



Errata and Letter to the Editor

September 27, 2011

The following is in response to our article, [Counterparty Risk in Large Total-Return Funds](#), which appeared last week:

Dear Editor,

This article is on point and is the main reason we decided to get out of PIMCO's Total Return Fund for a less derivative-based fund in July. Your readers should be aware that PIMCO lists its counterparties for each derivative position in its annual and semi-annual [reports](#) for this fund. But I don't know if it is all that important to see its exposure by each bank (although I did to a degree). The fact of the matter remains: It has massive counterparty exposures spread among all the major derivative dealer banks. Want to undertake a fun task? Try and make sense of their complete holdings. The fund has large amounts of hidden leverage through its use of derivatives.

The author has asked to remain anonymous, since he could not obtain approval from his compliance department in time for our publication deadline. Our article has been corrected to note that PIMCO does disclose its counterparties.

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