[REDACTED]

TS

49. How does your firm implement this philosophy?

[REDACTED]

TS

[REDACTED]

[REDACTED]

[REDACTED]

TS

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

50. Summarize your company's philosophy relating to the investment consultant relationship with governing boards, staff, and investment providers. Describe any services your company performs that might not be offered by other investment advisory firms.

For four decades, we have worked with public retirement systems. Our philosophy is to live up to the terms of our agreement and never forget we serve in a fiduciary capacity.

We see ourselves as a trusted advisor to the fiduciaries on the board and investment staff. With regard to the board, we will partner to provide a view of best practices in various areas, including reporting, benchmarking, asset allocation, investment structure, and investment policy. Our primary goal will be to assist the board in making decisions that are in the best interests of plan participants and whose main purpose is to achieve the investment objectives set forth in policy. We will report performance and other performance-related metrics objectively at regularly scheduled board meetings, as well as other topics that require our input and analysis. We will also make available our firm's research to board members both topical and manager-related.

With respect to the investment staff, we will work collaboratively and act as a resource for any issues that may come up related to the investment program. We work with investment staffs in many different capacities and customize our working relationship based on the different circumstances of each client. For example, some investment staffs rely heavily on our manager due-diligence efforts, outsource to us most steps in the search process, and ask us to provide

written documentation of our due-diligence efforts, other clients simply rely on us as an advisor to augment and provide a broad industry view on issues related to manager search projects. The lead consultants are always accessible to the investment staff, but some clients also prefer to contact our specialists directly, and we are comfortable with this arrangement. We encourage our clients to build other relationships around the firm outside of the lead consulting team.

Our role with regard to investment managers is to be an independent evaluator of their capabilities, fees, and services, and communicate these views to SFERS.

51. Describe your performance measurement and analytic process.

On a monthly basis, we use data obtained from both clients' custodians and investment managers for performance measurement. Our first step is to independently calculate monthly returns (with the Modified Dietz methodology) using custodian data and cross check with returns calculated and provided by each investment manager. Should any discrepancies surface, our next step is to cross check both market values and cash flows between custodian and investment manager statements.

52. What publicly available databases do you use? What type of custom capabilities can your company provide?

[REDACTED]

TS

1. [REDACTED]

1. [REDACTED]

[REDACTED]

1. [REDACTED]

TS

53. Does your company provide universe comparison services based on an internally developed database or do you use an outside database?

AHIC uses InvestmentMetrics' PARis system, a third party database, which includes diverse universe data.

54. What is the source of performance data for your universe comparison?

Our primary tool for performance reporting is InvestmentMetrics' PARis system, which includes diverse universe data. Incorporated into the system are automatic data feeds from Lipper for mutual fund universes, and InvestmentMetrics' system eQuest for separate account and commingled funds. Lipper and eQuest feed performance and fee information into our PARis system. AHIC's performance reporting team then compiles and maintains the data, which in turn is populated into the style or peer group universes used for comparison. Our vendor also provides plan sponsor universes (e.g., corporate DB, endowment, public plan) of InvestmentMetrics clients' plans, including AHIC's, along with data provided by BNY Mellon.

The PARis system offers pure mutual fund universes broken out by asset class and style. They also offer universes including commingled funds and separate account portfolios. Aside from the mutual fund universes, all others are available on a gross or net-of-fees basis. All universes are generated monthly. They are dynamic (i.e., as new data comes into the system, universes are recalculated when a user submits any type of report that requires percentile rankings). Performance for each client portfolio can be compared to its asset class and/or peers to determine its ranking. A similar procedure is followed to determine plan sponsor portfolio rankings.

55. Describe your information management systems, including research databases, tracking systems and client reporting systems.

AHIC uses a combination of internal and external databases to support the manager research process. In early 2015, Aon Hewitt released a new investment manager research platform that brings exciting and high tech features to our research professionals and consultants. This system allows us to more efficiently manage the information we gather and assess across a wide universe of investment products. InView is built upon state of the art technology, which allows for easy access, storage, and retrieval of information on over 11,000 investment managers and nearly 13,000 products. The latest search and navigation tools are built into InView, and the home page is customizable, bringing the information most relevant to researchers to the front and center.

We utilized an external technology vendor's platform and customized it to our needs. Our database, InView, is populated with data sourced from eVestment Alliance. We use eVestment Alliance as our primary screening tool for managers and strategies across the publicly-traded asset class space. The eVestment Alliance database currently includes information on approximately 8,000 manager products. As information on new strategies is updated in eVestment Alliance, it is captured during our quarterly screening and brought to our researchers' attention.

We engage in a targeted outreach to encourage managers to provide their data to eVestment Alliance, including communications to managers outlining the nature and extent of the data that we require. There are no fees that managers incur to update information on eVestment Alliance.

In addition to our InView database and eVestment Alliance, we have included below an example list and description of external tools that AHIC uses in our manager research process:

- **Morningstar Principia Mutual Funds Advanced** (external database/tool): Used for screenable information on mutual funds. Morningstar contains thorough information on more than 8,000 mutual funds.
- **MeasuRisk** (external database/tool): Provides details on the risk exposures of commodity and hedge fund products. The fund's prime broker provides positions to a software system which is able to track the risk exposures of single funds or an entire fund program, allowing users to understand the interaction of different investments on portfolio risk. This system provides analysts the ability to calculate value-at-risk, as well as understand the risk to the fund during a variety of scenarios from historically extreme market events.
- **PerTrac** (external database/tool): Analytical tool which calculates performance and risk statistics, separate performance by market conditions, while comparing the fund to relevant benchmarks. The output from PerTrac is used to produce a client-ready report format which includes a variety of information that can be used to analyze the historical risk and returns of fund products.
- **Investran™** (external database/tool): Highly customizable alternative asset class tracking system. It's a system that provides fully integrated investment management, reporting, and client relations. We have 3000+ partnerships in our manager search database, plus ten years of useable performance data.

In addition, AHIC utilizes Investment Metrics' Performance Analysis and Reporting Information System (PARis) as its primary performance reporting tool. PARis is a Windows based desktop application supporting performance measurement, analysis, and performance reporting through the Aon Hewitt network. The core functions of the system include performance measurement, performance attribution, portfolio monitoring, and customized client reporting. In addition, Investment Metrics' proprietary manager database, EQuest, is integrated with PARis to support peer group analysis and to provide an additional database of more than 1,300 managers, 4,400 separate account

and commingled fund products, and information on nearly 13,000 mutual funds from ValueLine. PARis' mutual fund data is further complemented by comprehensive Lipper data.

