

P I M C O

Quarterly Investment Report

June 30, 2011

PVIT CommodityRealReturn Strategy Portfolio

A company of **Allianz** 
Global Investors



Fund Manager of the Decade
Fixed-Income

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PVIT CommodityRealReturn Strategy Portfolio

Review of CommodityRealReturn Investment Approach

PIMCO uses derivatives linked to commodity indices in an effort to gain exposure to the returns of the commodity markets, without investing directly in physical commodities. PIMCO fully collateralizes these positions with fixed income securities, mainly Treasury Inflation-Protected Securities (TIPS) that are actively managed in an attempt to outperform the cost of gaining commodity exposure (to deliver potential excess return) and to provide an additional inflation hedge beyond commodities. Comments below focus on the bond market, especially TIPS, and our fixed income strategies.

Market Commentary

- The Dow Jones-UBS Commodity Index shed -6.73 percent in the second quarter and -2.58 percent year-to-date
- The Barclays Capital U.S. TIPS 1-10 Year Index returned 2.96 percent in the second quarter as real yields declined for intermediate and long-dated issues
- The TIPS rally stalled as concern about an imminent Greek default eased and U.S. manufacturing businesses unexpectedly expanded at a faster pace in June

Actively Managed Portfolio Recap

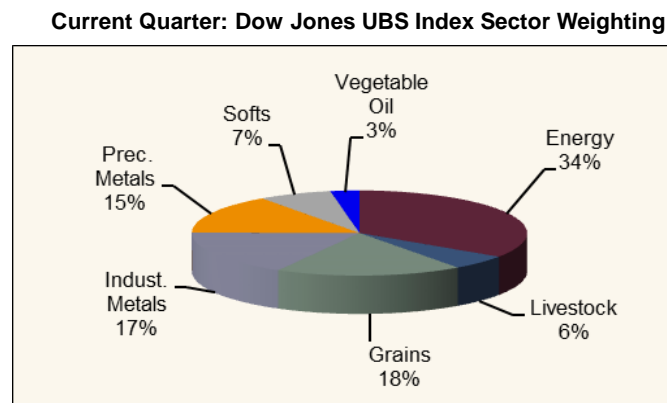
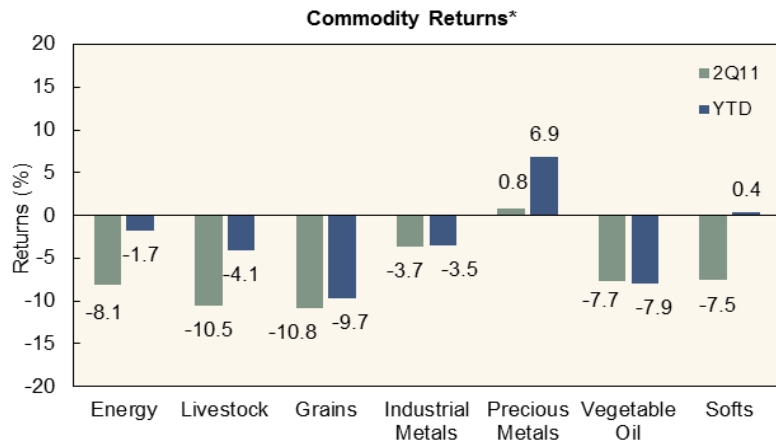
- The Fund outperformed its index for the quarter
- The following strategies helped quarterly returns:
 - Commodity structural alpha strategies, particularly modified roll and calendar strategies
 - Exposure to Australian inflation-linked bonds (ILBs), as real yields declined on slower growth prospects due to economic linkages with China
 - Positions in emerging markets, especially in EM sovereign bonds in Brazil; exposure to a select basket of primarily Asian EM currencies also added to returns
 - Exposure to bonds of financial companies, as incremental yield helped mitigate the negative impact of slightly wider yield spreads to Treasuries amid contagion related to the European sovereign risk
- The following strategies were negative for returns:
 - An underweight to TIPS, where real interest rates declined amid slower growth prospects; an underweight to shorter maturities while overweight long-dated issues helped to reduce losses as the real yield curve flattened
 - Italian ILB allocations, which declined in value stemming from the European debt crisis

Economic/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

Collateral Portfolio Strategy

- Maintain 100 percent exposure to the DJUBSCI and continue to seek commodity structural strategies that add value
- Seek high quality real yields; look to avoid effects of financial repression and heightened European sovereign credit risk
- Likely underweight U.S. duration via TIPS given low real yields; however, seek to overweight long-dated issues in an effort to capture relatively higher real yields. Plan to maintain positions in nominal money market futures where markets are pricing in more Fed tightening than we foresee
- Look to diversify core exposure with allocations to linkers in Australia, which offer relatively high real yields. Australia exhibits high quality real yields given favorable fiscal dynamics
- Take select exposures to high grade corporates, especially U.S. banking and financial credits, where valuations and fundamentals remain compelling
- Look to expand holdings of corporate and quasi-sovereign bonds in high quality EM countries; plan to retain exposure to relatively high nominal and real local interest rates in Brazil
- Plan to take long positions in relatively high yielding, high quality EM currencies; reduce emphasis on commodity-based currencies and rotate toward Asian currencies



* Represents returns of the sub-indices of the Dow Jones-UBS Commodity Index

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.

