

P I M C O

Quarterly Investment Report

June 30, 2010

## PVIT Foreign Bond Portfolio (U.S. Dollar Hedged)

A company of **Allianz**   
Global Investors



**Fund Manager of the Decade**  
Fixed-Income

PIMCO  
840 Newport Center Drive  
Newport Beach  
California 92660  
800-927-4648

[www.pimco-funds.com/VIT](http://www.pimco-funds.com/VIT)

## PVIT Foreign Bond Portfolio (U.S. Dollar Hedged)

Market Commentary	Market Outlook
<ul style="list-style-type: none"> <li>▪ The global economy continued to recover, but showed signs of fatigue as positive stimulus effects are set to fade</li> <li>▪ Policymakers of major developed markets focused on fiscal consolidation, but maintained their commitment to support their economies and markets with low interest rates</li> <li>▪ Recent economic data have renewed investor concerns about the durability of the global recovery, increasing once again the volatility and risk aversion in the financial markets</li> </ul>	<ul style="list-style-type: none"> <li>▪ PIMCO continues to expect stronger growth in emerging economies, driven by superior fundamentals, and a less robust recovery in most of the developed world</li> <li>▪ The journey will be bumpier and likely to produce a wide range of possible outcomes over the cyclical horizon</li> <li>▪ With recovery not assured and fiscal austerity on the rise, G3 central banks are unlikely to raise rates soon</li> </ul>
Portfolio Recap	Portfolio Strategy
<ul style="list-style-type: none"> <li>▪ The Portfolio outperformed its index for the quarter and for the year</li> <li>▪ Country and sovereign risk differentiation with respect to interest rate exposure and select positions to high-quality spread assets both helped returns during the quarter</li> <li>▪ The following strategies added to quarterly returns: <ul style="list-style-type: none"> <li>➢ Duration overweight in the U.S. in the second half of the quarter as yields declined across the entire curve</li> <li>➢ Duration overweight in core Eurozone (Germany) and underweight in peripheries, as sovereign spreads of peripheral countries widened significantly</li> <li>➢ Holdings of high quality consumer asset-backed bonds and non-Agency mortgage securities, as demand improved for high quality assets offering extra yield over government bonds</li> <li>➢ Underweight the euro and pound sterling relative to a basket of high-yielding developed and emerging market (EM) currencies also added value</li> </ul> </li> <li>▪ The following strategies detracted from quarterly returns: <ul style="list-style-type: none"> <li>➢ Duration underweight in Japan and U.K., as yields fell</li> <li>➢ An overweight to bonds of financial companies, which lagged the broader corporate market amid concern about sovereign bond risk within the global banking system</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Target an overweight to duration in U.S., Germany and Canada, neutral in the U.K., and underweight Japan. The healthier balance sheets of Germany and Canada, coupled with the perceived safe-haven status of the U.S., make these government securities the most attractive global alternative</li> <li>▪ Emphasize short to intermediate maturities in the U.S. and core Eurozone where markets are pricing in more aggressive tightening than we would anticipate</li> <li>▪ Look to underweight Agency mortgage-backed securities (MBS), but still plan to take limited exposure in commercial MBS, euro covered bonds and Australian mortgages where valuations remain attractive</li> <li>▪ Plan to stay underweight in the overall corporate credits but plan on continuing to hold high quality, well-capitalized financials; while avoiding high yield and other low quality investments</li> <li>▪ Remain defensive on EM countries where spreads narrowed significantly without improvement in fundamentals, but continue to invest in high quality opportunities such as external credits in Russia; and local rates in Brazil</li> <li>▪ Look to underweight the euro and pound against a basket of higher-yielding developed and EM currencies including the Chinese yuan, Korean won, Singapore dollar and Mexican peso</li> </ul>

## Summary of Performance Data and Portfolio Statistics

PVIT Foreign Bond Portfolio (U.S. Dollar Hedged)