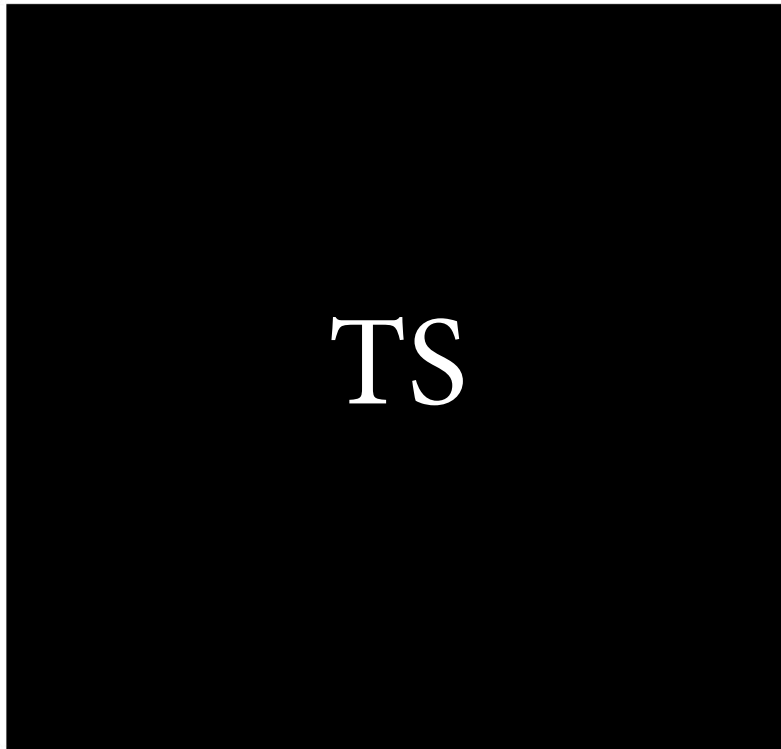
Our system includes strategies that cover virtually every asset class, but, additionally, we have the capability to manually add return streams for client and investment manager performance that is not already incorporated into the database. We are able to enter over 30 years of performance data on our system for all asset classes.

56. Describe your experience in conducting searches for a stable value fund and mutual funds.

We conduct nearly 700 searches a year across asset classes. The preferred vehicle (mutual fund, commingled fund, separate account, etc.) does not impact the search process, but rather is only one of many criteria that would impact the recommended product. Stable value searches are conducted by our specialized stable value team that focuses on the structure and investment objectives of stable value funds. In 2015, we conducted approximately 10 stable value fund searches.

57. How many fund managers do you track?

The below table show the number of managers and products by asset class:



58. What criteria do you use when evaluating funds and managers? How do you verify information?

TS

[REDACTED]

[REDACTED]

[REDACTED]

TS

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TS

[REDACTED]

TS

TS

59. What fees or other considerations do you receive from managers who wish to be maintained in your database?

Investment managers do not pay any fees to upload information on eVestment, making it accessible to all managers, regardless of size.

60. Please describe your firm's philosophy regarding diversification among alternative investment options, including but not limited to: US Government Agency securities, Private Equity, and Real Estate.

As a firm, Aon Hewitt Investment Consulting is a strong advocate of using alternative asset classes in institutional portfolios. We published a research paper in June 2012 entitled “Go Big or Go Home” in support of this stance. The paper discusses how institutional investors have significantly increased their allocations to alternative investments—primarily, private equity, real estate, and hedge funds—in an effort to diversify their portfolios and meet investment objectives in a challenging market environment. This white paper makes the case that alternative investments possess natural advantages over traditional active management owing to their greater breadth and flexibility and compensation structure. The paper suggests investors should consider one of two

paths: a significant allocation to alternatives that have a material impact on the portfolio bottom line, or an efficiency oriented portfolio that avoids alternatives altogether and focus on a low cost asset allocation strategy. Please refer to the **Appendix** section for a copy of this paper.

TS

61. What is the methodology for determining the asset mixes including key inputs such as asset returns, risk, and correlations? Attach a copy of your firm's most recent capital market and other inputs and assumptions as an exhibit.

TS

TS

⁴ The opinions referenced are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

TS

TS

[REDACTED]

62. How often do you recommend that plan sponsors formally review and update their investment lineup?

We believe a plan sponsor should have their investment lineup setup in a tiered investment option structure. A tiered investment structure is designed to meet different levels of investor knowledge and different employee preferences for engagement. A tiered investment option structure packages or categorizes investment options in a manner that guides participants through investment option choices. We recommend a sponsor reviews their individual managers within the tier investment structure at least quarterly with a formal investment lineup review every 12 to 24 months.

63. Describe your philosophy on stable value funds vs. alternatives to stable value.

We believe stable value funds can play a very important role in our client's fund line-ups. We have a dedicated group that evaluates and monitors the current stable value offerings. The majority of our defined contribution clients offer stable value funds. Most of our clients use commingled stable value funds, but we also work with many of our larger clients in structuring separate accounts. Some of our clients also offer a money market fund in addition to a stable value fund. We regularly monitor the characteristics and performance of stable value funds for our clients. We have industry expertise on both buy- and sell-side experience in the stable value market. This includes expertise with respect to stable value products and the stable value market as a whole, such as development, underwriting, pricing, and servicing of both traditional stable value products, such as Guaranteed Investment Contracts (GICs), and synthetic products, such as book-value wrap contracts.

64. Describe your methodology for analyzing and monitoring funds that are composed of the core investments in the plan and custom target date funds.

[REDACTED] TS [REDACTED]

[REDACTED]

[REDACTED]

TS

Target Date Funds

65. Please fill in the following table to provide your firm's suggested asset allocation for the specified target date years.

TS

TS

66. Describe your firm's experience with target date fund glide path design and how they differ from the TDFs of other major providers.

TS

TS

67. How often do you reassess your asset allocation process and target date glide path strategy, and the rationale?

TS

TS

68. What factors would likely trigger a change in your glide path philosophy or practice in the future?

TS

69. Does your firm recommend the inclusion of tactical allocation authority in custom IDF investment management and why or why not?

TS

70. What changes do you foresee see in the industry (including any regulatory developments) regarding target date funds over a 5-10 year horizon?

As more defined benefit plans come under pressure due to funding level changes. We are seeing the most compelling custom target date fund glide path differences from the off-the-shelf platforms are when defined contribution participants have a defined benefit plan available and it becomes even more attractive where one segment of a defined contribution population have defined benefit plan (e.g., typically an older employee) while another group does not. This bends the glide path sizably different from the off-the-shelf platforms.

Over the next five years an evolution will be connecting Target Date Funds to longevity risk pooling solutions where participants are automatically enrolled into a full lifetime of planning and income solutions at a very low cost with efficient and crisp education and communication.

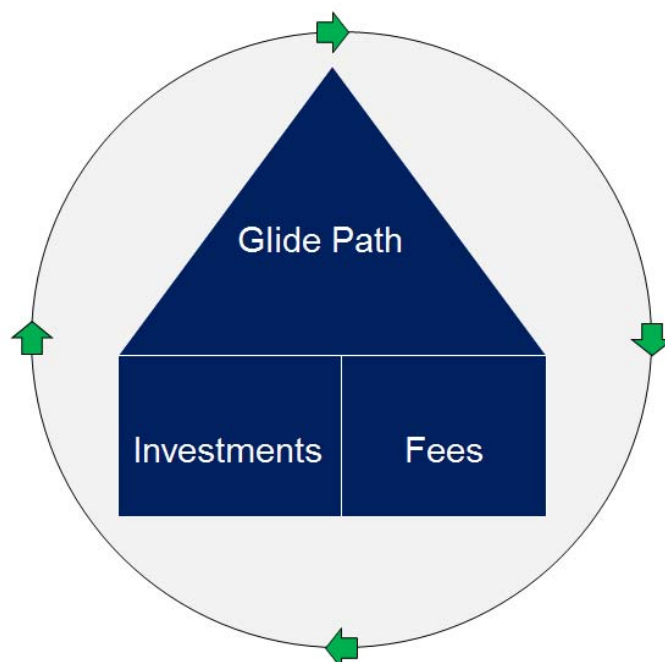
Lastly, continued encouragement by regulators to plan sponsors and their investment fiduciaries to re-evaluate the glide path of their Target Date Fund to ensure it is appropriately positioned relative to participant circumstances and that costs are appropriate relative to risks assumed and alpha return potential available for capture.

