

**SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF NEW YORK**

KNOX COUNTY PENSION & RETIREMENT BOARD, KNOX CHAPMAN UTILITY DISTRICT, BEAUMONT FINANCIAL PARTNERS LLC, WILLIAM JACKSON, and EMILY E. COLE, individually on behalf of themselves and a class of similarly situated investors,

Plaintiffs,

v.

ALLIANZ GLOBAL INVESTORS U.S. LLC, ALLIANZ GLOBAL INVESTORS DISTRIBUTORS LLC, and ALLIANZ FUNDS MULTI-STRATEGY TRUST (n/k/a VIRTUS STRATEGY TRUST),

Defendants.

Index No.: 651233/2021

**AFFIRMATION OF JAMES A. HARROD IN SUPPORT OF PLAINTIFFS’
UNOPPOSED ORDER TO SHOW CAUSE AND ENTRY OF NOTICE ORDER**

I, James A. Harrod, an attorney duly admitted to practice before the courts of the State of New York, affirm the following to be true under penalty of perjury:

1. I am a member of the Bar of the State of New York and am a member of Bernstein Litowitz Berger & Grossmann LLP, one of the co-counsel for Plaintiffs Knox County Retirement & Pension Board, Knox Chapman Utility District, Beaumont Financial Partners LLC, William Jackson, and Emily E. Cole (collectively, “Plaintiffs”) in the above-captioned securities class action (the “Action”) pending before this Court.

2. I submit this affirmation in support of Plaintiffs’ proposed Order to Show Cause why entry of the parties’ [Proposed] Order Preliminarily Approving Settlement and Providing for Notice (the “Proposed Notice Order”), which would, *inter alia*, preliminarily approve the parties’

proposed settlement of the Action for \$145 million in cash (the “Settlement”), should not be granted. Defendants do not oppose this Order to Show Cause.

3. The terms and conditions of the proposed Settlement are set forth in the parties’ Stipulation of Settlement dated November 1, 2022 (the “Stipulation”).¹ A copy of the Stipulation, together with all exhibits thereto, is attached hereto as **Exhibit 1**.

4. At this stage, Plaintiffs, with the agreement and consent of Defendants, seek only preliminary approval of the proposed Settlement, and more specifically entry by the Court of the accompanying Proposed Notice Order (attached hereto as **Exhibit 2**)—the form of which has been negotiated and agreed by the parties.

5. Entry of the Proposed Notice Order is a prerequisite to taking the further required steps in the class action settlement approval process under the CPLR and due process. Specifically, the Proposed Notice Order would, *inter alia*, (a) set the date for a Settlement Fairness Hearing; and (b) provide for issuance of notice to putative Settlement Class Members of (1) the proposed Settlement; (2) their rights to object to or exclude themselves (“opt-out”) from the Settlement; and (3) their rights to attend and participate in the Settlement Fairness Hearing.

6. The proposed forms of the Notice of Proposed Settlement of Class Action (“Notice”) and the Proof of Claim and Release Form (“Proof of Claim”)—which are to be mailed to all Settlement Class Members who can be identified with reasonable effort (and posted on a dedicated Settlement Website, www.AllianzMutualFundsLitigation.com)—are attached to the proposed Notice Order at Exhibits A-1 and A-2, respectively. The parties’ agreed plan for disseminating notice to the Settlement Class (the “Notice Plan”), as set forth in the Proposed Notice

¹ Unless otherwise defined herein, all capitalized terms have the same meanings as given them in the Stipulation.

Order, also provides for publication of the Summary Notice of Proposed Settlement of Class Action (“Summary Notice”) (attached to the proposed Notice Order at Exhibit A-3) in *The Wall Street Journal* and over a national newswire service.

7. The proposed Notice Plan comports with the requirements of Article 9 of the CPLR and due process, which provide that class actions should not be settled without issuance of adequate prior notice to the putative class members of the proposed settlement and the final approval hearing, and of their rights in connection therewith. Particularly given the existence of records identifying the purchasers of the securities at issue in the proposed Settlement, Plaintiffs believe that this is a highly effective and practical program for disseminating the Notice and Proof of Claim.