Administrative Class

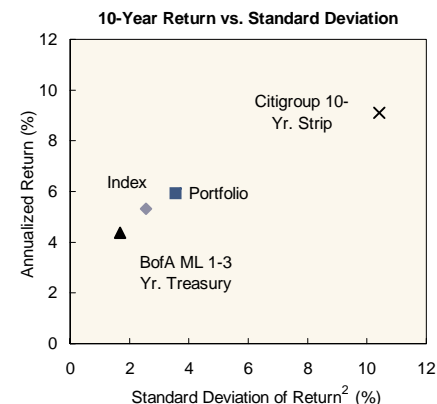
Performance	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	6 mos	3 mos
Periods Ended 6/30/2010							
<b>Total Portfolio<sup>1</sup></b>							
Before Fees (%)	6.38	6.87	6.28	9.12	17.35	7.93	4.28
After Fees (%)	5.43	5.92	5.34	8.15	16.31	7.45	4.05
(Inception 02/16/99)							
JPMorgan GBI Global ex-US Index Hedged in USD (%)	5.20	5.31	4.57	6.28	5.74	3.47	2.26

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	0.91%
The Fund's Net Operating Expenses	0.90%

Total net annual fund operating expenses exclude interest expenses. 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.

*The performance quoted represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that Portfolio shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Details regarding any Portfolio's operating expenses can be found in the Portfolio's prospectus. Performance data current to the most recent month-end is available at [www.pimco-funds.com/VIT](http://www.pimco-funds.com/VIT) or by calling (800) 927-4648.*



Summary Information	3/31/2010	6/30/2010	Benchmark			Benchmark		
			Portfolio	Benchmark	Variance	Portfolio	Benchmark	Variance
<b>Total Net Assets (USD in millions)</b>	77.0	<b>79.5</b>						
SEC 30-Day Ann. Yield (%)	1.89	<b>1.60</b>						
Distribution Yield (%) <sup>3</sup>	1.85	<b>1.67</b>						
Effective Duration (yrs)	6.6	<b>7.7</b>						
Benchmark Duration (yrs)	6.8	<b>7.0</b>						
Effective Maturity (yrs)	8.1	<b>10.2</b>						
Average Coupon (%)	3.6	<b>3.6</b>						
Net Currency Exposure (%)	0.1	<b>-0.1</b>						
Tracking Error (10 yrs, %) <sup>4</sup>	2.8	<b>2.8</b>						
Information Ratio (10 yrs) <sup>4</sup>	0.1	<b>0.2</b>						
<b>Regional Allocation</b>								
<b>(% of Duration)</b>								
Europe - EMU	45	39	6	<b>40</b>	<b>37</b>	<b>3</b>		
Europe - non-EMU	0	2	-2	<b>0</b>	<b>2</b>	<b>-2</b>		
United Kingdom	6	11	-5	<b>11</b>	<b>11</b>	<b>0</b>		
North America	14	3	11	<b>9</b>	<b>3</b>	<b>6</b>		
Japan	24	45	-21	<b>36</b>	<b>46</b>	<b>-10</b>		
Asia Pacific ex-Japan	3	0	3	<b>4</b>	<b>1</b>	<b>3</b>		
Emerging Markets	0	0	0	<b>0</b>	<b>0</b>	<b>0</b>		
Other / Net Cash	8	0	8	<b>0</b>	<b>0</b>	<b>0</b>		
<b>Total</b>	<b>100</b>	<b>100</b>		<b>100</b>	<b>100</b>			

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

# Additional Share Class Performance

June 30, 2010

## PVIT Foreign Bond Portfolio (U.S. Dollar Hedged)

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
<b>INSTITUTIONAL Class:</b>											
Foreign Bond Portfolio (U.S. Dollar-Hedged), Institutional	0.76	0.75	USD	Apr-10-00	6.06	6.06	5.49	8.30	16.47	7.53	4.09
JPMorgan GBI Global ex-US Index Hedged in USD			-		5.36	5.31	4.57	6.28	5.74	3.47	2.26

Total net annual fund operating expenses exclude interest expenses. 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.