71. Describe how your firm benchmarks the performance of the TDFs it designs, including the use of simple (e.g., equity/ bond) or composite (weighted index) benchmarks. What do you think is the best way to evaluate different target date funds (performance relative to benchmark, glide path, asset allocation, fees, other IDFs)?

We believe a Target Date Fund should perform well in all three key dimensions (e.g., glide path/asset allocation, manager selection, and fees).

Target Date Funds Need to Perform Well in all Three Dimensions

- **Glide Path** (e.g. Asset Allocation) is a major factor in participant outcomes
- **Investments** (Managers) should be selected by skill; avoid active funds that are low quality or low conviction
- **Fees** should be reasonable for the value provided



Ongoing Maintenance for better participant outcomes

Asset allocation drives over 90% of an investment's total return, so with no agreed upon investable index to benchmark Target Date Funds today we first start with a fund's relative performance to its stated custom benchmark. That will be the first test to identify if each TDF vintage (e.g., TDF 2020 Fund) is performing as expected versus its intended strategic asset allocation benchmark.

Then we will evaluate the underlining custom target date fund's sub-advisor/manager performance versus its stated benchmark to ensure that underperforming are not being masked by the total vintage's performance.

Lastly we will evaluate fees at the total fund level and the underlying sub-advisor level across all of the custom target date fund's vintages.

Portfolio Construction

72. Which asset classes does your firm recommend for inclusion in the target date fund and how are asset classes chosen? How does the design segment asset classes; by capitalization, style, geography, or other measures? If your firm would include private equity or other non-daily valued asset classes, how would you deal with the illiquidity?

TS

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

TS [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

TS

73. What asset classes are you considering incorporating in the future? How often will this decision be reviewed and by whom?

TS

74. What level of passive management do you recommend for custom TDFs? Which asset classes or categories does your firm believe are effective for passive management in a TDF?

Prefer active strategies only when we believe we can identify and implement active opportunities that are attractive relative to a low-cost passive approach.

Asset Class	Active/Passive	Rationale
U.S. Large Cap Eq.	Passive	Passive for minimal fees in efficient sector of equity markets. Active management useful for distinctive mandates only.
U.S. Small & Mid Cap Eq.	Active or Passive	High conviction, high active share, high tracking error managers of greater value in this asset class - depends on horizon.
Non-US Eq.	Active or Passive	Regional economic divergence can create active allocation opportunities
Global Eq.	Active	This is the preferred way to capture active allocation between divergent regional economies. Could be a slice of total equity.
High Yield	Active	Passive implementation can lag the benchmark (quite badly in downside). Low cost, conservative active is preferred.
Real Estate	Active	Core preferred to REITs going forward, but no passive implementation available for core RE.
Fixed Income	Active	Passive implementation can lag the benchmark (quite badly in downside). Low cost active is preferred. Expected alpha far exceeds investment management fees.

The opinions reference are as of the date of publication and are subject to change due to changes in the market or economic conditions and may not necessarily come to pass. Information contained herein is for informational purposes only and should not be considered investment advice.

75. Would an asset class ever be removed from the glide path? If so, how would that be determined?

Every 12-24 months, our U.S. Investment Committee reviews and approves a set of “model” glide paths for target date funds, reflecting our best thinking. At this time it would be decided what asset classes should be added, removed, increased, or decreased within the model glide path. We have model glide paths at three different levels of risk (equity exposure), to help clients adopt a glide path with the level of risk most appropriate for their circumstances.

76. Do you incorporate “alternative asset classes” into your strategy? If so, please specify which asset classes and your firm's rationale for their inclusion as well as how liquidity is managed. If not, describe why your firm has opted not to incorporate “alternative asset classes” into your strategy.

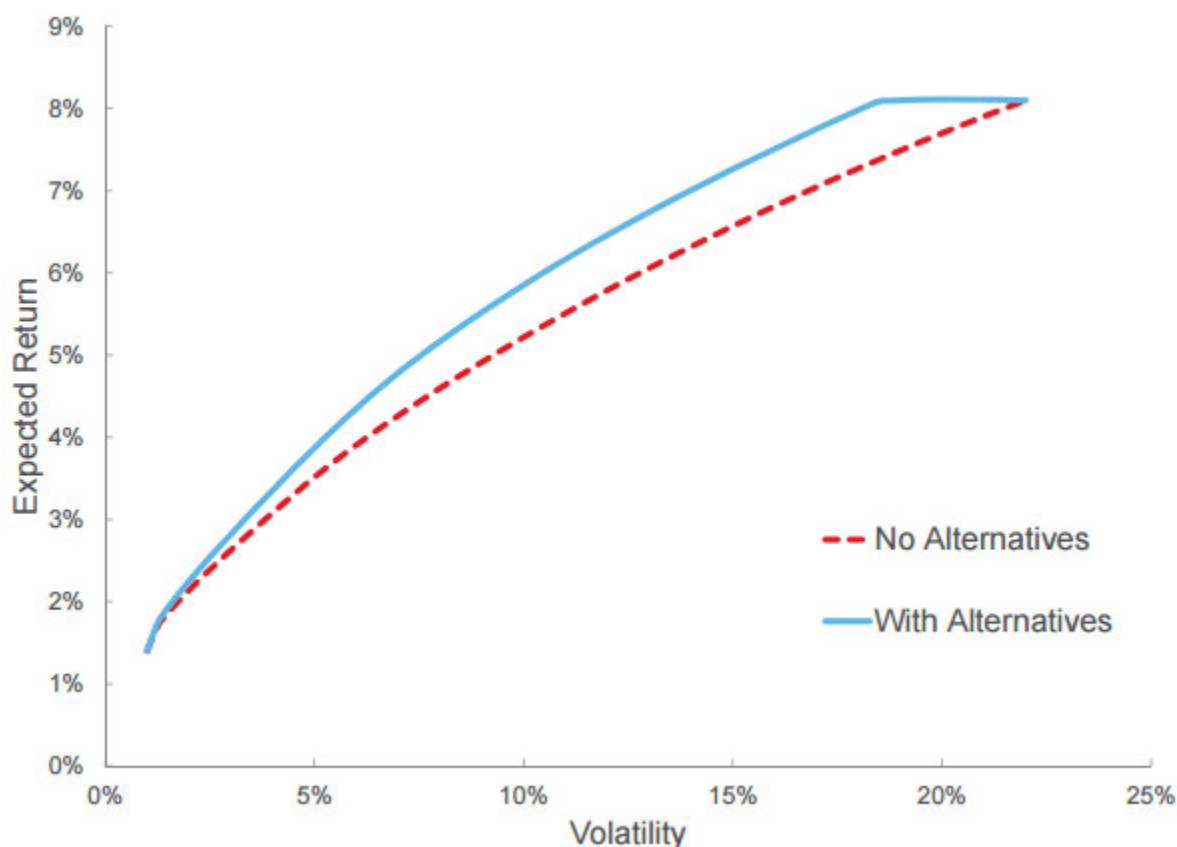
In September 2013 Aon Hewitt wrote a white paper on this topic called “Alternative Assets: The Next Frontier for Defined Contribution Plans”. Alternative investments such as hedge funds, private real estate and commodities have historically been excluded from defined contribution plans. This trend is changing, and we expect the pace of change to accelerate over the next several years.