Market Commentary

- 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 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

Economic/Market Outlook

- Commodity production and distribution capacity has suffered from years of underinvestment. This should continue to be a supply constraint for some time
- Countries such as China and India continue to export excess manufacturing capacity abroad. As a result, the standards of living within these countries should continue to improve, increasing demand for durable goods and better food, providing support for raw material and commodity prices
- Exposure to commodities may reduce the risk associated with unexpected changes in the rate of inflation and is one of the important diversification benefits of this asset class
- Treasury Inflation-Protected Securities (TIPS) are likely to benefit over nominal Treasuries in an environment of tepid economic growth and rising inflation expectations. Valuations for TIPS continue to be attractive longer-term as negative real rates engineered by the Fed could cause inflation expectations to become unanchored
- Over a secular timeframe, the return on TIPS has the potential to exceed the assumed T-Bill return on commodity derivatives

Summary of Performance Data and Portfolio Statistics

PVIT CommodityRealReturn Strategy Portfolio
Administrative Class

| Performance Periods Ended 6/30/2011 | Since Inception | 5 yrs | 3 yrs | 1 yr | 6 mos | 3 mos |
|-------------------------------------|-----------------|-------------|--------------|--------------|-------------|--------------|
| Total Portfolio¹ | | | | | | |
| Before Fees (%) | 7.18 | 4.80 | -7.72 | 35.96 | 2.14 | -4.98 |
| After Fees (%) | 6.22 | 3.86 | -8.57 | 34.78 | 1.70 | -5.19 |
| (Inception 06/30/04) | | | | | | |
| Dow Jones-UBS Commodity Index | | | | | | |
| Total Return (%) | 3.58 | -0.05 | -11.87 | 25.91 | -2.58 | -6.73 |

The high performance of this portfolio is due to exceptional performance in the sector. This level of performance is not guaranteed and should not be expected in the future.

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

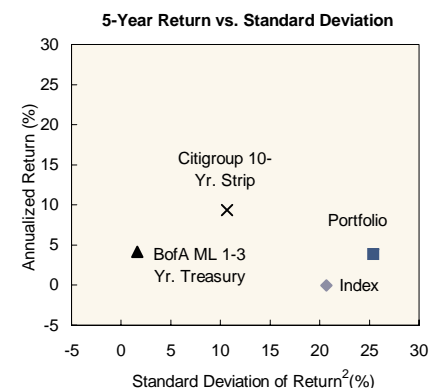
| Expense Ratio | |
|--|-------|
| The Fund's Total Annual Operating Expenses | 1.05% |
| The Fund's Net Operating Expenses | 0.89% |

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) | 793.9 | 753.4 |
| SEC 30-Day Ann. Yield (%) | 1.65 | 2.40 |
| Distribution Yield (%) ³ | 17.14 | 16.19 |
| Commodity Exposure (%) | 100.1 | 99.8 |
| Effective Duration (yrs.) | 2.3 | 4.0 |
| Infl-Linked Bond Duration (yrs.) ⁴ | 1.3 | 2.6 |
| Nominal Interest Duration (yrs.) ⁵ | 1.0 | 1.4 |
| Effective Maturity (yrs.) | 4.2 | 5.7 |
| Average Coupon (%) | 1.9 | 2.1 |
| Net Currency Exposure (%) | 4.7 | 5.6 |
| Tracking Error (5 yrs, %) ⁷ | 7.7 | 7.7 |
| Information Ratio (5 yrs) ⁷ | 0.6 | 0.7 |

See example of tracking error / information ratio in Important Information section of the Appendix.



| Sector Allocation | % of Market Value | | % of Duration | |
|--|-------------------|------------|---------------|------------|
| | 3/31/2011 | 6/30/2011 | 3/31/2011 | 6/30/2011 |
| Inflation-Linked Bonds Exposure | | | | |
| United States | 55 | 67 | 55 | 60 |
| United Kingdom | 0 | 0 | 0 | 0 |
| Europe | 0 | 3 | 0 | 4 |
| Canada | 0 | 0 | 0 | 0 |
| Other | 1 | 1 | 2 | 2 |
| Non Inflation-Linked Exposure | | | | |
| United States | 40 | 35 | 28 | 20 |
| United Kingdom | 0 | 0 | 0 | 0 |
| Europe | 1 | 2 | 0 | 2 |
| Canada | 0 | 2 | 0 | 2 |
| Other | 1 | 1 | 1 | 0 |
| Net Cash Equivalents: ⁶ | 2 | -11 | 14 | 10 |
| Total | 100 | 100 | 100 | 100 |

