

# *BLB&G Recovers Nearly \$2 Billion For Allianz Structured Alpha Investors*

**COURT:** Multiple Jurisdictions

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Bernstein Litowitz Berger & Grossmann LLP took on a lead role in prosecuting claims on behalf of institutional investors that have suffered losses in connection with investments in the Allianz Structured Alpha Funds—a suite of investment products developed and overseen by Allianz Global Investors U.S. LLC, and has now recovered nearly \$2 billion for BLB&G clients who invested in the Funds.

BLB&G filed the first complaint on behalf of Structured Alpha investors on behalf of the Arkansas Teacher Retirement System (ATRS) in July 2020. That complaint detailed Allianz's misconduct and the breaches of fiduciary and contractual duties that led to ATRS's losses and was developed during the comprehensive proprietary investigation conducted by BLB&G's Allianz Structured Alpha Funds Team of lawyers, former prosecutors, certified fraud examiners, and financial analysts. Since then, BLB&G has filed six other lawsuits on behalf of institutional investors that suffered losses in the Structured Alpha Funds, and Allianz's representations concerning the Alpha Funds are now being investigated [by the SEC](#) and [U.S. Department of Justice](#).

In part due to the significant work it has performed on behalf of Structured Alpha investors, BLB&G was appointed to serve as one of two liaison counsel in the more than 20 related actions on behalf of Structured Alpha investors pending before Judge Failla in the Southern District of New York.

On September 30, 2021, Judge Failla issued an opinion denying in substantial part Allianz's motion to dismiss. A copy of the decision can be found under Case Documents.

Between February and April of 2022, BLB&G negotiated settlements that returned nearly \$2 billion to the investors the firm represented.

## **Background on Allianz's Misconduct**

In marketing materials and in presentations to Structured Alpha investors, Allianz touted the Structured Alpha Funds as providing stable returns and protection during a market downturn, and assured Structured Alpha investors that their investment assets would be prudently protected by Allianz's superior risk management acumen and the Structured Alpha Funds' structural risk protections. However, BLB&G's analysis revealed that Allianz deviated dramatically from the market-neutral strategy it described to investors and that the Funds lacked any meaningful protection against a market downturn or increase in volatility.

Allianz's departures from the Structured Alpha Funds' investment mandate directly contradicted the warnings of Allianz SE's own chief economist, Mohamed El-Erian. Beginning in February 2020, El-Erian cautioned that the then-burgeoning pandemic would have substantial market ramifications, and urged investors to "resist our inclination to buy the dip." But that is exactly what Allianz did in February and March 2020—positioning the Structured Alpha Funds to generate returns if volatility *decreased* and equity prices *increased*. As Allianz SE's economist warned,

when the pandemic's impact on the markets unfolded, increases in volatility and decreases in the equity markets generated massive losses for the Structured Alpha Funds.

Similarly, the Alpha Funds' position in volatility options was not "market-neutral" but would instead decline in value if there was an *increase* in volatility. Moreover, while the Structured Alpha Funds were supposed to have positions in place to protect against "a severe downside market move, such as the Black Monday of 1987," in reality, Allianz failed to implement any meaningful downside protection whatsoever.

Allianz's misconduct caused massive losses, and its refusal to account to its clients left investors with no choice but to take action to recover their losses by filing suit.

### Structured Alpha Investor Resources

Investors who suffered losses as a result of investments in the Alpha Funds are encouraged to contact BLB&G's Allianz Structured Alpha Funds Team to discuss BLB&G's investigation.

### Case Documents

- September 30, 2021 - Motion to Dismiss Opinion
- December 30, 2020 Complaint: *San Diego City Employees' Retirement System v. Allianz Global Investors U.S. LLC*
- November 12, 2020 Complaint: *Chicago Laborers Pension and Welfare Funds v. Allianz Global Investors U.S. LLC*
- November 12, 2020 Complaint: *Carpenters Trust of Western Washington v. Allianz Global Investors U.S. LLC*
- October 16, 2020 Complaint: *The Employees' Retirement System of the City of Milwaukee v. Allianz Global Investors U.S. LLC*
- July 20, 2020 Complaint: *Arkansas Teacher Retirement System v. Allianz Global Investors U.S. LLC*