8. The proposed Notice Order also provides for the appointment of A.B. Data, Ltd. as Claims Administrator to implement and administer the Notice Plan and to process Proofs of Claim in accordance with the terms of the Stipulation.

9. Plaintiffs and Plaintiffs’ Counsel, based on their experience, their evaluation of the facts and applicable law, their consultations with their damages consultants, and their participation in an arm’s-length mediation process under the auspices of a well-respected mediator—and in particular based on their weighing of the immediate and substantial benefits of the proposed \$145 million cash Settlement against the substantial risks of continued litigation—respectfully submit that the Settlement represents an outstanding result and is fair, reasonable, and adequate, and in the best interests of the Settlement Class.

10. Under the Settlement, Defendants will pay, or cause to be paid, \$145,000,000 in cash into an interest-bearing escrow account. After deductions for Court-approved attorneys’ fees and expenses (including any service awards to Plaintiffs for their representation of the Settlement Class), Notice and Administration Costs, Taxes, and any other fees or expenses approved by the

Court after the Effective Date of Settlement, the amount remaining in the Settlement Fund (if the Settlement obtains final approval and the Effective of Settlement occurs) will be distributed on a *pro rata* basis to all eligible Settlement Class Members who timely submit a valid Proof of Claim.²

11. Among other things, granting preliminary approval to the Settlement will (subject to final approval) result in the creation of the Settlement Class, consisting of any Person who or which purchased or otherwise acquired an interest in the shares of any Mutual Fund pursuant or traceable to, or whose investments were otherwise solicited through, the Offering Communications, and who or which (i) purchased those shares prior to February 24, 2020, and sold those shares on or after February 24, 2020 and prior to the respective Mutual Fund's liquidation date; (ii) purchased those shares prior to February 24, 2020, and held those shares through the liquidation of the respective Mutual Fund; (iii) purchased those shares on or after February 24, 2020, and sold those shares prior to the respective Mutual Fund's liquidation date; or (iv) purchased those shares on or after February 24, 2020, and held those shares through the liquidation of the respective Mutual Fund, and, in each case, was damaged thereby. Excluded from the Settlement Class will be Defendants and certain specified related entities and individuals.

12. After Notice has been disseminated, Settlement Class Members will have the option of objecting to the Settlement or opting-out—that is, excluding themselves from the Settlement. Settlement Class Members will also have the option to submit a Proof of Claim to establish their eligibility to receive their *pro rata* portion of the Net Settlement Fund, as further explained in the Notice. Settlement Class Members who do not opt-out will be bound by the Settlement, regardless of whether they submit a Proof of Claim.

² Such *pro rata* distribution will be pursuant to the Plan of Allocation that is set forth in the Notice, or pursuant to such modified plan of allocation as the Court may approve following the Settlement Fairness Hearing.

13. Plaintiffs will present the Settlement to the Court for *final* approval through formal motion practice, in accord with the schedule as set forth in the Proposed Notice Order and below (subject to any modifications that the Court may direct). In their final approval motion papers (which will be posted, after filing, on the Settlement Website for the public to review), Plaintiffs will explain why the Court should grant *final* approval of the proposed Settlement and Plan of Allocation. In their separate Fee and Expense Application, Plaintiffs' Counsel will also explain why the Court should approve their forthcoming request for attorneys' fees and payment of expenses (including any request for service awards to the five Plaintiffs for their representation of the Settlement Class). Plaintiffs and their counsel will also address objections, if any, that may be submitted.