Additional Share Class Performance

June 30, 2011

PVIT CommodityRealReturn Strategy 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: | | | | | | | | | | | |
| CommodityRealReturn Strategy Portfolio®, Advisory | 1.15 | 0.99 | USD | Feb-28-06 | 4.37 | - | 3.78 | -8.64 | 34.61 | 1.72 | -5.12 |
| Dow Jones-UBS Commodity Index Total Return | | | - | | 1.45 | - | -0.05 | -11.87 | 25.91 | -2.58 | -6.73 |

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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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Real Yields Fall During Quarter as Growth Slows

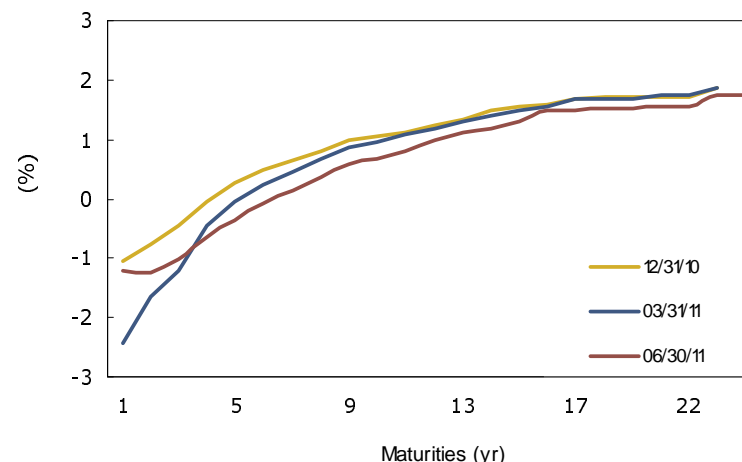
Treasury Inflation-Protected Securities (TIPS) yields fell during the second quarter as higher gasoline prices and lingering effects of Japan's recent earthquake on global supply chains crimped U.S. growth. Concern about the sovereign debt crisis in the Eurozone sparked a flight to safety and boosted demand for TIPS and nominal Treasuries alike. 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 de-risking. 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 seen in the chart below. The 10--year TIPS yields declined 27 basis points to 0.69 percent.

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.

***U.S. TIPS Yield Curve**



SOURCE: Barclays Capital

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Fixed Income Sectors Gain Amid Lower Interest Rates

Fixed income sectors generally gained during the second quarter. The following summarizes fixed income sector returns:

- Agency mortgage-backed securities (MBS) outperformed like-duration Treasuries during the quarter. Muted prepayment speeds and strong demand from foreign investors, banks and mortgage REITs contributed to Agency MBS outperformance. Non-Agency mortgages and commercial mortgage-backed securities (CMBS) underperformed like-duration Treasuries as European sovereign debt concerns resulted in risk aversion across the commercial and residential mortgage sectors.
- Corporate bonds generally underperformed like-duration Treasuries during the quarter. High yield credits in particular tended to lag Treasuries as weaker economic sentiment contributed to increased risk aversion in broader markets. However, corporate fundamentals remain favorable as most companies have reported growing revenues, strong profit margins and increasing cash balances.
- Municipal bonds, both tax-exempt and taxable Build America Bonds (BABs), posted strong returns during the quarter. Tax-exempt municipal bond performance was driven by a significant decline in municipal issuance and stabilization of mutual fund outflows. BABs also had a strong quarter, both on an absolute basis and relative to like-duration Treasuries. Technical factors continue to positively impact BABs performance, following a large volume of new issuance in late 2010. Since the BABs program was not extended past 2010, new purchasers have been forced to buy in the secondary market, resulting in tightening spreads. Demand for these securities remains strong as BABs continue to provide attractive risk-adjusted yields versus similarly rated corporate bonds.
- Emerging Market (EM) fixed income assets outperformed Treasuries in the second quarter. EM bonds benefitted from

stronger initial conditions against a backdrop of an increasingly uncertain economic outlook in developed countries, ongoing challenges in Greece, and the end of QE 2. EM spreads tightened modestly over the quarter, while the JPMorgan EM Bond Index (EMBIG) returned 4.03 percent for the second quarter. EM local assets outperformed Treasuries during the quarter, returning 3.95 percent as measured by the JP Morgan GBI – EM Global Diversified Index. EM currencies, as measured by the JPMorgan ELMI+ Index, returned 1.81 percent.

- U.S. Treasuries generally outperformed other developed sovereign bond markets on a hedged basis in the second quarter. Investors grew increasingly bullish on U.S. government debt in response to poor economic data, tamed inflation, and continued distress in Eurozone peripheral countries.

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 a 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 policies 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 condition should render even more obsolete the traditional interest rate/credit distinctions between developed and emerging sovereign bonds. This divergence 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.

