PIMCO

Quarterly Investment Report

June 30, 2011

PVIT All Asset Portfolio

PIMCO
840 Newport Center Drive
Newport Beach
California 92660
(888) 87-PIMCO
www.pimco.com/investments

A company of Allianz Global Investors

Morningstar 00/09 Fund Manager of the Decade Fixed-Income

PVIT All Asset Portfolio

Market Commentary

- Bonds gained during the quarter, helped by a decline in Treasury yields amid slower U.S. growth and concern about the sovereign debt crisis in the Eurozone
- While yields on Treasuries fell overall for the quarter, they reversed course over the last several days of the period
- The Treasury rally stalled as concern about an imminent Greek default eased and U.S. manufacturing businesses unexpectedly expanded at a faster pace in June

Portfolio Recap

- The Fund underperformed its index for the quarter
- The following strategies were positive for quarterly returns:
  - A continued, albeit reduced, focus on inflation-linked bonds; real rates rallied as economic growth prospects continued to wane
  - Allocations to emerging markets via locally denominated bonds and currencies, as these sectors benefitted from stronger initial conditions relative an increasingly uncertain economic outlook in developed countries
  - Significant holdings in the Fundamental Advantage strategy, as core U.S. bonds gained on lower yields
  - Allocations to investment grade strategies; corporate fundamentals remained favorable as most companies have reported growing revenues, strong profit margins and increasing cash balances
  - REITs holdings, as these securities gained on improving fundamentals and persistently low debt costs
- The following strategies detracted from quarterly returns:
  - Exposure to commodity prices, which reversed course after the first quarter rally; the sector sold off amid downgraded global economic growth expectations
  - Sizeable allocation to floating rate strategies, as short-term interest rates decreased during the quarter

Market Outlook

- PIMCO sees a multi-speed world over the secular horizon, with developed countries expected to grow at about 2 percent a year and emerging economies at 6 percent overall
- We foresee a slowing U.S. economy over the next year; a Federal Reserve rate hike is unlikely until sometime in 2013
- The Eurozone sovereign debt crisis will remain a major source of volatility over our cyclical timeframe. The risk of disorderly debt deflation in Europe is escalating

Portfolio Strategy

- The Fund continues to maintain a defensive posture; however, it will look to opportunistically rebalance into more risky assets amid meaningful valuation adjustments
- Likely maintain a low exposure to short-term strategies in favor of longer-duration strategies in an effort to extend duration as the model is anticipating a weakening economy
- Plan to hold exposure in emerging market currencies in an attempt to benefit from less correlated risk exposure and emerging markets' strengthening economies
- The Fund has recently allocated away from commodities following the price rally; however, it is likely to once again increase exposure when valuations become attractive
- The Fund plans on continuing to maintain a relatively low and steady allocation to U.S. equities given relatively unattractive yields in the U.S. coupled with the Fund's overall defensive posture; rather, the Fund looks to gain its equity exposure through emerging market equities
- Exposure to low beta strategies remains a core focus of the Fund
- Within the underlying PIMCO Funds, we plan to seek high quality real yields; look to avoid effects of financial repression and heightened European sovereign credit risk

Risk Disclosures and Index Descriptions are located in the Important Information section of the Appendix

