

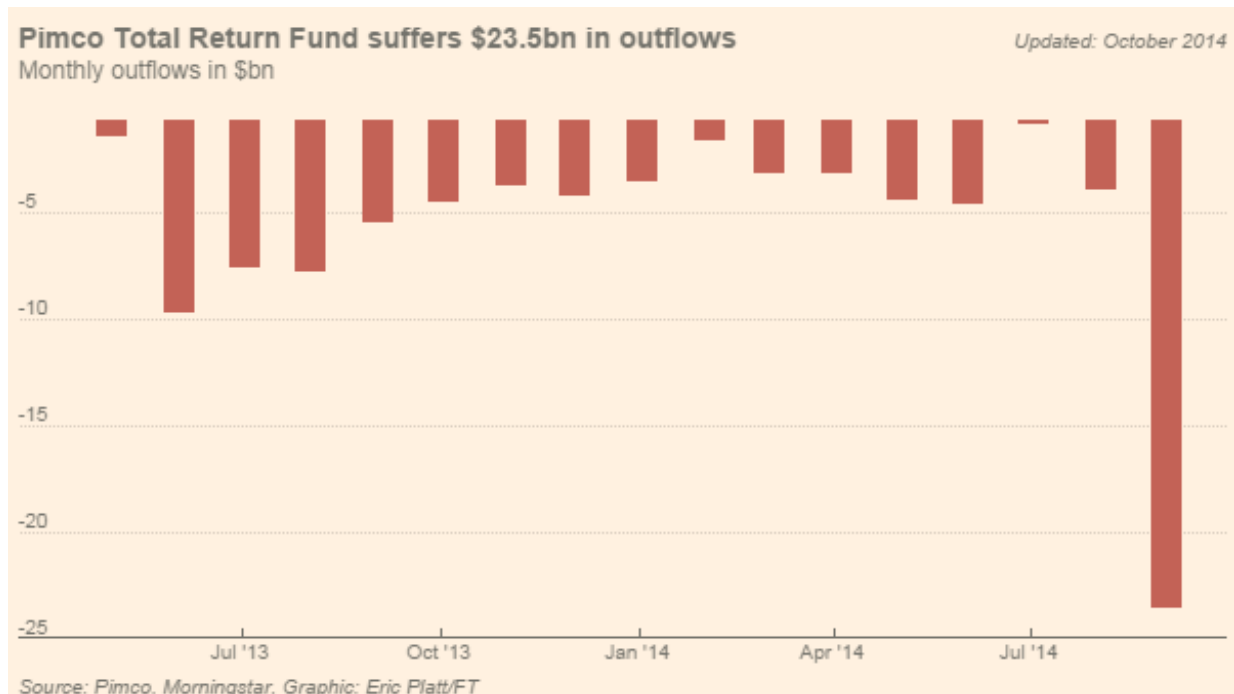
Investors pull \$23.5bn from Pimco fund

By Stephen Foley in New York

Investors withdrew \$23.5bn from Pimco's flagship [Total Return bond fund](#) in September, including a big rise in redemptions after its famed manager [Bill Gross](#) walked out of the company three days before the end of the month.

Pimco revealed on Wednesday that the world's largest bond fund lost 10 per cent of its assets since the start of September, as rivals boasted of picking up money from the company's clients and said they anticipated winning still more as investors assess the impact of Mr Gross's acrimonious departure.

DoubleLine, the rival manager run by Jeffrey Gundlach, who Mr Gross had approached about joining before deciding instead to run a small fund for Janus Capital, said it had picked up more than \$800m in the past three trading days, while Vanguard said it was dealing with an increase in flows into its bond market tracker fund.



Consultants and research firms including Mercer and Morningstar have [downgraded the Total Return fund](#) following Mr Gross's exit as Pimco's chief investment officer, and parts of the [bond market](#) sold off in anticipation that the flagship fund will have to liquidate positions.

However, [Pimco](#) said outflows were heaviest in the hours after Mr Gross resigned, and had slowed "considerably" this week.

September was the 17th consecutive month of outflows from Total Return, which began last year when the Federal Reserve signalled it would dial back its loose monetary policy, and which continued this year after the resignation in January of co-chief investment officer Mohamed El-Erian, amid stories of infighting and concerns about Mr Gross's management style.

The \$23.5bn monthly outflow was almost as much as had flowed out of the fund in the previous eight months.

"There has been a significant amount of fixed income assets in motion based on recent news," said Ron Redell, president of DoubleLine Funds, "and we believe DoubleLine, as well as other asset managers are receiving an increase in interest."

Vanguard said it had been turning away money from its \$121bn Total Bond Market fund, which tracks the bond market, amid a rise in interest from what it called undesirable short-term investors.

“When there is uncertainty with the market or with a manager, some investors will look for a proxy, but we are not going to accept money that uses us as a parking vehicle while they try to figure out where to go,” said Greg Davis, Vanguard’s head of global fixed income. “We are looking for long-term investors.”

Pimco has held conference calls with investors to introduce three new managers of the Total Return fund and try to staunch redemptions and calm nerves.

“The core fixed income market in which the Total Return fund invests is one of the largest and most liquid markets in the world, trading on average \$700bn of securities a day,” the company said in a statement. “The fund is well positioned to meet potential redemptions, and short-term cash management is an area of expertise and strength at Pimco.”

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