Investment Strategies: Avoid Financial Repression

PIMCO will continue to focus on avoiding low or even negative real interest rates created by financial repression. At the same time, we will look to protect portfolios from potential contagion effects arising from deteriorating sovereign credit markets, particularly in Europe. The following is a summary of strategies we expect to pursue:

- **Real and Nominal Interest Rate Strategies** – We intend to remain underweight U.S. duration via TIPS given low real yields however overweight long-dated issues in an effort to capture relatively higher real yields in addition to attractiveness from “rolling down” a steep yield curve. Maintain positions in nominal money market futures where markets are pricing in more Fed tightening than we foresee. This offers potential to gain by “rolling down” the steep short maturity nominal curve.

Look to diversify core exposure with allocations to linkers in Australia, which offer relatively high real yields. Australia exhibits high quality real yields given favorable fiscal dynamics. Additionally, seek exposure to German Bunds against core European linkers, especially France where inflation is expected to slow

- **Mortgages** – Agency mortgages will likely remain an important source of high quality yield for portfolios, serving as an alternative to Treasuries. PIMCO will continue to take advantage of relative value opportunities across mortgage coupons. We plan to hold non-Agency mortgages and commercial mortgage-backed securities (CMBS) that have senior positions in the capital structure and are another potential source of attractive yield.
- **Corporate Bonds** – PIMCO will avoid adding to global credit risk and look to reduce exposures linked to Europe. From a valuation perspective, we favor investment grade over high yield credits in the current environment. In terms of sector

exposure, we continue to favor 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.

- **Emerging Markets (EM)** – PIMCO plans to retain exposure to select corporate and quasi-sovereign bonds in high quality countries such as Brazil, Mexico and Russia. We may add to holdings of these credits in connection with reverse inquiries, or direct discussions with issuers. As noted, we also plan to take exposure to relatively high nominal and real local interest rates in Brazil.
- **Currency** – We expect to maintain our long exposure to a basket of high quality EM currencies that 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. Moreover, higher frequency data point to appreciation potential for these EM currencies over the cyclical horizon.

We are reducing our focus on Brazil, Norway and Canada as such commodity-linked currencies have likely run too far from a valuation perspective. PIMCO is rotating more toward China and other Asian currencies where expected monetary tightening should produce increasingly positive real yields.

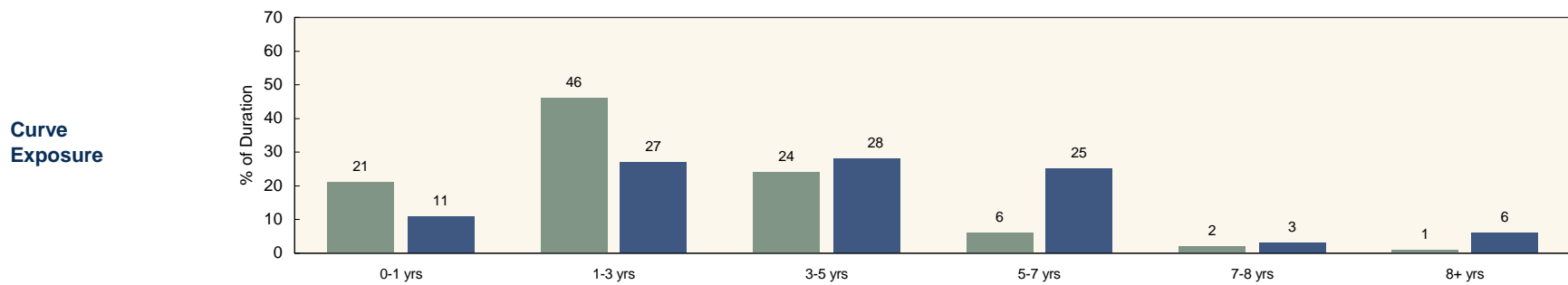
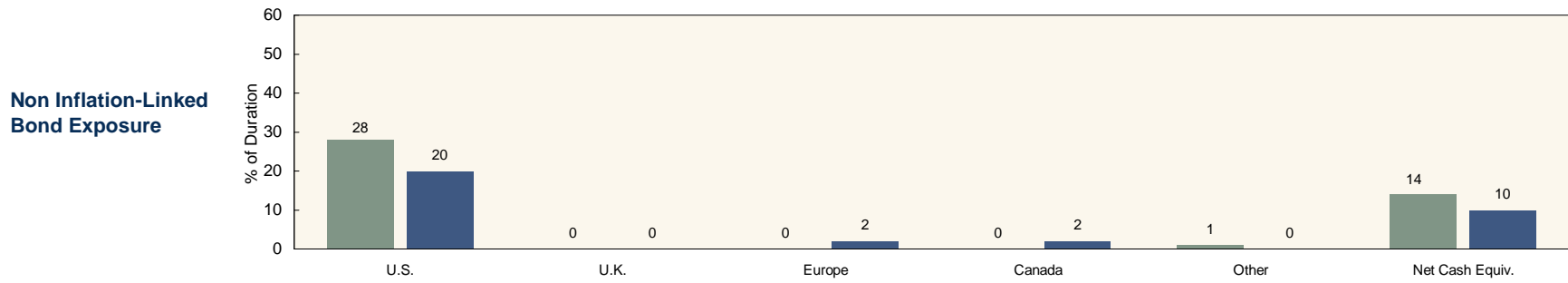
- **Municipals** – We are currently maintaining our holdings in longer maturity Build America Bonds (BABs) in the municipal sector, as they offer attractive valuations compared to comparably rated corporates. While some states and municipalities are struggling with budget deficits, PIMCO continues to believe that municipal debt service will be manageable in general over the cyclical horizon.

