

## Pimco eyes booming advisory growth

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Pimco Advisory, the arm of bond giant Pacific Investment Management Co that found its calling

Pimco eyes booming advisory growth Pimco, the investment management company that made its name investing in bonds, has made huge gains in expanding its advisory business on complex investments, with that business now topping \$1 trillion in assets, the head of Pimco Advisory told Reuters. Pimco Advisory, the arm of bond giant Pacific Investment Management Co that found its calling during the global financial crisis with the U.S. Treasury and the Federal Reserve as its first major clients, has both expanded its business with the Fed and won substantial private-sector business, its global head, Richard Weil, said in an interview. Pimco Advisory -- which advises clients on issues such as how to restructure loan portfolios, liquidate holdings and best time those sales, as well as offering structured credit services to both private and public institutions -- has gone from advising on \$20 billion in assets at most before 2008 to more than \$1 trillion in assets this year alone, said Weil. "That dwarfs by a huge magnitude what we were doing before. I think it is a long-term sustainable business," said Weil, who was named global head of Pimco Advisory when it was established as a separate business last May. In the wake of the global credit crisis, Weil, in his first extensive interview as Pimco Advisory's global head, said private and public sector entities will find it "hard to maintain the expertise that is required to deal with these very hard situations." Pimco Advisory's business is now split evenly between the public sector and private industry, he said. Pimco Advisory has served as the collateral manager for the Federal Reserve's Term Asset-Backed Securities Loan Facility portfolio to revive securitization markets, won business as the adviser for the Fed's Commercial Paper Funding Facility, and become the adviser for the National Credit Union Administration. Last month Pimco beat out rivals including BlackRock Inc, the world's largest asset manager, to advise the National Association of Insurance Commissioners to help reassess the level of mortgage risks taken by insurance companies in a bid to improve on traditional bond ratings. The insurance industry's decision to pick Pimco comes in the wake of sharp criticism that rating agencies Standard & Poor's, Moody's Investors Service and Fitch Ratings mis-rated huge swaths of collateralized debt obligations and structured debt. "We are not strategically looking to replace the rating agencies, but we believe there is a role for people doing rating agency type work," Weil said. "The NAIC made a decision to seek an alternative approach." The advisory business represents a significant change for Pimco as it expands into areas such as equities outside its core strength in bonds. The firm manages more than \$940 billion in assets, mostly in fixed income. Pimco Advisory is a separate business line housed in a separate building, with a staff that has gone from zero to 40. courtesy: <http://www.reuters.com/>  
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