Alternative investments are most appropriately included in defined contribution plans through multi-asset funds such as target date funds and diversified core options, which reduces the potential for misuse by plan participants.

An evolving product space has led to an increasing number of attractive options. Nevertheless, investors must still critically evaluate options—a specific fund may be appealing for institutional investors, but this doesn’t always imply that the strategy can be modified in a way that makes it equally attractive for Defined Contribution (DC) plans.

Alternative assets are often less liquid than traditional investments, which can clash with the daily liquidity provided by most DC plans. There are several ways to manage this risk. First, plan sponsors only can consider the more liquid strategies, or at least exclude the most illiquid ones. Second, DC plans can include illiquid securities, effectively managing the fund's liquidity needs around the other assets; this is especially effective for target date funds. And lastly, the plans can consider only allowing transactions on a monthly or quarterly basis, instead of daily. A combination of these strategies may be most effective.

Sizing the allocation to alternative assets. While theory suggests high allocations to alternative investments are supportable, we are more cautious with DC plans because of many of the considerations described in this paper. We believe it is reasonable to allocate up to 20% of the assets in most multi-asset funds to alternative investments, depending on the liquidity of the strategies used, with lower ceilings for funds designated for older participants. We have previously written about how small allocations to alternative investments can be undesirable due to a significant amount of required additional oversight, which may only be worthwhile if the allocation is large enough to significantly impact the portfolio. This caution applies to DC plans as well, and can be moderated with approaches such as investing in strategies that are already being evaluated (e.g., in the defined benefit plan) or by outsourcing the implementation of alternative investments.



77. The asset classes currently included in SFDCP's custom TDFs are specified above in this RFP and in the SFDCP Investment Policy Statement. Specify any asset classes that are currently used that you would recommend eliminating or any you would add, and provide your rationale.

SFDCP's custom Target Date Fund has a good level of diversifying asset classes. We have similar views as Russell Investments when it comes to portfolio construction. Once we have a better understanding of the SFERS' objective for the SFDCP's custom Target Date Fund we could provide a much more informed evaluation and recommendation.

78. Do you recommend the use of "liquid alternatives" in custom target date funds (defined as strategies that are daily valued strategies that incorporate elements of investments often found in absolute return or hedge funds)? Provide your rationale.

In September 2013, Aon Hewitt wrote a white paper called "Alternatives Assets: The Next Frontier for Defined Contribution Plans".

Over the past few decades, an increasing number of investors have been effectively using alternative assets to improve their portfolios. These alternative assets—such as hedge funds, private real estate, private equity, and commodities—often have different properties than traditional stocks and bonds, allowing them to both enhance returns and diversify risks. While the advantages of these strategies have been embraced by defined benefit pension plans and other institutional investors, they have rarely made it into DC plans. Aon Hewitt Investment Consulting Inc. believes the adoption by DC plans will substantially increase as more attractive DC-focused alternative offerings come to market. The time is right for plan sponsors to understand the benefits and how these rapidly-developing options can enhance participants' ability to meet their retirement goals.

Alternative investments such as hedge funds, private real estate and commodities have historically been excluded from defined contribution plans. This trend is changing, and we expect the pace of change to accelerate over the next several years.

Alternative investments are most appropriately included in defined contribution plans through multi-asset funds such as target date funds and diversified core options, which reduces the potential for misuse by plan participants.

An evolving product space has led to an increasing number of attractive options. Nevertheless, investors must still critically evaluate options—a specific fund may be appealing for institutional investors, but this doesn't always imply that the strategy can be modified in a way that makes it equally attractive for Defined Contribution (DC) plans.

Alternative investments were once considered inappropriate for DC plans, but the landscape has changed significantly. Aon Hewitt Investment Consulting Inc. believes there is strong applicability for incorporating alternatives into DC plans and that increasingly attractive offerings are coming to market.

We expect to see further progress in this area over the next few years. Value to DC plan participants will be enhanced through white-label and custom offerings that tap into an open-architecture framework. Though some DC plan sponsors already successfully incorporate alternative investments, it is not yet mainstream.

Along with our enthusiasm for this development, we also believe it is important to maintain a skeptical eye. There will always be a smaller universe of strategies and funds that are appropriate for DC plans relative to other types of investors, so high quality portfolios of alternatives will be inherently less diversified. But not all funds will suffer—some strategies can be ported into the DC arena without a significant loss in quality, and it is these strategies that will be most attractive. Investors must critically evaluate each investment option.

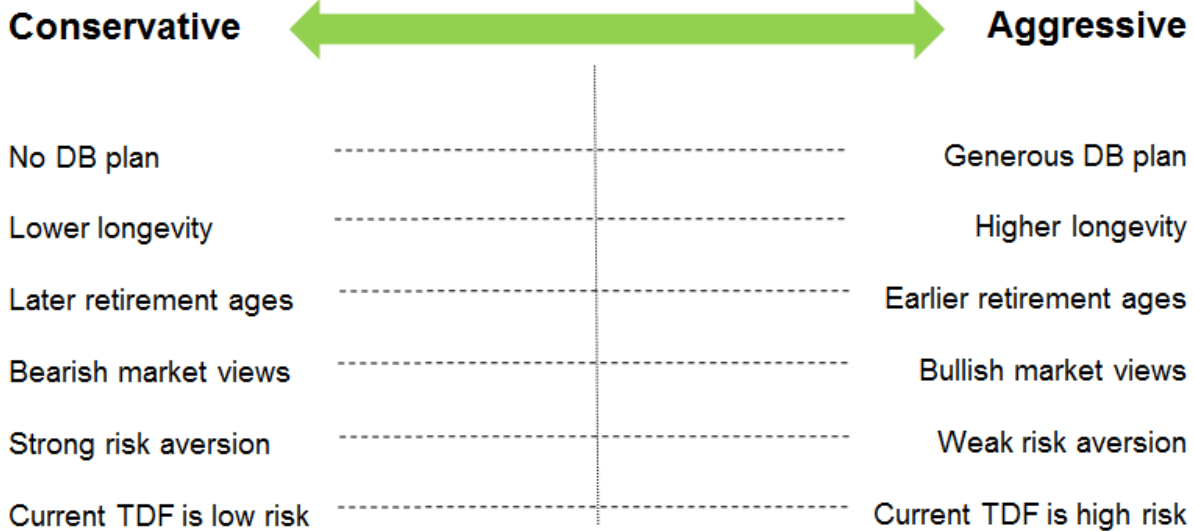
The investment strategies that fiduciaries selected several years ago may have been optimal at the time, but fiduciaries are obliged to continue to monitor the strategies in the plan as well as other options on an ongoing basis. New products and approaches have raised the bar, and many plan sponsors would be well-served to reconsider the role of alternative assets in their DC plans. Over the next few years, we expect alternative investments to become much more mainstream in DC plans.