PIMCO VARIABLE INSURANCE TRUST ALL ASSET PORTFOLIO ALLOCATION AS OF 06/30/11

	12/31/2008	12/31/2009	12/31/2010	1/31/2011	2/28/2011	3/31/2011	4/30/2011	5/31/2011	6/30/2011
Short-Term Strategies:	**0.0%**	**6.6%**	**0.8%**	**0.0%**	**0.0%**	**0.0%**	**0.1%**	**0.8%**	**0.3%**
Low Duration Fund	0.0%	2.7%	0.7%			0.0%			
Short Term Fund	0.0%	3.9%	0.1%			-			
US Government and IG Bond Strategies:	**11.1%**	**27.3%**	**9.9%**	**8.9%**	**8.7%**	**8.3%**	**11.0%**	**11.2%**	**11.4%**
GNMA Fund	-	-	0.0%			0.0%			
Investment Grade Corporate Bond Fund	10.3%	11.9%	5.3%			4.9%			
Long Duration Total Return Fund	0.8%	3.3%	0.0%			0.0%			
Long-Term Credit Fund	-	6.1%	4.3%			3.3%			
Long-Term US Government Fund	-	3.5%	0.1%			0.1%			
Mortgage-Backed Securities Fund	-	-	-			-			
Total Return Fund	-	2.5%	0.2%			-			
EM and Global Bond Strategies:	**27.5%**	**11.2%**	**11.9%**	**12.4%**	**12.5%**	**12.2%**	**12.3%**	**12.3%**	**13.1%**
Developing Local Markets Fund	8.0%	3.0%	3.0%			3.9%			
Diversified Income Fund	2.6%	2.3%	3.4%			4.1%			
Emerging Local Bond Fund	9.8%	2.2%	1.5%			0.8%			
Emerging Markets Bond Fund	7.1%	1.5%	0.6%			0.2%			
Foreign Bond Fund (Unhedged)	0.0%	0.0%	0.7%			0.7%			
Global Advantage Strategy Fund	-	2.3%	2.7%			2.6%			
Global Bond Fund (Unhedged)	0.0%	-	0.0%			0.0%			
Credit Strategies:	**18.0%**	**5.2%**	**23.4%**	**25.7%**	**27.4%**	**28.4%**	**29.1%**	**29.5%**	**29.1%**
European Convertible Fund	-	-	-			-			
Convertible Fund	7.9%	1.8%	4.0%			4.7%			
Floating Income Fund	3.6%	0.9%	6.2%			6.2%			
High Yield Fund	4.4%	0.7%	3.9%			4.5%			
High Yield Spectrum Fund			-			3.7%			
Income Fund	2.2%	1.8%	9.3%			9.4%			
Senior Floating Rate Fund									
Inflation Related Strategies:	**31.9%**	**35.2%**	**18.6%**	**20.4%**	**20.8%**	**21.7%**	**17.7%**	**15.6%**	**15.3%**
CommoditiesPLUS™ Strategy Fund	-	-	3.4%			4.9%			
CommodityRealReturn Strategy Fund®	2.8%	4.6%	4.1%			5.2%			
Real Return Asset Fund	25.1%	24.3%	7.7%			8.2%			
Real Return Fund	0.1%	5.9%	1.7%			1.2%			
RealEstateRealReturn Strategy Fund	4.0%	0.3%	1.7%			2.2%			
US Equity Strategies:	**8.1%**	**1.8%**	**0.6%**	**0.6%**	**0.6%**	**0.6%**	**0.7%**	**0.7%**	**0.7%**
Fundamental IndexPLUS Fund	0.9%	0.2%	0.1%			0.1%			
Fundamental IndexPLUS TR Fund	2.8%	0.7%	0.4%			0.4%			
Small Cap StocksPLUS® TR Fund	4.3%	0.6%	0.1%			0.1%			
StocksPLUS® Fund	-	-	-			-			
StocksPLUS® Total Return Fund	0.2%	0.3%	0.0%			0.0%			
Global Equity Strategies:	**2.2%**	**3.4%**	**7.6%**	**7.4%**	**7.6%**	**11.4%**	**11.4%**	**11.1%**	**10.8%**
EM Fundamental IndexPLUS T R Strategy Fund	0.1%	2.3%	4.5%			8.3%			
EqS Pathfinder Fund	-	-	2.7%			2.6%			
Int'l StocksPLUS® TR Strategy Fund (U.S. Dollar	2.0%	0.9%	0.2%			0.3%			
Int'l StocksPLUS® TR Strategy Fund (Unhedged)	0.1%	0.2%	0.2%			0.3%			
Alternative Strategies:	**1.1%**	**9.3%**	**27.4%**	**24.7%**	**22.4%**	**17.3%**	**17.7%**	**18.8%**	**19.4%**
Fundamental Advantage Total Return Strategy Fu	1.1%	9.3%	16.2%			12.0%			
Unconstrained Bond Fund	-	-	11.2%			5.3%			
	100.0%	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

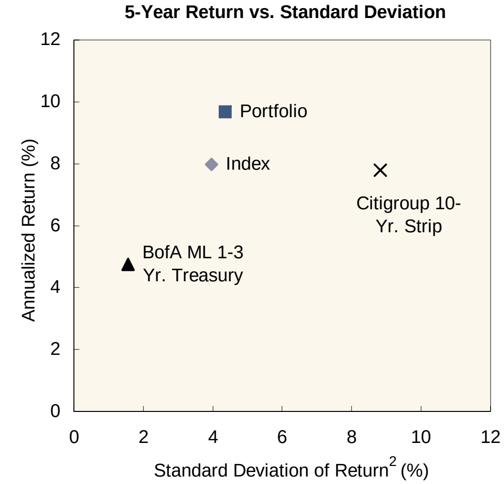
The Portfolio composition is presented to illustrate the underlying funds in which the PIMCO All Asset Portfolio invested as of the date shown and may not be representative of the current or future investments of the Portfolio. The Portfolio composition does not include the entire investment portfolio, which may change at any time. Small allocations may round to zero.

Summary of Performance Data and Portfolio Statistics

PVIT All Asset Portfolio
Administrative Class

Performance Periods Ended 6/30/2011	Since Inception	5 yrs	3 yrs	1 yr	6 mos	3 mos
Total Portfolio[1]						
Before Fees (%)	**8.77**	**8.07**	**7.99**	**14.17**	**5.31**	**1.70**
After Fees (%)	**7.48**	**6.77**	**6.69**	**12.80**	**4.68**	**1.39**
(Inception 04/30/03)						
Barclays Capital U.S. TIPS: 1-10 Year Index (%)	5.56	6.55	4.59	7.48	5.38	2.96
Consumer Price Index + 500 Basis Points (%)	7.78	7.37	6.21	8.84	5.57	2.27

Average total returns do not include fees and charges of the variable product. If these fees and charges were reflected performance would be lower.



Expense Ratio	
The Fund's Total Annual Operating Expenses	1.235%
The Fund's Net Operating Expenses	1.195%

Total Annual Expenses Ex-Interest net out both the contractual fee reduction in place for the Fund and interest expenses incurred by the Fund. Interest expenses are based on the amounts incurred during the Fund's most recent fiscal year as a result of entering into certain investments; the amount of interest expense (if any) will vary.