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

*The performance quoted represents past performance. Past performance is no guarantee of future results. Investment return and principal value will fluctuate so that Fund shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Details regarding any Fund's operating expenses can be found in the Fund's prospectus. Performance data current to the most recent month-end is available at [www.pimco-funds.com/VIT](http://www.pimco-funds.com/VIT) or by calling (800) 927-4648.*

## Summary

The global economy continued to recover in the second quarter, but showed signs of fatigue as demand-supporting stimulus measures introduced in earlier quarters are set to fade and become a net drag on GDP growth. This comes at a time when self-sustaining growth remains elusive: deficit-spending has become constrained by rising fiscal austerity, while improvement in private demand outside those sectors directly targeted by government policies has been limited. Emerging markets (EM), most notably China, outperformed the developed world with more robust recovery, but the increase in EM domestic demand was not sufficient to fully offset the drop in industrialized country demand. Absent positive effects of fiscal stimulus, recent economic data have indeed renewed investor concerns about the durability of the global recovery, increasing once again the volatility and risk aversion in the financial markets. Fortunately, policymakers around the world continued to support their economies with low interest rates and remained keenly focused on the still-wide output gap and recognized that premature rate hikes could jeopardize further recovery.

## Growth and Inflation

The second quarter likely saw another uptick in global GDP, with production and final output supported by tailwinds of stimulus-led demand. However, the sustainability of such a policy-driven recovery has been challenged by recent cracks in the economy and increased focus on fiscal austerity, calling into question the ability of the global economy to achieve the growth rates seen in the Old Normal.

The U.S. economy grew by 2.7 percent in the first quarter, after being revised lower from preliminary estimates, with downward adjustments primarily in personal consumption and private investment. Moreover, higher frequency data indicated that the cyclical momentum is weakening: the ISM manufacturing index fell rapidly in June, raising concerns

about how quickly manufacturing is losing steam. News on the consumer side was hardly any better: retail sales dropped in June for a second month and consumer confidence appeared to weaken as the unemployment rate remained elevated at 9.7 percent. The effects of fading government stimulus were acutely felt in the housing sector as purchases of existing and new homes fell significantly below expectation, reflecting a lack of demand after the expiration of special tax credits.

Growth in Europe was also tepid: the Eurozone as a whole expanded just 0.8 percent in the first quarter with a number of countries registering contraction. While recent recovery of core countries appeared resilient against a much more unsettling fiscal backdrop, peripheral countries continued to struggle with fragile fundamentals. Moreover, growing budget shortfalls in Greece, Spain and Portugal raised fears of the contagious effect for the region: sentiment surveys broke their upward trends and edged lower. Similarly, the U.K. growth looked suspect as households remained challenged amid tighter credit availability, sluggish wage growth and rising taxation after increase of Value-Added-Tax (VAT).

Japan's economy is slowing in concert with the rest of Asia as recovery seen in the previous quarter was narrowly based: weak exports to its neighbors led to a drop of trade surplus in May. With external demand uncertain, Japanese corporations had little appetite to increase capital or labor expenditure, driving unemployment higher to 5.2 percent. By contrast, Australia was a continued bright spot among developed countries: retail sales held up in the face of global financial turmoil and weaker consumer confidence, while credit growth has been higher than expected.

Emerging economies, having passed a major stress test in 2009, grew faster than their developed counterparts. China, whose rapid growth has helped to cushion the global economy while developed countries pulled themselves out of recession, took steps to tighten lending standards to avert real estate and asset price bubbles.

### Government Policy

Concerned about potential spillover from the Eurozone area's sovereign credit crisis, most policymakers continued to support their economies with low rates. The Federal Reserve (Fed), European Central Bank (ECB), Bank of England (BOE) and Bank of Japan (BOJ) left policy rates unchanged. Even the Reserve Bank of Australia (RBA), after two rate hikes early in the quarter, left rates unchanged in July.