Retirement Assumptions

79. How does the target date fund glide path construction and investment process take into account participants' level of defined benefit plan income or Social Security benefits?

A defined benefit plan and Social Security are a low risk retirement vehicle, so having one can allow more risk to be taken in the DC plan to balance the portfolio. Plan sponsors should also consider the generosity of the plan and the likelihood that participants will be in it for a large portion of their career.

When we build our custom target date funds we work with sponsors to identify which key factors impact the level of risk that should be taken within a glide path. Here is a sample of what those key factors would be:



80. How does the investment process and target date fund glide path construction account for participant behavior (not saving enough, not diversifying appropriately, taking loans/ early withdrawals, etc.)?

TS

[Redacted text block containing several lines of blacked-out content]

81. How do you factor in the amount a participant will contribute before retirement?

TS

82. How do you factor in the amount a participant will withdraw annually in retirement?

TS

83. Are these assumptions based on mathematical models or actual participant data?

TS

84. How do you evaluate life expectancy and how does it impact your strategy?

Our Global Asset Allocation Team is composed of 10 investment professionals (as of February 29, 2015) with backgrounds in investment management, economics, and actuarial science including Ph.D.s, actuaries, economists, and investment consultants. The Team is responsible for maintaining our “house” investment views and the capital market assumptions that are used by our asset allocation models. The Team also provides timely, proactive advice and research to our consultants regarding the investment implications of changes in capital markets. The actuarial science used within our asset allocation models accounts for society of actuary life expectancy tables.

We use that actuarial data within our process called “Lifecycle Risk Budgeting,” in which both the level and type of risks taken evolve with participants’ age. Longevity: Typically wrap around asset allocations, such as insurance and spend-down products (e.g., annuities, deferred annuities, managed payouts) As retirement approaches and through retirement, unexpected inflation is a key risk, and the allocation shifts to include more TIPS and other potential inflation protecting assets.

Participant Communication

85. How does your firm assist plan sponsors in communicating and marketing core investments and target date funds to plan participants?

Typically participant communications are created by a recordkeeper and/or an investment manager. We would be able to review and provide feedback on the created materials to ensure they are within 404(c) compliance.

86. What level of ongoing customer service support does your firm provide?

Ongoing. We would provide SFERS support evaluation and reviewing participant communications as needed.

87. Does your organization provide written updates to clients on legislative changes? If yes, how frequently? Provide recent samples.

AHIC has multiple resources focused on staying abreast of regulatory changes and governance issues. We have a separate Fiduciary Services group within AHIC that continually monitors regulations that impact plan governance. In addition, our parent company interacts with several Washington, D.C.-based and international organizations on a regular basis. Typically, our contacts are at the office committee and/or task force level. For example, we are represented on the Board of Trustees and the Retirement Savings Committee for the Welfare and Flexible Benefits Committee of the American Benefits Council. Similarly, we are on the Board of Trustees at the Employee Benefit Research Institute (EBRI), and have members on their Health Care Roundtable, Retirement Income Roundtable, and Task Force on Financing Long-Term Care. We are also on the Board of the ERISA Industry Committee (ERIC) and the Employers Council on Flexible Compensation (ECFC).

Other organizations with which our parent company interacts include the Council on Employee Benefits, HR Policy Association, International Foundation of Employee Benefit Plans (IFEBC), and

the Profit Sharing/401(k) Council of America. We also facilitate strategy issues with the National Business Group on Health.

Our parent company's presence in Washington, D.C. is a distinct advantage in staying ahead of the ever-changing legislative and regulatory environment. With a staff dedicated to tracking federal and state legislative program and compliance program developments, their primary function is to keep both consultants and clients abreast of developing legislative and technical issues, new ideas, and business trends. Through our worldwide research facilities, We monitor more than 90 different countries, and we are committed to staying in front of pending legislative changes and technical developments.

Both our legal practice and publications staff provide interpretations of legislative and regulatory changes. Further, several firm-wide integration teams provide thought leadership and generate new ideas to share with consultants and clients. This information is funneled to our actuarial experts, who have extensive experience in modeling the financial and plan design implications of the legislative changes. AHIC helps to ensure compliance with Department of Labor ("DOL") and Internal Revenue Service ("IRS") requirements as efficiently as possible. As part of our services, we provide regular fiduciary updates, discussing the impact of pending and/or recently passed legislation, and advising on retirement industry trends.

Additionally, AHIC hosts a series of internal webcasts to keep our internal consultants abreast of the latest developments. We leverage AHIC's Fiduciary Governance Practice along with our internal research teams, to learn of the latest legislation around Federal and State regulatory guidelines, privacy provisions and consumer protection laws.

Fees

88. Describe any revenue sharing agreements between your firm, any mutual fund companies, third party administrators, or target date fund providers.

Aon Hewitt, in its role as recordkeeper of defined contribution plan clients, may receive revenue sharing payments in connection with the certain services it performs on behalf of various investment organizations. Revenue sharing can be broadly defined to include various payments, including commissions, 12b-1 fees, shareholder servicing fees, sub transfer agency fees, and administrative expense accruals. Aon Hewitt collects these payments on behalf of its clients and credits these amounts against the clients' gross recordkeeping fees in order to lower overall administrative expenses for such clients. In no way is this integrated or related with Aon Hewitt Investment Consulting.

Investment Policy

89. Describe your experience and approach in developing an Investment Policy Statement.

Assisting institutional investors develop investment strategy and clearly documenting such strategy through an investment policy statement is a particular strength of AHIC. Our many years of experience working with public funds has given us a strong perspective on the issues public funds

face and the need for a clearly defined policy document to guide the prudent management and governance of a fund's assets.

In developing and recommending investment policies, objectives, and guidelines for clients, we work with staff and trustees to ensure a thorough understanding of the context in which the organization is setting policy. By context, we refer to the key factors that are the determinants of policy including: characteristics of the plan's liabilities; participant demographics and characteristics; length of the investment horizon; required levels of liquidity; ability and desire of the organization to bear risk; fiduciary responsibility of those overseeing the funds; expertise and experience of Board and Staff.

Based on a thorough understanding of each fund's circumstances, we conduct asset/liability studies and asset allocation studies that are used to set long term strategy. Our asset/liability and asset allocation analyses incorporate several quantitative analyses overlaid with qualitative/subjective judgment based on our understanding of a client's needs and circumstances.

Once strategy is established, we believe that it is critical to document the strategy approved by fiduciaries to provide clear, unambiguous guidance to all parties responsible for management and oversight of a fund's assets. A good investment policy document should be concise, yet complete in terms of all aspects governing the investment of fund's assets. We believe a policy document should address the following elements: purpose and function of the fund's assets and the policy document; clear definition of a fund's investment objectives/goals; identification of all parties associated with the management (investment) and oversight of a fund's assets, including the fiduciary responsibility of the parties; total fund asset allocation strategy and associated policy benchmarks; implementation standards—asset class benchmarks and guidelines; risk budgeting policies; permissible or ineligible investments; rules governing the usage of derivatives and leverage; shareholder activities (corporate governance, proxy voting), etc.; and performance measurement, compliance, and reporting criteria.