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and principal value will fluctuate so that fund shares may be worth more or less than their original cost when redeemed. Performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in Variable Contracts, which will reduce returns. Performance data current to the most recent month-end is available at pvit.pimco-funds.com or call (888) 87-PIMCO.

Summary Information	3/31/2011	6/30/2011
Total Net Assets (USD in millions)	880.0	**933.2**

Additional Share Class Performance

June 30, 2011

PVIT All Asset Portfolio

Net of Fees Performance	Gross Expense Ratio	Net Expense Ratio	NAV Currency	Inception Date	Since Inception	10 Year	5 Year	3 Year	1 Year	6 Month	3 Month
ADVISORY Class:											
All Asset Portfolio, Advisory	**1.335**	**1.295**	**USD**	**Apr-30-04**	**7.13**	**-**	**6.67**	**6.57**	**12.67**	**4.60**	**1.33**
Barclays Capital U.S. TIPS: 1-10 Year Index			-		5.66	-	6.55	4.59	7.48	5.38	2.96
Consumer Price Index + 500 Basis Points			-		7.82	-	7.37	6.21	8.84	5.57	2.27
Class M:											
All Asset Portfolio, Class M	**1.535**	**1.495**	**USD**	**Apr-30-04**	**5.91**	**-**	**6.46**	**6.36**	**12.48**	**4.50**	**1.27**
Barclays Capital U.S. TIPS: 1-10 Year Index			-		5.66	-	6.55	4.59	7.48	5.38	2.96
Consumer Price Index + 500 Basis Points			-		7.82	-	7.37	6.21	8.84	5.57	2.27

Total Annual Expenses Ex-Interest net out both the contractual fee reduction in place for the Fund and interest expenses incurred by the Fund. Interest expenses are based on the amounts incurred during the Fund's most recent fiscal year as a result of entering into certain investments; the amount of interest expense (if any) will vary.

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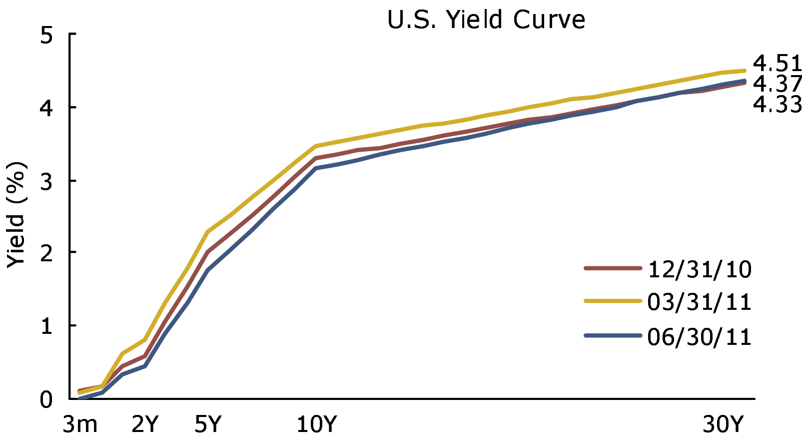
Treasury Yields Fall During Quarter as Growth Slows

Treasury yields fell during the second quarter as higher gasoline prices and lingering effects of Japan's recent earthquake on global supply chains crimped U.S. growth. Concern about the sovereign debt crisis in the Eurozone sparked a flight to safety and boosted demand for Treasuries. The Barclays Capital U.S. Aggregate (BCAG) Index, a widely used index of U.S. high-grade bonds, returned 2.29 percent during the quarter.

While yields fell across the Treasury curve for most of the quarter, they reversed course near the end of the period. The 10-year Treasury yielded 3.16 percent at the end of the second quarter. While this was 31 basis points lower than at the beginning of the quarter, the 10-year Treasury yield had fallen below 2.90 percent only a few days earlier. The following depicts recent changes in the Treasury yield curve:



SOURCE: Bloomberg Financial Markets

Past performance is no guarantee of future results. Graphs are for illustrative purposes only and are not indicative of the performance of any particular investment.

The Treasury rally stalled late in the quarter as Greece's parliament approved austerity measures, easing concerns (at least temporarily) about the potential for the Euro area's first sovereign default. In addition, U.S. manufacturing businesses unexpectedly expanded at a faster pace in June, suggesting that the supply chain disruption from the Japanese earthquake was easing.

Another indicator that raised hopes for stronger growth in the second half of 2011 was falling commodity prices. Lower retail fuel prices relieved some stress on consumers coping with an official unemployment rate over 9 percent and continued weakness in residential property markets. On June 30 the Federal Reserve ended its $600 billion program of buying Treasuries known as QE2, and indicated its intent to continue buying Treasuries with proceeds from maturing debt on its $2.9 trillion balance sheet. The Fed also reiterated its "extended period" language for a near-zero federal funds rate.

Summary of Real Assets

Treasury Inflation-Protected Securities (TIPS) yields fell during the second quarter as higher gasoline prices and lingering effects of Japan's recent earthquake on global supply chains crimped U.S. growth. Concern about the sovereign debt crisis in the Eurozone sparked a flight to safety and boosted demand for both TIPS and nominal Treasuries. During the second quarter, TIPS gained 3.66 percent and 5.81 percent year-to-date, as represented by the Barclays Capital U.S. TIPS Index. Strong inflation accruals contributed to quarterly returns, adding 2.13 percent. As a result, TIPS strongly outperformed their nominal Treasury bond counterparts despite breakeven inflation levels narrowing (i.e. the difference between nominal and real yields), or nominal yields declining more than real yields.