14. Plaintiffs (with Defendants' consent) respectfully propose a schedule for proceeding with final approval of the Settlement that is the same (or close to) the schedule set forth below. Under the proposed schedule, Plaintiffs request that the Court schedule the Settlement Fairness Hearing for a date 90 days after the date of entry of the Proposed Notice Order, or at the Court's earliest convenience thereafter. Assuming that the Court enters the Proposed Notice Order by November 15, 2022, the Settlement Fairness Hearing could be set for February 13, 2023. Please note that the Court need only enter the date (and time) of the Settlement Fairness Hearing in the blank at paragraph 3 of the Proposed Notice Order (Exhibit 2 hereto), as all other dates/deadlines referenced below will be set based on either (a) the date of entry of the Proposed Notice Order or (b) the date chosen by the Court for the Settlement Fairness Hearing.

EVENT	PROPOSED TIMING
Deadline for mailing Notice and Proof of Claim to potential Settlement Class Members (Notice Order ¶ 8)	20 business days after the date of entry of the Notice Order (“Notice Date”)
Deadline for publishing Summary Notice (Notice Order ¶ 9)	10 business days after the Notice Date
Deadline for filing papers supporting final approval of Settlement, Plan of Allocation, and motion for attorneys’ fees and expenses (Notice Order ¶ 19)	35 calendar days prior to the Settlement Fairness Hearing
Deadline for receipt of exclusions or objections (Notice Order ¶¶ 13, 15)	21 calendar days prior to the Settlement Fairness Hearing
Deadline for filing reply papers (Notice Order ¶ 19)	7 calendar days prior to the Settlement Fairness Hearing
Settlement Fairness Hearing (Notice Order ¶ 3)	90 calendar days after entry of the Notice Order, or at the Court’s earliest convenience thereafter
Deadline for submitting Claim Forms (Notice Order ¶ 12(a))	120 calendar days after the Notice Date

The schedule, as approved by the Court in the Notice Order, will be incorporated into the Notice before it is disseminated to Settlement Class Members.

15. The prerequisites for class certification under CPLR § 901 are readily satisfied here in that: (a) the number of Settlement Class Members is so numerous that joinder of all members of the Settlement Class is impracticable (inasmuch as millions of Mutual Fund shares were purchased or otherwise acquired on a daily basis by members of the putative class during the period from the initial offering of each such Mutual Fund through and including the date such Mutual Fund was liquidated); (b) there are questions of law and fact common to the Settlement Class (including, for example, whether Defendants’ Offering Communications were materially false and misleading), and such questions predominate over any questions affecting only individual members; (c) the claims of

the named Plaintiffs are typical of the claims of the Settlement Class they seek to represent; (d) the named Plaintiffs and their chosen counsel will fairly and adequately protect the interests of the Settlement Class (as confirmed by, *inter alia*, their diligence in prosecuting the claims at issue and in negotiating the proposed Settlement); and (e) a class action is superior to other available methods for the fair and efficient adjudication of the Action.

16. Moreover, each of the additional factors under CPLR § 902 also supports class certification, namely:

(a) the (lack of) interest of members of the Settlement Class in individually controlling the prosecution of separate actions;

(b) the impracticability and inefficiency of prosecuting or defending separate individual actions;

(c) the extent and nature of any litigation concerning the controversy already commenced by or against members of the Settlement Class;

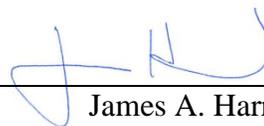
(d) the desirability of concentrating the litigation in this forum; and

(e) The (lack of) difficulties likely to be encountered in the management of this action as a class action, where (*inter alia*) approval of class certification in the present settlement context will eliminate the need to manage any class litigation if the Settlement is approved.

17. Based on the foregoing, Plaintiffs respectfully request that the Court (a) preliminarily approve the Settlement, (b) preliminarily certify the Settlement Class, (b) authorize the forms and method of notice to be disseminated pursuant to the Notice Plan, and (c) schedule a Settlement Fairness Hearing to consider whether the Settlement should be finally approved.

18. This is the first request that Plaintiffs (or any other party) have made for preliminary approval of the parties' proposed Settlement.

Executed this 1st day of November 2022, at New York, New York.



James A. Harrod