In recommending investment policies, objectives, and guidelines, we will continue to work with OPERS to ensure a thorough understanding of the context in which the organization is setting policy. By context, we refer to the key factors that are the determinants of policy including:

- Nature of the liabilities that the assets are financing
- Length of the investment horizon
- Participant demographics and characteristics
- Required levels of liquidity
- Ability and desire of the organization to bear risk
- Fiduciary responsibility of those overseeing the funds

Lastly, it is important to note that, by nature, investment policy documents are living, breathing documents that need to be updated regularly to reflect changes to the investment environment and corresponding changes to strategy, if any. We believe it is critical to review policy regularly to ensure that it remains current and in line with contemporary practices. We typically recommend reviewing policy on an annual basis.

90. Describe your process for analyzing the plan's investment structure and for recommended modifications.

Investment management policy at the total fund or asset class levels should focus on diversification of assets, result in unbiased investment characteristics relative to their respective markets as a whole, and be low cost. An investment program that embraces these concepts increases the likelihood of attaining a fund's investment objectives and mitigates risk.

Portfolio structures within each of the asset classes should embrace the totality of each individual marketplace. The first step in the process is to find a single market index that fully captures (as close as practical) the totality of a capital market. We tend to recommend these indices as asset class benchmarks as they, in theory, represent the most efficient portfolio to own. Once the benchmark is chosen, we work with our clients to structure their portfolios so that their resulting exposures to the various market segments are consistent with the benchmark's exposures (i.e., minimize so called "misfit risk"). Incurring misfit risk increases risk without a reasonable expectation for earning higher levels of return.

A key component to structuring portfolios is to determine the appropriate mix of active and passive investment strategies. We work with each of our clients to determine their tolerance for incurring active management risk in hopes of outperforming the market. Coloring this decision are discussions on market efficiency and empirical data on active management. We also consider a fund's size relative to the markets in which it invests. Generally speaking, the larger the fund, the more appropriate passive management becomes as large funds are not able to be nimble in their investment strategies, and may not be able to access certain market segments. We have clients that invest all actively and those that invest exclusively in index funds.

We continually review our clients' portfolio structures to ensure relevance in light of changes in the market environment and liquidity demands. Where composition of markets has changed or where a client is no longer able to tolerate the illiquidity from investing in certain market segments, we often suggest changes to structure that are consistent with the prevailing circumstances of the fund.

91. What does your firm consider to be the most crucial issues regarding an Investment Policy Statement?

In a defined contribution plan, the most important employer-level decision is how many and what types of investment choices to offer to participants. We assist clients in the development of investment structure, investment objectives, policies and guidelines by addressing a number of key issues. We discuss and work through these issues so that each policy reflects the individual nature of each client's investment program. The participative nature of this process is essential to creating appropriate and useful investment policies, portfolio structures, and guidelines for investment committees. The investment policy statement will summarize and document the investment structure, guidelines, and plan governance.

92. Does your organization assist in written updates and revisions to the Investment Policy Statement? If so, how often do you review the policy statement for updates?

AHIC works with hundreds of clients every year on establishing investment policy statements that are appropriate for their investment programs given their organization's risk tolerances, program

objectives, liquidity needs, and governance profile. We recommend that periodically, such as once a year, our clients review the Investment Policy Statement.

Cybersecurity Policy

93. Has your firm experienced any security breaches? If yes, briefly explain.

From time to time, Aon Hewitt is made aware of possible data security issues in connection with the operation of our business. Upon identification, each issue is promptly investigated and, if necessary, addressed and resolved. The details of any such incident are confidential; however, we have not experienced any security breaches or incidents related to any material or systemic issues.

94. Does your firm carry cybersecurity insurance? If yes, provide an overview of the coverage.

Yes. Aon's professional liability insurance contains cyber liability insurance protecting Aon from client claims that might be brought if their data is compromised because of Aon's negligence. The same policy also contains first party coverage protecting Aon from direct costs that could arise following a data breach. This covers things like forensic costs, notification costs, and public relation costs. The deductibles on the coverage under this policy range from \$5 million to \$10 million.

95. Does your firm conduct periodic risk assessment reviews to identify potential cybersecurity threats, vulnerabilities, and potential business consequences? If so, what are the frequencies of these reviews?

Aon has both external security reviews (SSAE 16 reports, third party penetration network and application testing, client reviews) and internal reviews (application testing, log reviews, weekly vulnerability scans, etc.).

An independent third party is engaged annually to conduct a network-level penetration test of Aon's Internet hosting infrastructure. The information security team also regularly executes automated network vulnerability scans to verify configuration compliance for both external and internal views of the client delivery infrastructure. Aon's security policy requires that all new Internet-facing applications must pass a security review, either by an independent third party or by Aon's information security organization. In addition, internal Qualys scanning is performed weekly.

96. What are your firm's processes and systems for dealing with cybersecurity threats and protections of personal identifiable information?

Aon Hewitt uses a defense in depth approach for Cyber Security detection, prevention and remediation. The solutions involve standard network solutions including IDS, IPS and managed firewalls and endpoint solutions including a suite of desktop solutions that prevent the installation of malware. Finally, Aon has made a significant investment in the advanced malware solution called FireEye to ensure we can detect advanced threats.

97. Does your firm have an annual independent assessment made of its cybersecurity processes? If so, who provides that independent review?

No, we do not have specific independent testing of our security policies; however we are subjected to annual SSAE 16 type of audits for certain outsourcing services provided. Aon's security policies

are reviewed on an at least annual basis and updated as needed. Aon continuously looks for ways to improve its internal controls and security posture. This includes working closely with both internal and external auditors to ensure controls meet their requirements. Systems are reviewed as necessary for adherence to Aon policies, standards, and procedures. Network and system vulnerability scans are performed on select areas of the infrastructure by both Aon and our outsourcing partners' security personnel, and by contracted third parties. Key applications are assessed for security using exploit procedures and/or source code reviews.

98. Does your firm have a privacy and security policy, and does the policy apply to personal identifiable information of retirement plan clients? Does the policy reference storing of personal identifiable information on laptops and portable storage devices, and if so, what is that policy?

Aon has a Global Information Security Policy in place. The Global Information Security Policy sets the direction, provides broad guidance, and defines requirements for information security related processes and actions across Aon. The Global Information Security Policy is supported by other policies and standards which have been based on ISO 27002. Security Policies and Standards apply to all employees, contractors, and vendors of Aon.

Aon Hewitt has in place various technical and administrative controls to ensure protection of data on removable media. Dependent on the build Aon Hewitt laptops have USB ports disabled by default to ensure data does not leave the Aon Hewitt environment inappropriately. Full disk encryption is implemented on all Aon Hewitt laptops. Anti-virus software must be running at all times and updated with reasonable regularity on workstations or laptops. By default, all laptops require an active firewall to be running. All mobile media leaving Aon's custody, including CDs, DVDs, flash drives, tapes and portable hard drives - are required by policy to be encrypted. Aon provides all colleagues with a variety of tools to ensure compliance, including encryption-capable ZIP utilities and PGP-compatible tools.