Despite strong inflation accruals from previous months, shorter maturity TIPS weakened as investors sold their holdings given lower commodity prices in addition to overall investor derisking. Intermediate and long-dated TIPS rallied as economic growth prospects continued to wane. Also, strong global demand for long-dated TIPS given relatively high real yields helped to support the sector. The net result was a significant flattening of the real yield curve as short rates rose and the 10-year TIPS yield declined 27 basis points to 0.69 percent for the quarter.

Breakeven inflation (BEI) levels, also a measure of market inflation expectations, narrowed for most maturities except for the long end where they remained flat. BEI narrowing was most pronounced for shorter maturities given front-end weakness as described above. However, despite these lower inflation expectations, TIPS still managed to outperform their nominal Treasury bond counterparts given such high inflation accretion from surging food and energy prices in prior months. The 10-year BEI narrowed 11 basis points to 2.38 percent.

The TIPS rally stalled late in the quarter as Greece's parliament approved austerity measures, easing concerns (at least temporarily) about the potential for the euro area's first sovereign default. In addition, U.S. manufacturing businesses unexpectedly expanded at a faster pace in June, suggesting the supply chain disruption from the Japanese earthquake was easing. While the Federal Reserve ended its $600 billion program of buying Treasuries, including TIPS, known as QE2 on June 30, the central bank indicated its intent to continue buying Treasuries with proceeds from maturing debt on its $2.9 trillion balance sheet. The Fed also reiterated its "extended period" language for a near-zero federal funds rate.

The Dow Jones-UBS Commodity Total Return Index posted a loss of -6.73 percent over the second quarter and -2.58 percent year-to-date. The index posted losses across all sectors with the exception of precious metals.

The energy sector declined over crude demand outlook concerns in the U.S., Europe and China due to slowing global economic growth. Crude prices further declined as the International Energy Agency (IEA) announced that it would release 60 million barrels of oil from emergency reserves to help offset the disruption to Libya's output.

Grain losses detracted given heavy losses in wheat of over 25 percent on continued concerns of Russia's return to the export market.

Precious metals eked out a positive return as gold was buoyed by safe haven demand amid Europe's ongoing sovereign debt crisis.

The softs sector declined as cotton came off recent historic highs given concerns of easing demand and a jump in cotton supplies; cotton fell over 28 percent over the quarter.

Industrial metals declined over global demand concerns as economic growth slows. Copper was somewhat supported by output disruptions stemming from Chilean labor strikes.

The Dow-Jones U.S. Select Real Estate Investment Trust (REIT) Total Return Index gained 3.97 percent during the second quarter and 10.93 percent year-to-date. The continued recovery in REIT fundamentals: improving credit, record low interest rates, higher asset quality, and improving core operations helped to propel returns further.

The retail-malls sector was the highest returning sector with a 8.78 percent gain for the quarter, while the hotels sector continued to be the weakest, detracting -2.29 percent.

Global Equities Struggled Amid Increased Uncertainty

The S&P 500 Index returned 0.1 percent following a late rally that brought stocks slightly into positive territory for the quarter. Stocks in the financial and energy sectors were among the worst performers for the quarter. Financial stocks faced headwinds of a diminished outlook for growth and subdued demand for credit. The IEA's decision to release 60 million barrels of oil from emergency stockpiles to offset lost production from the conflict in Libya put pressure on the profit margins of oil refiners. The areas of the market that exhibited resilience during the quarter were the healthcare, utilities, and consumer staples sectors.

With respect to size, small cap U.S. stocks struggled relative to their large cap counterparts as the Russell 2000 Index, a widely used index for small cap equities, fell by 1.6 percent.

Developed equity markets rose by 1.6 percent in U.S. dollar terms as measured by the MSCI EAFE Index. From a country perspective, equities in Greece lagged the broader market due to the continued concerns about that country's solvency and the potential impact of austerity measures on growth. Stock markets in New Zealand and Switzerland were among the best performing stocks in the index.

Emerging markets (EM) equities struggled relative to stock markets in developed economies as the MSCI Emerging Markets Index declined by 1.2 percent in U.S. dollar terms. Equities in the Eastern Europe region, particularly in Russia, were notable underperformers.

U.S. Bond Strategies and Alternative Market Performance

Corporations emerged from the first quarter in solid fundamental shape, exhibiting positive sales and EBITDA (earnings before interest, taxes, depreciation and amortization) trends as they rode the wave of domestic and global growth, while remaining very well insulated from higher commodity prices. Despite a rather bumpy ride during the second quarter, due in large part to heightened sovereign risk in southern Europe and weaker than expected growth, credit markets maintained pace with Treasuries and encountered only modest spread widening during the period.

Corporations continued to issue into the market as investment grade companies brought nearly $140 billion to market in the first two months of the quarter, before lightening up in June with only $28 billion, easily the lowest month of issuance in 2011. This supply was met with robust investor demand in approach of a perennially light issuance period upcoming in the second half of the summer, resulting in high grade bond spreads trading in increasingly narrow ranges. Lastly, high grade credit mutual funds' and ETF flows during the quarter remained strong, underscoring the positive technical environment for the sector.