Portfolio Characteristics

PVIT CommodityRealReturn Strategy Portfolio

The statistics below represent the fixed income portion of the Fund.

Portfolio (%)¹



Direct Country and Currency Exposure

PVIT CommodityRealReturn Strategy Portfolio

Country Exposure (by currency of settlement)¹

| | Portfolio 03/31/2011 | | | | Portfolio 06/30/2011 | | | |
|------------------------------|---------------------------|--------------|-----------------------|---|---------------------------|--------------|-----------------------|---|
| | Market Value Weighted (%) | | | | Market Value Weighted (%) | | | |
| (settlement currency) | % of <u>Duration</u> | <u>Bonds</u> | Cash <u>Equiv.</u> | Currency <u>Exposure² (%)</u> | % of <u>Duration</u> | <u>Bonds</u> | Cash <u>Equiv.</u> | Currency <u>Exposure² (%)</u> |
| North America | 95.3 | 95.1 | 61.7 | 0.8 | 90.2 | 103.8 | 77.3 | 0.8 |
| Canada | 0.0 | 0.0 | 0.0 | 0.8 | 2.2 | 2.0 | 0.0 | 0.8 |
| United States | 95.3 | 95.1 | 61.7 | 0.0 | 88.0 | 101.8 | 77.3 | 0.0 |
| Europe - EMU | 0.9 | 0.9 | 2.6 | -1.2 | 6.8 | 4.6 | 7.3 | -1.3 |
| Germany | 0.0 | 0.0 | 0.0 | - | 1.3 | 0.9 | 0.0 | - |
| Ireland | 0.0 | 0.0 | 0.1 | - | 0.0 | 0.0 | 0.2 | - |
| Italy | 0.0 | 0.1 | 0.0 | - | 4.3 | 2.5 | 0.3 | - |
| Luxembourg | 0.0 | 0.0 | 0.2 | - | 0.0 | 0.0 | 0.3 | - |
| Netherlands | 0.0 | 0.5 | 0.1 | - | 0.0 | 0.4 | 0.5 | - |
| Other ³ | 0.9 | 0.3 | 2.2 | - | 1.2 | 0.8 | 6.0 | - |
| United Kingdom | 0.0 | 0.0 | 0.1 | 0.0 | 0.0 | 0.0 | 1.0 | 0.0 |
| Europe - Non-EMU | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Japan | 0.0 | 0.0 | 0.0 | -0.3 | 0.0 | 0.0 | 0.0 | -0.3 |
| Asia Pacific ex-Japan | 2.1 | 0.8 | 0.0 | 2.1 | 2.0 | 1.0 | 0.0 | 2.6 |
| Australia | 2.1 | 0.8 | 0.0 | 0.8 | 2.0 | 1.0 | 0.0 | 0.9 |
| Singapore | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.6 |
| South Korea | 0.0 | 0.0 | 0.0 | 1.0 | 0.0 | 0.0 | 0.0 | 1.2 |
| Emerging Markets | 1.7 | 1.2 | 3.1 | 3.3 | 1.0 | 1.6 | 3.5 | 3.7 |
| Brazil | 1.7 | 1.2 | 3.1 | 0.4 | 1.0 | 1.6 | 3.5 | 0.4 |
| China | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 | 0.0 | 0.5 |
| India | 0.0 | 0.0 | 0.0 | 0.9 | 0.0 | 0.0 | 0.0 | 1.1 |
| Indonesia | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.3 |
| Malaysia | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 | 0.4 |
| Mexico | 0.0 | 0.0 | 0.0 | 0.3 | 0.0 | 0.0 | 0.0 | 0.5 |
| Philippines | 0.0 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 | 0.0 | 0.5 |
| Net Liabilities ⁴ | <u>0.0</u> | <u>0.0</u> | <u>-65.5</u> | <u>0.0</u> | <u>0.0</u> | <u>0.0</u> | <u>-100.1</u> | <u>0.0</u> |
| Total Direct Exposure | 100.0 | 98.0 | 2.0 | 4.7 | 100.0 | 111.0 | -11.0 | 5.6 |

Small allocations may round to zero.

