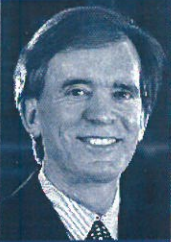


Bill
Gross



Investment Outlook

P I M C O

November 2009

Midnight Candles

A cold wind from the future blows into my nighttime bedroom, more often than not during those midnight hours when fear dominates and hope retreats to a netherworld. This wind is a spectre, an oracle of darkness and eventual death, not easily dismissed. Once merely a whisper, its decibels intensify with the advancing years. It will be heard, this reaper – this grim reaper, yet in the nights when it howls the loudest I fight back, silently screaming for it to get out, to leave me alone, to let it all be a bad dream. It never is. Shakespeare's Macbeth expressed it more subtly: "Out, out, brief candle!" Yet the finer words provide no solace; the final act is always the same.

Those of you in your sixties and older know of what I speak; even during daylight hours you read the obits and notice that contemporaries have passed into the

beyond. Those of you much younger must wonder what has come over me, yet I was young once too. I remember as a teenager camping out under the stars with friends wondering aloud at the mystery of it all, knowing the reaper was far off in the distance, so far away that death was more a philosophical discussion point than an impending reality. In my thirties, I recall standing in front of a mirror in my physical prime and instructing my image that I would never grow old, that I somehow would live forever, that I, the me, the ego, would be eternal. Now when I face the glass my eyes avoid the unmistakable conclusion: I am everyman – everyone that ever was and ever will be. This world will outlast me.

What to do? Enjoy these senior years and take advantage of the gifts I have been