While high grade market technicals remain positive, there was a notable growth swoon in the second half of the quarter as event risks increased and investor risk appetite suffered as a result. These effects were partially assuaged late in June as Greece passed its second round of austerity votes and a major U.S. bank reached a large mortgage litigation settlement, however, growth in developed markets continues to remain slow without the usual post-recession acceleration.

As represented by the Barclays Capital Credit Investment Grade Index, corporate bonds returned 2.50 percent in the second quarter of 2011. Credit yields fell from 3.91 percent to 3.65 percent and spreads widened 8 basis points from 132 to 140 basis points on an option-adjusted basis. Utilities were the best performing sector returning 2.83 percent on average, led by natural gas distributors (+2.93 percent), electric companies (+2.89 percent) and pipelines (+2.68 percent). Industrials outpaced financials returning 2.45 percent versus 1.89 percent. Top performers were media-cable (+3.50 percent), refining (+3.37 percent) and entertainment (+3.29 percent). Paper and non-captive consumer finance were the worst performing sectors of the index[1].

Despite periods of increased risk aversion stemming from global events, high yield continued to benefit from strong fundamentals and favorable technicals, ending the quarter up

[1] Spreads referenced are the average option adjusted spread (OAS) level as generated by Barclays Capital. Excess Returns are measured by comparing individual securities within the index against like-duration U.S. Treasuries. All spread and performance figures are as reported by Barclays Capital for the Barclays Capital U.S. Credit Index and its respective sub-sectors. The Index underperformed Treasuries during the quarter.

about 1.00 percent for the quarter[2]. Within high yield, it was the higher quality sectors that saw the greatest appreciation as double-B bonds rose almost 1.45 percent over the quarter, outpacing single-B and triple-C names by 30 and 89 basis points, respectively[3].

Technicals remained relatively supportive as investors continued to seek higher yielding asset classes in a generally low yield environment, however, they became increasingly challenged by the end of the quarter.

Alongside elevated risk aversion, primarily spurred by sovereign credit concerns in late May and throughout June, retail mutual funds flows were -$2.8 billion for the quarter, but remain in positive territory by $7.9 billion year-to-date.

While retail investor sentiment remained unstable over the quarter, institutional demand remained relatively strong and in some cases turned opportunistic in the face of a robust primary market that experienced over $92 billion of new issuance in the second quarter.

Merger and acquisition activity increased over the last quarter alongside improved quality of corporate balance sheets as about 23 percent of proceeds from new issuance were used for acquisition finance or LBO activity during this time, compared to only 15.6 percent in 2010.

Refinancing activity, although lower than 2009/2010 levels, remained healthy over the quarter, accounting for about 60 percent of new issuance.

With considerable liquidity in the market, thanks in part to quantitative easing, companies have been able to restructure debt, which has resulted in benign default rates. The trailing 12-month default rate by issuer ended the quarter at 2.25 percent, below its historical average of 4.80 percent, after falling far from the 13.6 percent peak level witnessed in November, 2009[4]. Moody's baseline forecast is calling for a 1.5 percent default rate by the end of the year, and even under its most pessimistic scenario expects defaults to remain below average.

With speculative grade yields higher over the quarter by about 30 basis points, slightly shy of the pace of compressing government yield, spreads widened by 65 basis points to end the quarter at 542 basis points[5].

Amid underwhelming economic performance, both the food and drug and utility sectors were atop the list of best performers over the quarter, as defensive areas of the market came into favor late in the quarter.

At the other end of the spectrum, forest products/packaging and building materials were among the worst performing industry categories for the quarter.

EM Currencies Performance Relatively Strong In spite of Global Volatility

Amid increased volatility related to global uncertainty, EM currencies posted positive performance during the quarter. However, second quarter, 2011 returns of 1.81 percent, as measured by the JPMorgan ELMI+ Index, belie the gyrations occurred during the quarter. While at the weakest point in May, the ELMI+ had lost -0.13 percent, EM currencies recouped

[2] BofA Merrill Lynch US High Yield Master II

[3] BofA Merrill Lynch US High Yield CCC and Lower Index, BofA Merrill Lynch US High Yield BB Rated Index, BofA Merrill Lynch US High Yield B Rated Index

[4] Moody's Investor Services

[5] BofA Merrill Lynch US High Yield Master II Index. Spreads of the BofA Merrill Lynch U.S. High Yield Master II Index reflect the market value weighted average spread (or difference in yield) of every individual issue within the index relative to its duration-neutral "risk free" counterpart (typically U.S. Treasuries). The High Yield issues in the index outperformed the duration neutral "risk free" counterparts on a total return basis for the period.

most of the losses towards the end of June as news flow from Greece turned more favorable.

Regionally Latin America and EM Europe led index performance, returning 3.06 percent and 1.78 percent, respectively. The Middle East/Africa and Asia followed with returns of 1.67 percent and 1.13 percent, respectively[6].

Technicals continued to favor EM during the period. Close to U.S. $18 billion in net inflows were allocated by investors to EM fixed income during the quarter, bringing year to date flow to U.S. $27 billion. Approximately 65 percent of the total inflows have been directed to vehicles investing in EM local markets, benefiting the fastest growing portion of the asset class.