Direct Emerging Markets Bond Exposure

PVIT CommodityRealReturn Strategy Portfolio

Emerging Markets Exposure (by country of issuer)

| | 3/31/2011 | | | 6/30/2011 | | |
|--------------------------------------|--------------------------------|--------------------------|--------------------------|--------------------------------|--------------------------|--------------------------|
| | <u>% of MV Cash Equiv.</u> | <u>% of MV Bonds</u> | <u>% of Duration</u> | <u>% of MV Cash Equiv.</u> | <u>% of MV Bonds</u> | <u>% of Duration</u> |
| Brazil | 5.67 | 1.59 | 2.10 | 6.08 | 1.77 | 1.00 |
| China | 0.00 | 0.00 | 0.17 | 0.55 | 0.00 | 0.08 |
| EM Index Products | 0.00 | 1.04 | 0.12 | 0.00 | 1.08 | 0.07 |
| India | 0.02 | 0.00 | 0.14 | 0.04 | 0.00 | 0.03 |
| Indonesia | 0.01 | 0.00 | 0.09 | 0.02 | 0.00 | 0.04 |
| Malaysia | 0.01 | 0.00 | 0.05 | 0.01 | 0.00 | 0.01 |
| Mexico | 0.00 | 0.15 | 0.21 | 0.01 | 0.16 | 0.16 |
| Philippines | 0.01 | 0.00 | 0.09 | 0.00 | 0.00 | 0.07 |
| Russia | 0.00 | 0.38 | 0.94 | 0.00 | 0.40 | 0.54 |
| Turkey | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.07</u> | <u>0.00</u> |
| Total Direct Emerging Markets | 5.72 | 3.16 | 3.91 | 6.71 | 3.48 | 2.00 |

Small allocations may round to zero.

PIMCO Proprietary Portfolio Level Risk Measures

PVIT CommodityRealReturn Strategy Portfolio

| Risk Measures (yrs) ¹ | 3/31/2011 | 6/30/2011 | Definitions of Risk Measures: |
|--|-----------|-------------|---|
| Interest Rate Exposures: | | | |
| Effective Duration | | | |
| Portfolio | 2.3 | 4.0 | A portfolio's price sensitivity to changes in interest rates. An accurate predictor of price changes only for small, parallel shifts of the yield curve. For every 1 basis point fall (rise) in interest rates, a portfolio with duration of 1 year will rise (fall) in price by 1 bp. |
| - Infl-Linked Bond Duration | 1.3 | 2.6 | |
| - Nominal Interest Duration | 1.0 | 1.4 | |
| Yield Beta | | | Duration is defined as the price sensitivity of a bond to changes in nominal yields. Inflation-linked bonds are sensitive to changes in real yields. To relate the price sensitivity of ILBs to changes in nominal yields, a yield beta is applied to nominal changes to arrive at a price sensitivity of ILBs to changes in nominal rates. A yield beta of 0.90 implies that if nominal yields move 100 basis points, real yields will move 90 basis points. ILBs with long maturity may respond differently to changes in nominal rates than shorter maturity ILBs. |
| Less than or equal to 10 years to maturity | 0.50 | 0.75 | |
| Greater than 10 years to maturity | 0.50 | 0.75 | |
| Bull Market Duration | | | A portfolio's effective duration after a 50 bp decline in rates. The extent to which a portfolio's duration exceeds its bull market duration is a gauge of contraction risk. |
| Portfolio | 2.2 | 3.8 | |
| Bear Market Duration | | | A portfolio's effective duration after a 50 bp rise in rates. The extent to which a portfolio's bear market duration exceeds its duration is a gauge of extension risk. |
| Portfolio | 2.4 | 4.1 | |
| Total Curve Duration | 0.3 | 0.4 | A portfolio's price sensitivity relative to the benchmark to changes in the slope of the yield curve, measured between the 2-30 year Government yields, holding the 10-year yield constant. For every 1 bp of steepening (flattening), a portfolio with curve duration of 1 year will rise (fall) in price by 1 bp relative to the benchmark. |
| Sector Exposures*: | | | |
| Mortgage Spread Duration | | | The contribution of mortgages to spread duration. For every 1 bp of mortgage spread tightening (widening), a portfolio with mortgage spread duration of 1 year will rise (fall) in price by 1 bp. |
| Portfolio | 0.5 | 0.6 | |
| Corporate Spread Duration | | | The contribution of corporate bonds to spread duration. For every 1 bp of corporate spread tightening (widening), a portfolio with corporate spread duration of 1 year will rise (fall) in price by 1 bp. |
| Portfolio | 0.4 | 0.7 | |
| Emerging Markets Spread Duration | | | The contribution of emerging market bonds to spread duration. For every 1 bp of emerging market spread tightening (widening), a portfolio with an emerging market spread duration of 1 year will rise (fall) in price by 1 bp. |
| Portfolio | 0.2 | 0.2 | |
| Swap Spread Duration | | | The contribution of swaps to spread duration. Includes the impact of non-swap instruments such as agencies that are sensitive to swap spreads. For every 1 bp of swap spread tightening (widening), a portfolio with swap spread duration of 1 year will rise (fall) in price by 1 bp. A negative swap spread duration indicates that the portfolio will benefit from widening swap spreads. |
| Portfolio | 0.4 | 0.5 | |

