

People Moves

PIMCO makes PM changes on 16 funds

Sudi Mariappa was promoted after Bill De Leon left the company amidst allegations of inappropriate behavior



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PIMCO named **Sudi Mariappa** global head of portfolio risk management, a post that will relieve him of portfolio manager duties on 16 funds by July 20.

Mariappa, who was a managing director and portfolio manager, replaces **Bill De Leon** who resigned on July 20 to spend time with his family, according to a spokesperson for the firm. She did not confirm nor deny reports of De Leon stepping down after 2017 allegations of sexual harassment, as reported by *The Wall Street Journal*.

Fidelity Investments made a similar shuffle last year: the firm shifted a manager to the \$18.5bn Fidelity OTC Portfolio (FOCPX), after reportedly firing long-time manager **Gavin Baker** for alleged sexual harassment (*FA*, 5/17).



Sudi Mariappa, new global head of portfolio risk management

An internal memo credited Mariappa for being a key adviser to the firm on portfolio and risk management processes after the financial crisis, and for heading global teams overseeing \$80bn in assets under management.

PIMCO added managers to the funds Mariappa managed, while keeping other incumbent managers in place, according to a July 20 regulatory filing.

The additions include **Michael Cudzil** on the \$1.3bn PIMCO Moderate Duration Fund (PMDRX). Cudzil, a mortgage specialist, already handles roughly \$6.7bn for the asset manager through five fixed income funds, most with longer durations. He will join **Scott Mather**, CIO of US core strategies, who had been managing the fund with Mariappa since 2014.

The firm roped in **Jing Yang** and **Bryan Tsu** to manage the equity funds that **Research Affiliates Equity** (RAE) subadvises and six equity funds that are part of its StocksPLUS suite. Yang is a mortgage specialist and a part of PIMCO's structured credit group. She has been with the asset manager since 2006. Tsu, who has been with the PIMCO since 2008, focuses on commercial mortgage-backed securities and collateralized loan obligations.

The nine PIMCO RAE funds detailed in the filing include different equity and risk exposures, such as international, emerging markets and low volatility (see table). They have an aggregate of \$8.2bn. The funds in the StocksPLUS suite that are undergoing manager changes invest in bonds and futures and have \$10.9bn in combined assets.

“If there is support for managers still in place, the process is likely to be similar, and it could be better to have new people onboard because you’ve got fresh eyes on the product,” **Chuck Self**, chief investment officer at **iSectors**, explained.

Investors are more likely to closely watch funds with new managers if those managers came from outside the firm, as it would render past performance and risk parameters meaningless, Self argued.

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Suite	Fund	New managers	Incumbents
RAE fundamental suite	PIMCO RAE PLUS Fund (PXTIX)	Jing Yang, Bryan Tsu	Mohsen Fahmi, Robert Arnott, Christopher Brightman
	PIMCO RAE Advantage PLUS Fund (PFATX)		
	PIMCO RAE PLUS EMG Fund (PEFIX)		
	PLUS International Fund (PTSIX)		
	PLUS Small Fund (PCFIX)		
RAE low volatility suite	PIMCO RAE PLUS Fund (PILVX)	Jing Yang, Bryan Tsu	Mohsen Fahmi, Robert Arnott, Christopher

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Suite	Fund	New managers	Incumbents
	PIMCO RAE Low Volatility PLUS EMG Fund (PLVLX)		Brightman
	PIMCO RAE Low Volatility PLUS International Fund (PLVTX)		
RAE low volatility suite	PIMCO RAE Low Volatility Worldwide Long/Short PLUS Fund (PWLIX)	Jing Yang	Mohsen Fahmi Robert Arnott, Christopher Brightman, Jos Davis
StocksPLUS suite	PIMCO StockPlus Absolute Return Fund (PSPTX)	Jing Yang, Bryan Tsu	Mohsen Fahmi
	PIMCO StockPlus International Fund (Unhedged) (PSKIX)		
	PIMCO StockPlus International Fund (US Dollar- Hedged) (PISIX)		
	PIMCO StockPlus Short Fund (PSTIX)		
	PIMCO StockPlus Small Fund (PSCSX)		

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Suite

Fund

New managers

Incumbents

StocksPLUS suite

PIMCO
StocksPLUS Fund
(PSTKX)

Mohsen Fahmi,
Jing Yang, Bryan
Tsu

Sudi Mariappa
(9/26/14—
7/20/18)

Source: FA via SEC filings