In Latin America, Brazil, Colombia and Peru outperformed the overall market. In Brazil, the best performing country in the index, a return of 6.20 percent was boosted by positive rating actions and macroeconomic news along with a central bank that continued tightening monetary policy, benefitting the currency[6]. Colombia returned 5.48 percent amid similarly positive rating actions and interest rates hikes[6]. Peru returned 2.58 percent following the victory of leftist candidate Ollanta Humala in the country's presidential elections and some easing of the uncertainty surrounding the political transition to his government[6]. In PIMCO's view, despite Humala's past tendencies towards increased state control of the economy, Peru's capacity to repay is likely to remain firm given the country's strong initial macroeconomic conditions. Mexico underperformed with a 2.47 percent return as real GDP came in lower than expectations and monetary policy was kept on hold amid benign inflationary pressures[6]. GDP was reported at 4.6 percent over a year ago in the first quarter, 2011 and the Central Bank has kept rates unchanged at 4.50 percent for the last year.

In EEMEA[7], Poland outperformed the index, returning 4.29 percent as GDP growth remained broadly stable and manufacturing continues to be supported by exports and a competitive real exchange rate. Poland's central bank hiked the reference rate 50 basis points over the quarter which, together with sales of European Union funds on the open market, supported the currency.

Hungary outperformed with a 3.50 percent return[6]. The Parliament approved a public debt ceiling of 50 percent of GDP. With public debt currently well above this limit the country is likely facing a period of fiscal tightening.

Russia returned 2.64 percent as inflation has slightly moderated to 9.4 percent in June, owing mostly to a fall in food prices. Russia's central bank hiked rates by 25 basis points in April[6].

Turkey, the worst performing country in the second quarter, returned -3.46 percent amid an unorthodox mix monetary policy approach; while trying to prevent excessive *lira* appreciation the central bank kept the policy rate unchanged at 6.25 percent while inflation increased to 6.24 percent over the quarter[6]. Additionally the pace of the currency sell-off accelerated as the 12 month trade deficit hit 12 percent of GDP in May.

South Africa underperformed, returning 1.11percent amid April manufacturing activity indicators and mining reports pointing to a downshift in near-term growth prospects[6].

Romania returned 0.51 percent, underperforming the index due to fears about contagion from a possible Greek default; Greek banks account for about 18 percent of the Romanian banking sector's assets[6].

In Asia, continuing political uncertainty in Thailand left the *baht* susceptible to risk aversion. The country returned -3.46

[6] JPMorgan Emerging Local Markets Index Plus

[7] EEMEA: Emerging Europe, the Middle East, and Africa

percent[8]. Despite former PM Thaksin's ouster in a 2006 military coup and his continued exile in Dubai, the Pheu Thai party—headed by his sister—is set to form a coalition government.

Singapore, the best performing currency in the region, posted a 2.43 percent return as authorities continue to use currency appreciation as a tool to deal with inflationary pressures[8]. In May, headline inflation was unchanged at 4.5 percent year over year but above expectations. Housing cost inflation jumped to 8.1 percent year over year (April was at 5.1 percent) due to higher housing costs and electricity tariffs.

Indonesia also outperformed with a 2.42 percent return[8]. Tolerance for currency strength persisted in order to temper higher inflation pressures. June inflation was above expectations at 5.54 percent year over year.

[8] JPMorgan Emerging Local Markets Index Plus

PIMCO's Secular Outlook: Navigating a Multi-Speed World

PIMCO believes that the global economy over the next three to five years will remain a multi-speed world. We foresee a "hobble through" outcome for developed economies in which they grow only around 2 percent per year in real terms. Growth in developing economies should cool from its recent pace as these countries grapple with inflation challenges, but the emerging economies should still be able to expand at around 6 percent annually on average. The following are key elements of our Secular Outlook.

Developed Economies

- **Structural Impediments to Growth** – Developed economies such as the U.S. are unlikely to keep pace with developing countries because of the former's more challenging initial conditions prior to the 2008 financial crisis. These conditions include high unemployment that is increasingly structural in nature as well as high levels of consumer and sovereign debt.
- **Grand Bargains Unlikely** – Resolution of major policy issues such as the U.S. fiscal deficit and the sovereign debt crisis on the Eurozone periphery could stimulate faster growth. However, political polarization in the U.S. and the generally intractable nature of these issues make a series of "mini-bargains" more likely. At least one sovereign debt restructuring in Europe is a virtual certainty.
- **Financial Repression, Mild Inflation** – Most developed economies expanded their balance sheets to weather the financial crisis and must now de-lever in the face of threats to their sovereign credit ratings. To do so, their governments will continue to practice financial repression, which means polices that create low or even negative real yields on sovereign debt along with mild but persistent inflation. Taken together, these policies will effectively pick the pockets of investors in real terms.

Emerging Economies

- **Income and Wealth to Converge** – Relatively high growth in EM countries will produce a continued convergence in income and wealth with the developed world, lifting millions out of poverty. This progress will, however, be accompanied by recurrent inflationary concerns and uneven surges in capital inflows that will challenge policymakers.
- **Sovereign Creditworthiness to Diverge** – Continued improvement in emerging economies' financial conditions should render even more obsolete the traditional interest rate/credit distinctions between developed and emerging sovereign bonds. This development will have major implications for investment indices and guidelines.

