$200M Too Much Pay, Even for a Bond King: Poll

By Danielle Sottosanti, Ignites [subscription only]
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Pimco’s Bill Gross and Mohamed El-Erian have achieved star status, but they’re still not worth the combined $300 million they reportedly earned last year, a majority of Ignites readers say.

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Portfolio managers’ compensation at Pimco consists of a base salary and discretionary performance bonus, and may include an equity or long-term incentive component, according to the Total Return Fund’s statement of additional information to the prospectus.

The language in the disclosure on portfolio manager compensation is “very vague,” according to Niels Holch, executive director of the Coalition of Mutual Fund Investors.

“The description for the performance bonus does not disclose the performance objectives that are used before a bonus decision is made. Similarly, the long-term incentive compensation disclosure is very vague about how senior employees acquire an equity stake in Pimco and how employee incentives are aligned with the firm’s performance. Overall, it’s hard to figure how base salary, a bonus and a long-term incentive package total $100 million to $200 million for one year [for a portfolio manager such as Gross],” he says.