The Global Privacy Policy describes Aon's approach to collecting, storing, transferring and using personal information. The privacy policy is published and available to all colleagues on Aon's intranet site. Please also see <http://www.aon.com/about-aon/privacy.jsp>.

99. What is the frequency of updates to your firm's technology systems and who ensures the updates occur on a regular basis?

All system devices (including servers, voice and data networking equipment, or other devices enabling Aon colleague's access to data) must be configured to minimize potential security threats, as per the Aon hardening standards, while facilitating the conduct of Aon's business.

Aon uses industry-standard best practices for hardening device operating systems through a range of techniques such as disabling unqualified remote management and access tools; securing access to storage devices and peripheral ports; securing built-in accounts; configuring login and password policies; securing file system access control lists; configuring data isolation and segmentation; securing protocols, interfaces and ports; configuring necessary network services; implementing an effective anti-virus program; implementing effective patch-management; securing administrative domain trust relationships; implementing file-system integrity monitoring; and/or implementing an

intrusion detection/prevention system such as firewalls or "multiple layers" of service-agnostic protection.

Additionally, the Information Security teams at both Aon and our outsourcing partners monitor a variety of sources to identify vulnerabilities and associated patches. Vulnerabilities are analyzed for applicability to our systems and applications, possible attack vectors and methods, potential severity, and urgency. Testing, Change Management review, and deployment of the patches are scheduled, as appropriate to the analysis. Aon standards require that all applicable patches be applied, within time frames defined by severity and urgency. Infrastructure components support automated patch deployment. Deployment progress is subsequently tracked and reported to management.

100. Does your firm have policies on storing personal identifiable information including where it is stored, how long it is stored, and how it is eliminated?

Yes. The Aon Global Information Governance Policy establishes Aon's rules regarding the creation, storage, access, use, and secure disposal of corporate information, including, but not limited to, business records. It supports efficient business operations, preservation of corporate memory, and compliance with relevant legal and regulatory requirements. The Global Information Governance Policy is also supported by Aon's Records Retention Schedules.

Client data and records are retained according to contractual requirements with each client. After a predetermined period the materials will be securely destroyed.

101. Is advanced authentication used by the company? Can you describe the process?

Aon has a Password & Authentication Standard in place that provides the requirements for the proper authentication necessary to access Aon information assets. Additionally, the Standard outlines how Aon limits access to authorized users only and prevents unauthorized access to information systems via authentication and password controls. Aon access management is based on the principles of "least privilege" and "need to know".

User identification and authentication is typically accomplished through unique user accounts and associated passwords, although multi-factor authentication is implemented where appropriate. Aon standards specifically address minimum acceptable password length, complexity, and expiration requirements. User accounts are required to be unique; credential sharing is not permitted.

Aon's Password and Authentication Standard requires:

- A. Passwords for user accounts must be a minimum of eight (8) characters long.
- B. Passwords must contain at least three (3) of the following four (4) complexity rules:
 - Upper case alphabets
 - Lower case alphabets
 - Numbers
 - Symbols
- C. Passwords must be changed no longer than every 13 weeks (91 days).
- D. A user must not use a previously used password for a period of twelve (12) months.

102. What are the training procedures to ensure that all employees who come in contact with personal identifiable information are aware of and follow the procedures to ensure adequate protection of the information?

All employees and contractors are required to take computer based training courses annually reinforcing policies on Data Security & Data Protection, Information security, Code of Business Conduct and others. Aon also cascades key security messages to colleagues periodically through regular postings on our corporate intranet site, through a focused security awareness month program, via the Centre for Security Risk Management on Aon University, and through direct talking points cascaded from senior leaders.

Since 2015, Aon has also launched an "Aon Secure" awareness campaign. Security posters and table cards are displayed in select Aon locations as well monthly security tips are posted on our intranet site.

103. Does your firm have a chief information security officer or similar position? Please provide that person's biography.

Aon's information security program is coordinated by its Global Security Services (GSS) organization, chaired by its Chief Security Officer, Anthony Belfiore.

Anthony has over 16 years of experience in IT, Security, Risk Management. Prior to joining Aon, he was a head of IT infrastructure for First Data Corporation, CISO for JPMorgan Chase and Global Head of Risk and Security Services for UBS.

Warranties

104. Does your firm warrant that it maintains, or has applied for by the due date for RFP responses, an Errors and Omissions Insurance policy providing prudent coverage for negligent acts or omissions and that such coverage will remain in place for the duration of your firm's services under the anticipated contract? Please specify the types and amounts of insurance coverage your firm maintains.

Yes.

105. Does your firm warrant that all information and statements in this RFP are complete and true? Any statement or claim found to be incomplete, misleading or false will be grounds for immediate disqualification or dismissal and may be subject to legal action.

Yes. AHIC affirms that all information and statements made in this RFP are complete and true.

106. Does your firm warrant that it is an SEC-registered investment advisor or exempt from registration? If so, please provide a copy of the firm's current Form ADV. If exempt, explain the nature of exemption.

Yes. AHIC is an indirect, wholly owned subsidiary of Aon plc, and is a Registered Investment Advisor with the U.S. Securities and Exchange Commission ("SEC") under the SEC Investment Advisers Act of 1940, as amended. Please refer to the **Appendix** section for AHIC's Form ADV, Part 2A and 2B.

107. Does your firm warrant that it has ten (10) years experience in Deferred Compensation or Defined Contribution investment consulting for government organizations and/ or other relevant industry clients?

Yes. AHIC affirms that we have over 10 years of experience providing investment consulting services to defined contribution/deferred compensation plans for government organizations.

108. Does your firm warrant that it has five (5) years experience providing services substantially similar to the services requested in this RFP for public sector or governmental entities or past experience with the City of County of San Francisco?

Yes. AHIC affirms that we have over five (5) years experience providing investment consulting services for public sector or governmental entities substantially similar to the services requested in this RFP.

109. Does your firm warrant that it has at least three (3) years' experience in advising and/or managing custom target date funds for defined contribution plans or other relevant industry clients?

Yes.

110. Does your firm warrant that it has a minimum of \$1 billion in total assets under advisement?

Yes.

111. Does your firm warrant that it is compliant with the CFA Institute's Global Investment Performance Standards? If not, why not?

Yes. AHIC tracks investment manager compliance with GIPS standards through our rigorous due diligence process. Lack of compliance with GIPS raises a "red flag" with respect to the quality of the data received from the manager.

112. Does your firm warrant that it has reviewed the form of Investment Consulting Agreement, attached as Appendix E to this RFP, and that the firm's counsel has reviewed that agreement? Please identify any changes you would request to that Investment Consulting

Agreement, either by providing a marked revised copy of the agreement with your requested changes or by identifying each section of the agreement where you would request changes and specifying the changes requested. Please warrant that the marked-up copy of the Investment Consulting Agreement or list with agreement sections and the specific changes requested to those sections represents your full list of requested changes.

We have reviewed your general terms and conditions, and in addition, are providing our form agreement which is specifically designed for the type of consulting services proposed and attempts to strike a good balance between the interests of the parties. In the event that we are selected as the winning bidder, we would like to have a discussion with you about the contracting process and jointly determine the appropriate path forward to reaching an agreement. We are also willing to engage in that discussion with you prior to your selection of the winning bidder in the event that would assist you in your decision-making process. In any event, we are confident that our legal and business teams can negotiate expeditiously and in good faith to reach mutually agreeable contractual.

