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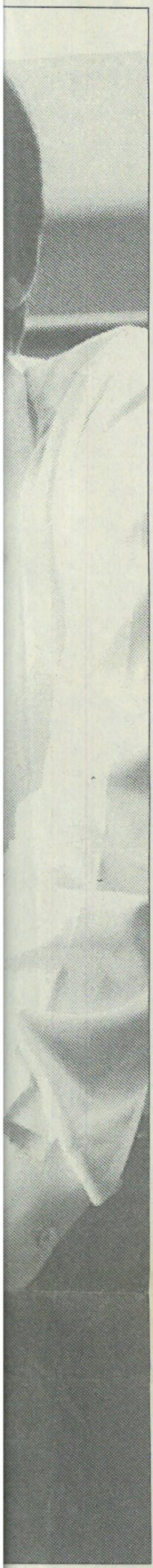

llson/The New York Times

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From blackjack to bond trading, Bill Gross makes his bets pay off.

sons. "It's my obsessive tendency," he said.

Following graduation from Duke University with a degree in psychology, Mr. Gross took $200 and headed to Las Vegas in 1966 to try out a card-counting theory. For the next three months, he slept in fleabag motels or his car and played blackjack 16 hours a day. He was soon wearing disguises so he wouldn't be thrown out of the casinos. By the time he left to join the Navy, he had $10,000.

"The point wasn't to win money, but to prove I could beat the system," he said. Aboard ship, he pondered mathematical methods and flirted briefly with becoming a professional gambler, but decided investing was a more socially acceptable way to use his mathematical skill and desire to win. So after the Navy he studied finance at U.C.L.A.

THOSE closest to Mr. Gross point to his vigor and determination. An avid runner, he once decided to do a marathon a day for five days. Eventually, his kidneys started bleeding, but he still finished. His stamp collection has him wheeling and dealing at auctions by phone. "It's the deal," says his wife, Sue, whom he met through a dating service after his first marriage failed.

Unexpectedly perhaps, Mr. Gross is soft-spoken, self-deprecating and accommodating. "My time is your time," he says to an interviewer. Still, he is calculating in what he reveals. To be a good bond manager, he says, one has to be part mathematician, part economist and part horse trader. "When you're trading, you become this riverboat gambler, and you sort of put on your riverboat gambling hat," he said. "You have to be able to take on several different personas."

Sometimes this means schmoozing and cajoling. Other times it means having to "yell and scream and pretend you're a little schizoid. That way the seller is never really sure if you're going to accept his offer," Mr. Gross said. "I learned in the first four or five years that you could never let them see your face," he added. "You always have to be sort of a one-eyed jack."

But he offers brief glimpses. One recent day, as Mr. Gross awaited an announcement by President Clinton on the long-term bond supply, his eyes flickered back and forth between the Telerate and computer screens. Suddenly the news came across a screen. His neck muscles tensed and his face reddened. The supply was lower than he expected, but the market — perversely — was going down, too quickly to lock in a price. He pounded the table in frustration. By the time he put in his order, the market had moved up.

Later he said the market had misread the announcement. "I knew it, but I didn't act on it quick enough," said Mr. Gross, who still made $50,000 or so on the trade. But that was a short-term play, and not the essence of Pimco. Mr. Gross and 13 other portfolio managers, sitting in a corner trading room overlooking the Pacific, have built the firm by hatching longer-term strategies.

In 1982, Mr. Gross, to help with mathematical analysis, hired Frank Rabinovitch, a self-described computer nerd from Stanford University, who designed a system that can "slice and dice a bond like a Veg-o-matic."

But the investment decisions are still made by people. At a U-shaped trading desk, Mr. Gross has surrounded himself with some of the smartest. One trader, David Edington, a former aerospace engineer with an M.B.A. from M.I.T., acknowledges this is not a place for the insecure. "Sometimes," he said, "you've done all this research, and everyone tears your idea apart, but that's what keeps

Jogging near his office.

home by 4 P.M. to play with his 5-year-old son, Nick. His children from the previous marriage — Jeff, 21, and Jennifer, 17 — live with him part time. His home office and refuge has books and a collection of his press clippings but computers are noticeably absent. The Telerate is jammed in a closet off a small gym downstairs.

"He didn't want to see it," Mrs. Gross said. "He made a decision that he had to scale back because he wants to last."

Pimco wants to last as well. "Our nightmare is that we wake up and pension funds will have lost their tax exemption or something like that," said Mr. Muzzy. "So we're constantly doing reality checks."

MR. GROSS'S take on reality is that with interest rates lower, bond investors will have to settle for returns of 5 percent or 6 percent instead of 15 percent. As baby boomers age, pensions will be paid out, and fund balances will be lower.

An emotive writer, he opened a recent newsletter with an A.E. Housman poem about an athlete past his prime and mused about how to stay in the race. But he concluded he's a long-term player, no matter how the game changes.