PIMCO's Cyclical Outlook: A Slowing Global Economy

PIMCO's outlook for slowing global growth over the cyclical horizon is in line with our secular New Normal thesis. In the developed world, many sovereign balance sheets remain under pressure. Fiscal and monetary stimulus programs are not gaining much traction in economies with weak initial conditions prior to the 2008 financial crisis. In emerging economies, anti-inflation measures such as monetary tightening and capital controls will continue to temper growth. The appetite for investment-led growth in developing countries such as China is waning as such investment is increasingly seen as less productive than it should have been. We do not expect EM economies overall to be as stimulative for the rest of the world as they have been in the recent past.

The Eurozone's sovereign debt crisis will remain a major source of volatility over our cyclical time frame. The risk of contagion and disorderly debt deflation in Europe is escalating, which could heighten global risk aversion and dampen growth elsewhere. A default by Greece on its government debt is a high probability over the next year and the likelihood that Portugal and Ireland will follow suit is growing.

Summary of Tactical Asset Allocation Views on Nominal Bond, Real Return, and Equity Strategies

The Fund plans to continue maintaining a defensive posture while opportunistically rebalancing into more risky asset classes when valuations become attractive.

Given the heightened potential of a weakening economy, the Fund is looking to reduce allocations to short-term strategies in favor of longer-duration holdings which we expect to benefit from possible declines in yields.

The Fund will likely continue to hold exposure in locally denominated emerging market (EM) bonds and EM currencies. EM currencies are likely to outperform developed currencies burdened with deteriorating sovereign debt dynamics. These EM currencies offer strong fundamentals and relatively high real yields, and appear undervalued relative to longer term metrics. Furthermore, they offer less correlated risk exposure.

Inflation related strategies remain a focus allocation for the Fund despite the fact that exposures are slightly lower than historical averages. The Fund has recently allocated away from the commodity sector amid high valuations, but is likely to ramp up exposure once prices fall to attractive levels.

The Fund plans on continuing to maintain a relatively low allocation to traditional equity exposure such as the S&P 500 as valuations do not offer attractive investment opportunities. Rather, the Fund prefers EM equities to gain its equity beta.

Exposure to low beta strategies remains a core focus of the Fund; these strategies are an important tactical tool for generating potential returns while keeping resources ready to deploy when risk markets are become priced to offer meaningful rewards for risk-taking.

Within the underlying funds, PIMCO will likely continue to focus on avoiding low or even negative real interest rates created by financial repression. At the same time, we will look to hedge portfolios from potential contagion effects arising from deteriorating sovereign credit markets, particularly in Europe. This will likely involve reducing our duration underweight and moving duration closer to benchmark levels while seeking to mitigate sovereign credit risk. The underlying funds are likely to favor select nominal sectors, including U.S. banking and financial credits, where valuations and fundamentals are attractive, especially compared to their counterparts in Europe as well as the broader corporate market, and high quality EM countries.

Past performance is no guarantee of future results. Forecasts are based on proprietary research and should not be interpreted as investment advice or as an offer or solicitation for the purchase or sale of any financial instrument.

The performance figures presented reflect the total return performance for the stated share class (after fees) and reflect changes in share price and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized. The Before Fees performance figures presented herein do not reflect the deduction of the Portfolio's total annual operating expenses, which includes, but is not necessarily limited to, advisory fees, administrative fees, and 12b-1 fees (where applicable). The After Fees performance figures reflect the deduction of all such fees. Details regarding any Portfolio's fees and expenses can be found in the Portfolio's prospectus.

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The Morningstar Fund Manager of the Decade award is based on risk-adjusted results over the past 10 years (2000-2009), and other considerations, including the strength of the manager, strategy, and stewardship.

Risk Disclosures

Summary of Performance Data and Portfolio Statistics

1 All time periods longer than one year are annualized and returns include reinvestment of dividends, income and capital gains, if any. The Portfolio offers different share classes which are subject to different fees and expenses (which may affect performance), have different minimum investment requirements and are entitled to different services.

In an environment where interest rates may trend upward, rising rates will negatively impact the performance of most bond funds, and fixed income securities held by a fund are likely to decrease in value. Bond funds and individual bonds with a longer duration (a measure of the expected life of a security) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations.

The Portfolio can invest a portion of its assets in non-U.S. securities, which may entail greater risk due to non-U.S. economic and political developments, which may be enhanced when investing in emerging markets. The underlying funds may at times invest in derivatives and mortgage-related securities. Use of these instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested. An investment in high-yield, lower-rated securities generally involves greater risk to principal than an investment in higher-rated bonds.

The investment performance of the All Asset Portfolio depends on how its assets are allocated and reallocated among particular underlying Funds. The portfolios value fluctuates with the value of the underlying funds. The cost of investing in these Portfolios is higher than the cost of investing in a mutual fund that invests directly in individual stocks and bonds. The portfolio's allocation among the underlying Funds will vary, the investment may be subject to any and all of the risks at different times and to different degrees. Although each portfolio normally invests in a number of different underlying funds, it will be particularly sensitive to the risks associated with that Fund and any investments in which that Fund concentrates. There is no assurance that the investment objective of any underlying fund will be achieved.

Market Commentary and Market Outlook

Real Return bonds, more commonly known as Treasury Inflation Protected Securities or TIPS, are issued and guaranteed by the U.S. government at a fixed rate that is adjusted based on the change of the Non-Seasonally Adjusted Consumer Price Index. Guarantee does not eliminate market risk. TIPS sacrifice some yield for the benefit of inflation protection. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds. TIPS are only taxable at the Federal level.