* As measured by spread duration, which represents a portfolio's price sensitivity to changes in spreads, or yield premiums, that affect the value of bonds that trade at a spread to Governments. These include mortgage-backed, corporate and emerging market bonds, as well as swaps.

¹ Data in years except for Yield Beta

Summary of Derivatives

PVIT CommodityRealReturn Strategy Portfolio

| Derivatives ¹ (% of Market Value) | 3/31/2011 | 6/30/2011 | Characteristics of Derivatives: | Control Measures |
|---|-----------|-------------|---|--|
| Commodity Exposure | 100.1 | 99.8 | Includes index and other swaps used to gain commodity exposure. Cash-settled at maturity, the market value of commodity swaps increase in value as the value of the Dow Jones - UBS Commodity Index increases in value. | Monitor notional plus market value of swaps to maintain 100% exposure to market value of account. |
| (Duration in Years) | | | | |
| Government Futures | 0.0 | 0.1 | Used to adjust interest rate exposures and to replicate government bond positions. Frequently offers the opportunity to outperform government securities due to cheapness of futures contracts and active management of the liquid, short duration securities backing the futures. | Bond-equivalent exposure included in portfolio duration. Back long futures positions with high grade, liquid debt securities. |
| Other Futures | 0.0 | 0.0 | Includes municipal, mortgage-backed and interest rate swap futures. | See Government Futures. |
| Interest Rate Swaps | 0.0 | -0.1 | Includes swaps with duration greater than 1 year. Used to adjust interest rate and yield curve exposures and substitute for physical securities. Long swap positions ("receive fixed") increase exposure to long-term interest rates; short positions ("pay fixed") decrease exposure. | Bond-equivalent exposure included in portfolio duration. Back long swaps positions with high grade, liquid debt securities. |
| Credit Default Swaps* | 3.2 | 4.5 | Credit default swaps are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure ("selling protection"), obligating the portfolio to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure ("buying protection"), providing the right to "put" bonds to the counterparty in the event of a default. | Bond-equivalent exposure included in portfolio credit risk measures. Back long exposures with high grade, liquid debt securities. Continually monitor underlying credit exposure. |
| Written | 4.7 | 5.6 | | |
| Purchased | -1.4 | -1.1 | | |
| Options | 0.1 | 0.1 | Written options generate income in expected rate scenarios and may generate capital losses if unexpected interest rate environments are realized. Purchased options are used to manage interest rate and volatility exposures. Both written and purchased options will become worthless at expiration if the underlying instrument does not reach the strike price of the option. | Bond-equivalent exposure (weighted by probability of exercise) included in portfolio duration. Back underlying exposure with high grade, liquid debt securities. |
| Written | 0.1 | 0.1 | | |
| Purchased | 0.0 | 0.0 | | |
| Mortgage Derivatives | 0.0 | 0.0 | Used to manage portfolio duration and/or enhance yield. Includes securities determined by PIMCO to have potentially less stable duration characteristics, such as Interest Only strips (IOs), Principal Only strips (POs), Support Class CMOs and Inverse Floaters. Value will fluctuate as prepayment speeds respond to rising and falling interest rates. | Bond exposure included in portfolio duration, convexity, and prepayment risk measures. Use IO's and PO's in moderation and in an overall portfolio context. |
| Money Market Derivatives | 0.2 | 0.2 | Used to manage exposures at the short end of the yield curve and express PIMCO's expectations for future short-term rates. Includes swaps with duration of 1 year or less, and Eurodollar, Euribor and other futures based on short-term interest rates. | Bond-equivalent exposure included in portfolio duration. MM derivatives are not backed by other assets as they represent short-maturity exposures and have no deliverable at expiration. |
| Futures | 0.1 | 0.2 | | |
| Interest Rate Swaps | 0.0 | 0.0 | | |

* Credit default swaps are shown as percentage of market value to reflect potential default risk.

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.