Much of the spotlight for the quarter was once again focused on development of the European Union (EU) and International Monetary Fund (IMF) loan package to address sovereign debt crisis in Greece and other peripheries. As previously announced packages proved unable to reassure markets, EU leaders, in conjunction with the IMF, announced a €750 billion emergency loan package in May, including €440 billion guarantee from member states, €60 billion rapid reaction stabilization fund controlled by European Commission, and €250 billion contribution from the IMF. Still, public debt levels and fiscal shortfalls remained high, and it remained to be seen how various fiscal austerity plans would carry out.

### Financial Markets

Risk aversion had the upper hand in financial markets during the second quarter, as investor confidence was shaken by signs of slowing recovery in the U.S. and China, as well as ongoing debt crisis in Europe. Equities sold off across major global markets and credit spreads widened.

G3 sovereign bonds led virtually all sectors in the second quarter amid the flight to safety. Ten-year U.S. Treasury yields fell sharply to 2.9 percent, 89 basis points lower over the quarter. Government bonds in Germany, U.K. and Japan also outperformed as yields declined 52, 58 and 31 basis points, respectively. Peripheral countries of the Eurozone, however, continued to underperform, with Greece being the most notable laggard as its 10-year yields rose to as high as 12.4 percent after being downgraded below investment grade.

Inflation-linked bonds (ILBs) lagged their nominal counterparts across developed markets as cyclical disinflationary or deflationary risk becomes a growing concern. Breakeven inflation rates (the difference between nominal and real yields) declined significantly in U.S., Europe and Japan.

Agency mortgage-backed securities (MBS) performed in line with U.S. Treasuries on a like-duration basis as low supply and resilient demand from international investors combined to support valuation. Commercial and non-agency MBS also trailed U.S. Treasuries, with tranches higher up in the capital structure fared better than subordinated counterparts as investors preferred higher quality assets.

Corporate bonds underperformed as investment grade spreads widened both in the U.S. and Eurozone, with higher quality spreads showing the most resilience. The financial sector underperformed in both markets driven by concerns on contagion effects to European banks' potential losses on peripheral sovereign bonds. Municipal credits also underperformed, but the taxable Build American Bonds (BABs) fared better as investors view them as attractive substitute to corporate credit.

EM bond performance also trailed that of G3 governments in an environment of reduced risk appetite. Credit premiums widened across the quality spectrum. External EM markets fared better than local currency markets as the flight to quality included a move toward the U.S. dollar, which worked against most EM currencies.

On foreign currency, the U.S. dollar and the Japanese yen (+5.7 percent), benefitting from their perceived safe-haven status, outperformed the euro (-9.4 percent) and the pound (-1.6 percent) that remained vulnerable to sovereign debt crisis. Commodity currencies such as the Mexican peso (+4.5 percent), Australian dollar (-8.3 percent) and Canadian (+4.6 percent) dollar also depreciated against the greenback.

### Summary

PIMCO continues to believe the global economy is going through an uneasy transition towards the “New Normal”, characterized by tepid growth and asset returns. The journey to this secular destination will be bumpier than PIMCO thought before, and likely to produce a very wide range of possible outcomes over the cyclical horizon, rather than a single dominant baseline scenario. We continue to expect a considerably stronger recovery in emerging market countries as a result of superior fundamentals, and a less robust recovery in most of the developed world. While still-high levels of unemployment and leverage continue to limit private sector demand, much of the global economy’s uncertainty arises from the deterioration in public finances, as G7 governments’ balance sheets have been expanded beyond sustainable levels to support their economies. With economic recovery not assured and fiscal austerity on the rise, G3 central banks are unlikely to raise rates in the near future. Still, the increased focus on the “contagion effect” of the sovereign debt crisis highlights significant vulnerabilities of the financial system and is likely to contribute to growing market uncertainty.