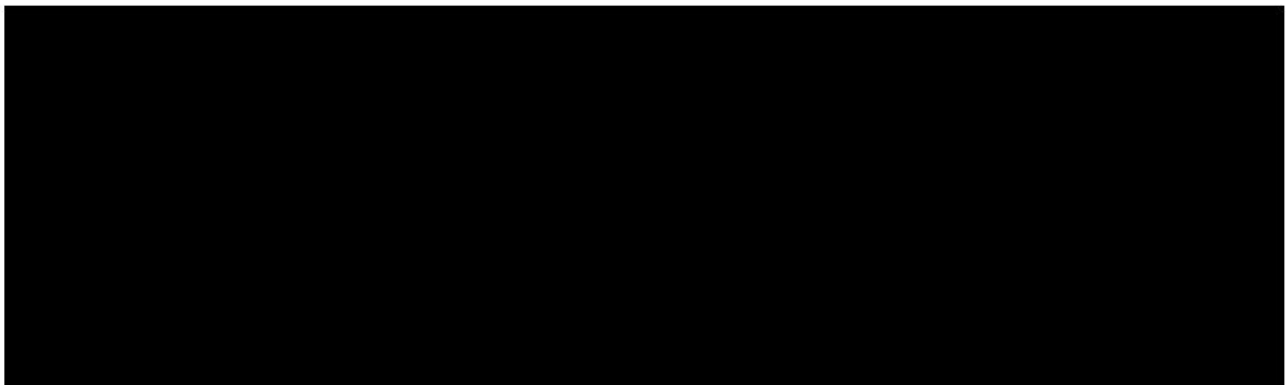
Our form agreement reflects our standard positions on material legal terms including indemnification, liability limits and intellectual property ownership.

113. Have you or anyone in your firm provided any gifts, travel and room expenses, entertainment or meals to any Board member or SFDCP staff during the past 12 months? If yes, please describe the amount of the expense and what it was for, as well as the date.

No. To the best of our knowledge, no AHIC employee has provided any gifts, travel and room expenses, entertainment or meals to any Board member or SFDCP staff during the past 12 months.

Other

114. Provide references for three public pension plans and/ or relevant industry clients that the respondent has provided services substantially similar to the services requested in this RFP within five (5) years from the date of this RFP. Include the name, address and phone number of the person whom we may contact. References must represent large deferred compensation or defined contribution plans. We prefer references with a minimum of \$2 billion in assets.



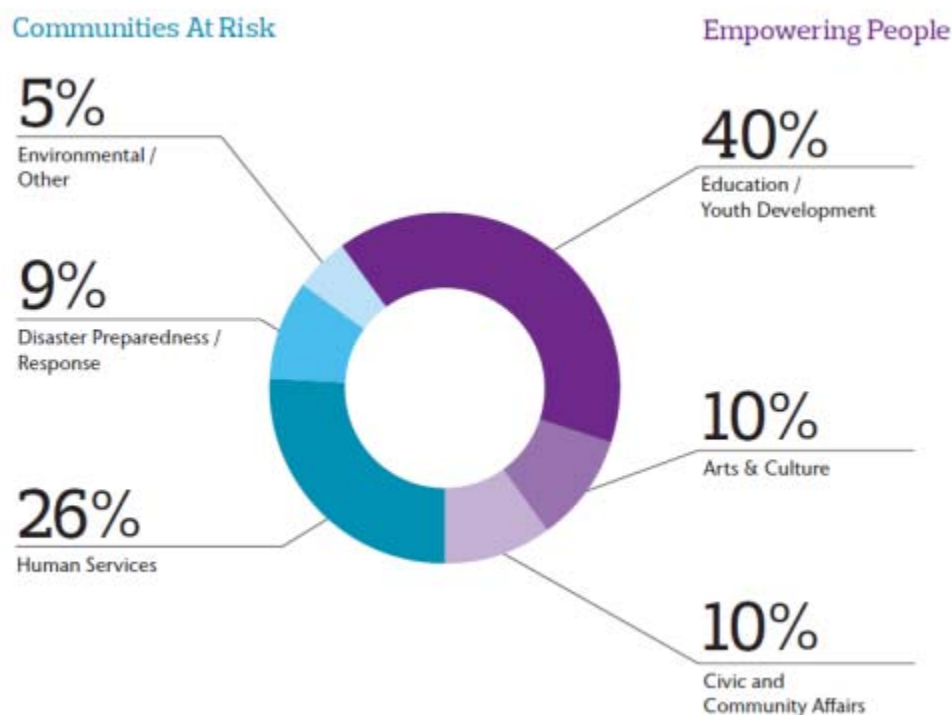
115. Does your firm have an outreach program for disadvantaged communities? If so, please describe the program and include the policies and procedures for outreach and recruitment.

Aon is committed to addressing the most important issues in the economy today—risk and people. That's why our charitable partnerships and firm-wide community involvement efforts focus on empowering human and economic possibility across Aon's global footprint.

The Aon Foundation

The Aon Foundation is our principal vehicle for philanthropic programs in the U.S. and focuses on empowering people and working with communities at risk. We invest in educational programs that make a marked difference in the academic achievement of young people, as well as in organizations that help develop our future workforce, such as the Fisher College Business Risk Institute at Ohio State University, the Insurance Industry Charitable Foundation, St. Johns University School of Risk Management, and the Spencer Educational Foundation. We also support organizations like American Cancer Society, American Heart Association, American Red Cross, Habitat for Humanity, and United Way, which focus on serving and improving communities at risk.

Through the Aon Foundation, we invested more than \$10 million dollars in contributions to more than 2,300 organizations in 2014. These funds were directed in the following manner:





Appendix

AHIC Form ADV, Part 2A

AHIC Form ADV, Part 2B—Kevin Vandolder, William Ryan

Sample Quarterly Performance Report

Sample Contract

Go Big or Go Home : The Case for an Evolution in Risk Taking

Custom DC Investments for Participant Success

Disclaimer

Investment advice and consulting services provided by Aon Hewitt Investment Consulting, Inc. ("AHIC"). The information contained herein is given as of the date hereof and does not purport to give information as of any other date. The delivery at any time shall not, under any circumstances, create any implication that there has been a change in the information set forth herein since the date hereof or any obligation to update or provide amendments hereto.

This document is intended for general information purposes only and should not be construed as advice or opinions on any specific facts or circumstances. The content of this document is made available on an "as is" basis, without warranty of any kind. AHIC disclaims any legal liability to any person or organization for loss or damage caused by or resulting from any reliance placed on that content. AHIC reserves all rights to the content of this document. No part of this document may be reproduced, stored, or transmitted by any means without the express written consent of AHIC.

AHIC is a federally registered investment advisor with the U.S. Securities and Exchange Commission. AHIC is also registered with the Commodity Futures Trade Commission as a commodity pool operator, and is a member of the National Futures Association. The AHIC ADV Form Part 2A disclosure statement is available upon written request to:

Aon Hewitt Investment Consulting, Inc.
200 E. Randolph Street
Suite 1500
Chicago, IL 60601
ATTN: AHIC Compliance Officer