Investment grade corporate bonds are considered among the higher rated in the corporate bond sector. These securities are not guaranteed by the federal government and are thus more susceptible to default risk. Generally most corporate bonds are taxable at the state and federal level.

Treasuries are guaranteed by the United States government and are only taxable at the Federal level. Guarantee does not eliminate market risk. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

Emerging Market bonds are susceptible to market, credit, currency, liquidity, legal, political, technical and other risks different from, or greater than, the risks of investing in developed foreign countries.

Inflation Linked Bonds (ILBs), are issued and guaranteed by the issuing government at a fixed rate that is adjusted based on the change of the issuing governments Consumer Price Index, or equivalent. Guarantee does not eliminate market risk. ILBs sacrifice some yield for the benefit of inflation protection. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

High Yield bonds involve greater volatility and risk to principal than investments in higher-rated securities as the issuing entity has a lower credit rating possibly making the security more susceptible to default. Generally these types of bonds are taxable at the state and federal level.

Bonds issued by a government outside of the United States that are guaranteed by the issuing government. Guarantee does not eliminate market risk. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds. Also, governments outside of the United States have different credit ratings which directly correlate to the risks associated with securities.

Corporate bonds are debt securities issued by a corporation. These securities are not guaranteed by the federal government and are thus more susceptible to default risk. Generally most corporate bonds are taxable at the state and federal level. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

Continued

Mortgage bonds are susceptible to risks such as default and prepayment of principal, and taxable at the state and federal levels, while Treasuries are guaranteed by the United States government and are only taxable at the Federal level. Guarantee does not eliminate market risk. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

Index Descriptions

The Consumer Price Index is an unmanaged index representing the rate of inflation of the U. S. consumer prices as determined by the US Department of Labor Statistics. There can be no guarantee that the CPI or other indexes will reflect the exact level of inflation at any given time.

CPI + 500 Basis points index is the consumer price index plus 500 basis points. The Consumer Price Index is an unmanaged index representing the rate of inflation of the U.S. consumer prices as determined by the US Department of Labor Statistics. There can be no guarantee that the CPI or other indexes will reflect the exact level of inflation at any given time.

Dow Jones AIG Commodity Total Return is an unmanaged index composed of futures contracts on 19 physical commodities. The index is designed to be a highly liquid and diversified benchmark for commodities as an asset class. It is not possible to invest directly in an unmanaged index.

The Dow Jones Euro STOXX 50® index provides a blue-chip representation of Supersector leaders in the Eurozone. Covers Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Captures approximately 60% of the free-float market capitalisation of the Dow Jones EURO STOXX Total Market Index, which in turn covers approximately 95% of the free-float market capitalisation of the represented countries.

Dow Jones Wilshire Real Estate Investment Trust Index, a subset of the Wilshire Real Estate Securities Index (WRESI), is an unmanaged index comprised of U.S. publicly traded Real Estate Investment Trusts. Effective July 1, 2007, the Portfolio began tracking its performance against a float-adjusted version of the index as the full-market-cap version of the index ceased to be disseminated on June 30, 2007. It is not possible to invest directly in the index.

The FTSE (Financial Times, the London Stock Exchange) 100 Index is comprised of the top 100 U. K. companies ranked by market capitalization.

JPMorgan Emerging Local Markets Index Plus (ELMI) tracks total returns for local-currency-denominated money market instruments in 24 emerging markets countries with at least US$10 billion of external trade.

Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis. It is not possible to invest directly in an unmanaged index.

Barclays Capital U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation Protected Securities rated investment grade (Baa3 or better), have at least one year to final maturity, and at least $250 million par amount outstanding. Performance data for this index prior to 10/97 represents returns of the Lehman Inflation Notes Index.

Barclays Capital U.S. TIPS: 1-10 Year is an unmanaged index market comprised of U.S. Treasury Inflation Linked securities with maturities of 1 to 10 years. It is not possible to invest directly in such an unmanaged index.

Merrill Lynch US High Yield Master II Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of USD 100 million. Bonds must be rated below investment grade based on a composite of Moody’s and S&P. It is not possible to invest directly in an unmanaged index.

MSCI EAFE (Morgan Stanley Capital International Europe, Australasia, Far East) Hedged USD is an unmanaged index of issuers in countries of Europe, Australia, and the Far East represented in US Dollars on a hedged basis. It is not possible to invest in such an unmanaged index.

Russell 1000 Index is an unmanaged group of stocks considered to be representative of the large cap market in general. It is not possible to invest directly into this index.

Russell 2000 Index is an unmanaged group of stocks considered to be representative of the small cap market in general. It is not possible to invest directly into this index.

This material is authorized for use only when preceded or accompanied by the current PIMCO Variable Insurance Trust (the "Portfolio") prospectus.

This report includes information as of 6/30/2011 and contains the current opinions of the manager and such opinions are subject to change. This report is distributed for informational purposes only and should not be considered as investment advice or a recommendation of any particular security, strategy or investment product. The Fund offers different share classes, which are subject to different fees & expenses (which may affect performance), have different minimum investment requirements and are entitled to different services. PIMCO advised funds are distributed by **PIMCO Investments LLC.**

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