### Growth and Inflation

Global GDP growth is likely to be weaker in the second half of 2010 as positive effects of fiscal stimulus are beginning to turn into a drag while sources of private sector demand are slow to develop. Furthermore, concerns on rising fiscal deficits and public debt levels have forced several industrialized governments to enact fiscal austerity measures, which further constrain the ability of the broader economy to grow beyond a brief cyclical rebound. As self-sustaining growth will prove an elusive target over the next year, disinflation will remain the dominant near-term risk in the developed world: substantial excess capacity will persist, and fiscal tightening should reinforce the disinflationary trend over the cyclical horizon.

The U.S. will likely see lower growth towards the second half of 2010 because the positive stimulus effects have stalled and further policy intervention is limited by rising debt levels. With households facing lackluster job and income growth, and businesses uncertain of the outlook for final demand, neither consumption nor investment looks prepared to carry the growth baton forward. While the “extenders” package cannot be ruled out in an election year, the impact is relatively modest and unlikely fill the void left by the fiscal withdrawal.

The Eurozone will grow slowly at the aggregate level, and continue to exhibit considerable differentiation across member countries. Moreover, the sovereign problem has started to contaminate the European banking sector: as strains in financial markets stay elevated and bank lending soft, growth in the Eurozone area is likely to remain tepid at best. The U.K., aided by quantitative easing (QE) and sterling weakness, should see modest growth, with the caveat that it also faces renewed credit stress and significant fiscal tightening.

Japan has seen a near-term lift to GDP, benefitting from Asian demand, but the pace is set to slow down given the recent cooling in China. Meanwhile structural deflation and latent fiscal stress will persist, calling into question the sustainability of recovery beyond a cyclical timeframe. Australia, on the other hand, is likely to see growth supported by both domestic demand and its links to fast-growing emerging economies.

Emerging markets (EM) should continue to grow at a solid pace, helped by stronger economic and fiscal fundamentals. Even there, the growth momentum will likely moderate in the coming quarters, as policy tightening aimed at managing potential asset bubbles and inflation expectations is in the cards. Still, bifurcation will continue: those constrained by higher leverage - such as Turkey and Hungary – face greater headwinds to a smooth recovery, while countries with stronger public and private balance sheets - including Brazil and China - should show better prospects for sustained growth.

### Government Policy

Policymakers are starting to recognize the significant structural headwinds confronting many developed nations. Keynesian government stimulus, a textbook policy response during times of recession, is constrained in this economic downturn as public balance sheets have been stretched to the breaking point by large previous stimulus plans, as well as the massive transfer of debt from the private to public sector. With no “spare tire” remaining, governments will have few policy options in the event the recent cyclical rebound gives way to an extended period of tepid growth and below-average inflation. That said, as fiscal policy consolidates, monetary policy is shifting toward a “low for longer” stance and G3 central banks are likely to stay on hold throughout 2010 and much of 2011. Even countries such as Australia that have already begun tightening, are likely to remain cautious on further rate hikes. In EM countries, strong growth and rising asset prices have prompted central banks to embark on policy normalization, both in the form of higher rates and more “micro” measures directly targeted at softening asset prices, though adjustments will likely be incremental.

### Portfolio Strategy

PIMCO will maintain a high quality bias and remain cautious with portfolio risk exposures in light of global economic and political uncertainty. While tactical adjustments may be made to protect portfolios from high levels of volatility, some of the more significant portfolio exposures are outlined below.

