



With the stock market in chaos, the bond market has benefited from a multi-trillion-dollar flight to safety. The biggest beneficiary of the shift has been Bill Gross' Pimco, which runs the \$239.3 billion Total Return Fund, the largest mutual fund in America. The Newport Beach (Calif.) management company's flagship is a one-stop fixed-income shopping option for a growing investor base that doesn't want to deal with individual bond purchases. According to Morningstar, Total Return draws around \$1 billion of investor inflows a week. (It has been the largest bond fund since 1998, when it managed over \$20 billion.) Pimco opened shop in 1971 with \$12 million in assets. Now a unit of Munich-based insurer Allianz, it has a total of \$1.07 trillion in assets.

Total Return is popular because it keeps delivering. Over the past five years the fund has registered an average annual return of 8.1 percent—two percentage points over its bench-

mark, the Barclays U.S. Aggregate Total Return Index. Last year the fund bested its benchmark by nearly eight points. While Pimco is not pounding the pavement for fresh money, the firm maintains a high profile; Gross appears constantly on television, and CEO Mohamed El-Erian published a widely reviewed book, *When Markets Collide*, in 2008. The firm has also retained the celebrity services of former Federal Reserve Chairman Alan Greenspan (as a consultant) and ex-Treasury TARP point man Neel Kashkari (as head of new investment initiatives). It is not uncommon for Pimco's managers to get into the California office at 4 a.m. and find Gross sitting Zen-like amid an array of monitors, his tie already loose around his collar.

—Roben Farzad

**RUNNERS-UP**

- 2 American Growth Fund of America
- 3 Vanguard Total Stock Market
- 4 American Europacific Growth-A
- 5 Vanguard 500 Index Fund