Cover Page

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 can invest a portion of its assets in non-U.S. securities, which can entail greater risks due to non-U.S. economic and political developments. This risk may be enhanced when investing in Emerging Markets. Investment in a Portfolio that invests in high-yield, lower-rated securities, will generally involve greater volatility and risk to principal than investments in higher-rated securities. This Portfolio is non-diversified, which means it may concentrate its assets in a smaller number of issuers than a diversified fund. 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 CommodityRealReturn Strategy Portfolio is intended for long-term investors and an investment in the Portfolio should be no more than a small part of a typical diversified portfolio. The Portfolio's share price is expected to be more volatile than that of other funds. This Portfolio will typically seek to gain exposure to the commodity markets by investing in commodity-linked derivative instruments such as index- and commodity-linked "structured" notes. These instruments and commodities in general may subject the Portfolio to greater volatility than investments in traditional securities. Commodities and commodity-index-linked securities may be affected by changes in overall market movements, changes in interest rates, and other factors such as weather, disease, embargoes, or political and regulatory developments, as well as the trading activity of speculators and arbitrageurs in the underlying commodities.

2 Standard deviation is a statistical measure of dispersion about an average, which for a mutual fund, depicts how widely the returns varied over a certain period of time.

3 Distribution yield is calculated by annualizing actual dividends for the month ended on the date shown and dividing by net asset value per share on the last business day of the same

4 The duration contribution of inflation-linked to the overall duration of the Portfolio as adjusted by a yield beta.

5 The duration contribution of nominal bonds to the overall duration of the Portfolio.

6 Net cash equivalents includes STIF, CP, ST Government, BAs and CDs, less the amount used to back liabilities such as futures, forwards and unsettled trades. Money Market Futures/Options include Eurodollar and Euribor futures that are based on short term interest rates and represent short maturity exposures. They are not backed by other assets and have no deliverable at expiration as they are cash settled. The notional amount of money market futures, captured in the column labeled "% of Market Value", is based on an annualized 3-month interest rate and follows the industry convention of dividing the notional amount by 4 to reflect the underlying 3-month rate exposure. Money market futures' contribution to overall portfolio duration is captured in the column labeled "Duration in Yrs" Other includes repurchase agreements, accrued interest and bankers acceptances.

7 Tracking error, a measure of risk, is defined as the standard deviation of the portfolio's excess return vs.the benchmark expressed in percent. The information ratio is defined as the portfolio's excess return per unit of risk, or tracking error. For example, an information ratio of 1 means that a portfolio manager generates 100 basis points, or one percent of excess return for every 100 basis points of risk taken.

Market Commentary and Market Outlook

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.

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.

Bonds issued by a government outside of the United States 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.

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.

Continued

Market Commentary and Market Outlook continued

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.

Municipal bonds are guaranteed by the United States Government, state or locality in which they are issued. Guarantee does not eliminate market risk. Municipal bonds are not taxable at the Federal level. The issuing state or locality have the right to demand tax; however, many states and localities forgo tax on municipal bonds to entice investment. State and locality municipal bonds are not guaranteed by the Federal Government.

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.

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. 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.

Asset backed securities are financial securities backed by a loan, lease or receivables against assets other than real estate and mortgage-backed securities. These securities can be an alternative to investing in corporate debt.

Portfolio Characteristics

1 Market value data based on percentage of net assets of the mutual fund. Data differs from compliance calculations based on total assets of the mutual fund. All mutual funds are separately monitored for compliance with prospectus and regulatory requirements. Other includes Yankee/Euro bonds, convertibles and municipal bonds. Net cash equivalents equal cash equivalents less the amount used to back liabilities such as futures, forwards and unsettled trades. In the duration weighted category also includes money market futures, which consist of Eurodollar and Euribor futures.

Direct Country and Currency Exposure

- 1 Country exposures reflect the portfolio's effective exposure to non-U.S. markets, inclusive of forward settled holdings. Small allocations may round to zero.
- 2 Includes currency exposure due to non-U.S. holdings, hedging transactions and outright currency transactions. Positive numbers reflect long currency positions relative to base currency. Allocations may not add to totals due to rounding.
- 3 Other includes swaps and securities issued in euros by issuers outside of core Europe.
- 4 Includes liabilities associated with futures, forwards and unsettled trades.

Summary of Derivatives

1 This Portfolio may use derivative instruments for hedging purposes or as part of its investment strategy. 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.

Index Descriptions

Citigroup 1- 10 Year Treasury STRIPS Index represents a composition of outstanding Treasury Bond and Notes with a maturity of at least one year but less than ten years. The index is rebalanced each month in accordance with underlying Treasury figures and profiles provided as of the previous month- end. The included STRIPS are derived only from bonds in the Citigroup U. S. Treasury Bond Index, which include coupon strips with less than one year remaining to maturity. It is not possible to invest directly in an unmanaged index.

Dow Jones UBS 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.

Federal Funds Rate is the federal rate at which banks borrow reserves from each other. This rate is set by the United States Federal Open Market Committee.

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.

The BofA Merrill Lynch 1-3 Year U.S. Treasury Index is an unmanaged index that tracks the performance of the direct Sovereign debt of the US Government having a maturity of at least 1 year and less than 3 years. It is not possible to invest directly in an unmanaged index.

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