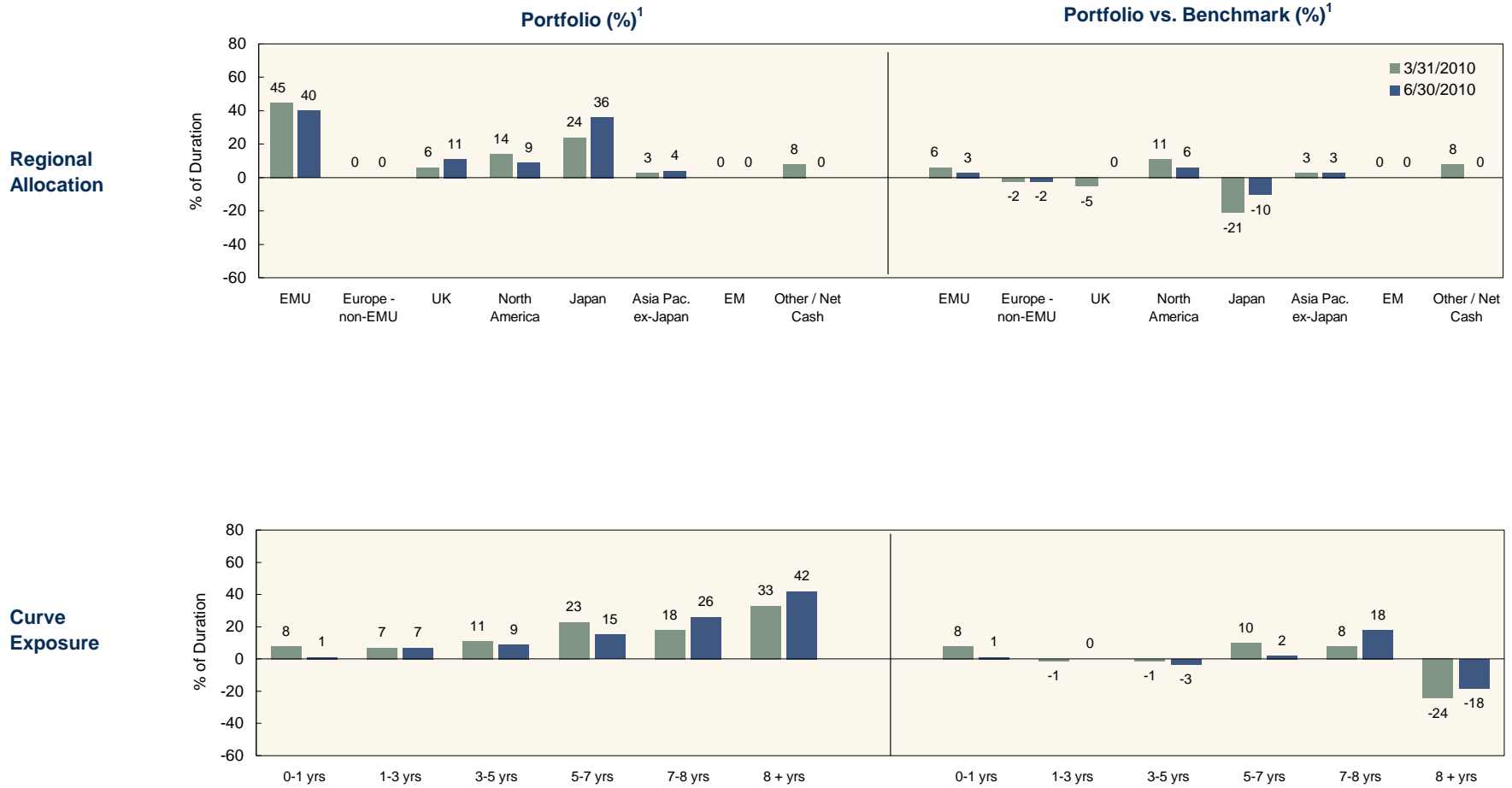
- **Interest rate strategies** - We are targeting an overweight to duration in the U.S., core Eurozone (Germany) and Canada, have moved to neutral in the U.K., and remain underweight Japan and Eurozone peripherals. The healthier government balance sheets of Germany and Canada, coupled with the perceived safe-haven status of U.S., make these government securities the most attractive global alternatives. With respect to yield curves, we continue to emphasize short to intermediate maturities

in the U.S. and core Eurozone where markets are pricing in more aggressive rate tightening than we would anticipate.

- **Inflation-linked** – We plan to remain underweight in inflation-linked bonds (ILBs). While strategic allocations to ILBs offer a potential hedge against long-term inflation risks, still-large output gaps and various fiscal austerity measures in the industrialized world suggest that disinflation is a bigger risk over the cyclical horizon.
- **Mortgages** – We plan to remain underweight Agency mortgage-backed securities (MBS) as they continue to trade at relatively expensive levels. Meanwhile we plan on continuing to take limited exposure in non-agency and commercial MBS, euro covered bonds and Australia mortgages where valuations remain attractive.
- **Corporates** - We maintain our bias towards high quality, well-capitalized financial institutions, but are neutral to underweight the overall corporate sector as credit premiums have narrowed significantly during the recent rally. Meanwhile, we look to invest in the municipal sector, especially Build America Bonds (BABs) with appealing valuation relative to comparable rated corporate issues.
- **Emerging Markets** – We remain defensive in countries where spreads have narrowed significantly without improvement in fundamentals, but continue to look for opportunities in economies where solid initial conditions provide fundamental support despite global weakness. This may include EM external credits in Mexico, Brazil and Russia, and local rate opportunities in Brazil and Mexico.
- **Currency** - We are currently underweight the euro and U.K. pound against a basket of higher-yielding developed and EM currencies including the Canadian dollar, Chinese yuan, Korean won, Singapore dollar and Mexican peso. We believe the latter currencies are likely to benefit from relatively faster growth and favorable trade balances compared to the G3.

# Portfolio Characteristics and Benchmark Variance

PVIT Foreign Bond Portfolio (U.S. Dollar Hedged)



## Direct Country and Currency Exposure

PVIT Foreign Bond Portfolio (U.S. Dollar Hedged)

### Country Exposure (by currency of settlement)<sup>1</sup>

	Portfolio 03/31/2010				Portfolio 06/30/2010				Benchmark 06/30/2010
	Market Value Weighted (%)				Market Value Weighted (%)				
(settlement currency)	% of <u>Duration</u>	<u>Bonds</u>	Cash <u>Equiv.</u>	Currency <u>Exposure<sup>2</sup> (%)</u>	% of <u>Duration</u>	<u>Bonds</u>	Cash <u>Equiv.</u>	Currency <u>Exposure<sup>2</sup> (%)</u>	% of <u>Duration</u>
<b>North America</b>	<b>14.4</b>	<b>20.0</b>	<b>2.8</b>	<b>0.0</b>	<b>10.3</b>	<b>23.2</b>	<b>-2.0</b>	<b>0.7</b>	<b>2.8</b>
Canada	3.5	3.8	1.4	0.0	5.7	5.0	1.2	0.7	2.7
United States	10.9	16.2	1.4	0.0	4.6	18.2	-3.2	0.0	0.1
<b>Europe - EMU</b>	<b>47.0</b>	<b>44.2</b>	<b>19.5</b>	<b>-2.2</b>	<b>40.1</b>	<b>41.9</b>	<b>15.5</b>	<b>-3.7</b>	<b>36.2</b>
Belgium	0.0	0.0	0.0	-	0.0	0.0	0.0	-	2.3
France	2.3	6.9	2.3	-	1.9	4.3	5.1	-	9.3
Germany	39.1	30.6	2.6	-	35.2	31.2	4.3	-	8.9
Ireland	0.1	0.0	0.9	-	0.0	0.0	0.7	-	0.0
Italy	0.0	0.0	0.0	-	0.0	0.0	0.0	-	9.9
Netherlands	2.2	2.6	0.0	-	1.7	2.8	0.0	-	2.3
Spain	0.0	0.0	0.1	-	0.0	0.0	0.0	-	3.5
Other <sup>3</sup>	3.3	4.1	13.6	-	1.3	3.6	5.4	-	0.0
<b>United Kingdom</b>	<b>5.6</b>	<b>3.9</b>	<b>0.0</b>	<b>-0.8</b>	<b>10.4</b>	<b>7.9</b>	<b>0.2</b>	<b>-0.3</b>	<b>11.5</b>
<b>Europe - Non-EMU</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.1</b>	<b>0.3</b>	<b>1.6</b>
Denmark	0.0	0.0	0.1	0.1	0.0	0.0	0.1	0.1	1.0
Norway	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	0.0
Sweden	0.0	0.0	0.0	-0.1	0.0	0.0	0.0	-0.1	0.6
<b>Japan</b>	<b>28.9</b>	<b>25.5</b>	<b>32.2</b>	<b>-0.1</b>	<b>35.5</b>	<b>32.1</b>	<b>0.4</b>	<b>0.4</b>	<b>47.4</b>
<b>Asia Pacific ex-Japan</b>	<b>3.8</b>	<b>7.4</b>	<b>6.0</b>	<b>-0.2</b>	<b>3.6</b>	<b>7.9</b>	<b>1.4</b>	<b>0.2</b>	<b>0.5</b>
Australia	3.8	7.4	6.0	-0.1	3.6	7.9	1.4	0.2	0.5
Singapore	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
South Korea	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Emerging Markets</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>3.3</b>	<b>0.1</b>	<b>0.0</b>	<b>0.0</b>	<b>2.4</b>	<b>0.0</b>
Brazil	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.0
China	0.3	0.0	0.0	2.6	0.1	0.0	0.0	1.8	0.0
Indonesia	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.3	0.0
Mexico	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.2	0.0
Net Liabilities <sup>4</sup>	<u>0.0</u>	<u>0.0</u>	<u>-61.6</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>-28.6</u>	<u>0.0</u>	<u>0.0</u>
<b>Total Direct Exposure</b>	<b>100.0</b>	<b>101.0</b>	<b>-1.0</b>	<b>0.1</b>	<b>100.0</b>	<b>113.0</b>	<b>-13.0</b>	<b>-0.1</b>	<b>100.0</b>

Small allocations may round to zero.

## Direct Emerging Markets Bond Exposure

PVIT Foreign Bond Portfolio (U.S. Dollar Hedged)

### Emerging Markets Exposure (by country of issuer)

	3/31/2010			6/30/2010		
	<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	-0.03	0.00	0.00	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
China	-0.09	0.00	0.00	<b>-0.05</b>	<b>0.00</b>	<b>0.00</b>
Indonesia	0.02	0.00	0.00	<b>0.03</b>	<b>0.00</b>	<b>0.00</b>
Malaysia	0.00	0.00	0.00	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
Mexico	<u>0.03</u>	<u>0.00</u>	<u>0.00</u>	<b><u>0.00</u></b>	<b><u>0.00</u></b>	<b><u>0.00</u></b>
<b>Total Direct Emerging Markets</b>	<b>-0.07</b>	<b>0.00</b>	<b>0.00</b>	<b>-0.02</b>	<b>0.00</b>	<b>0.00</b>

Small allocations may round to zero.

## PIMCO Proprietary Portfolio Level Risk Measures

PVIT Foreign Bond Portfolio (U.S. Dollar Hedged)

Risk Measures (yrs)	3/31/2010	6/30/2010	Definitions of Risk Measures:
<b>Interest Rate Exposures:</b>			
<b>Effective Duration</b>			
Portfolio	6.6	<b>7.7</b>	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.
Benchmark	6.8	<b>7.0</b>	
<b>Bull Market Duration</b>			
Portfolio	6.2	<b>7.6</b>	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.
Benchmark	6.9	<b>7.1</b>	
<b>Bear Market Duration</b>			
Portfolio	7.0	<b>7.9</b>	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.
Benchmark	6.7	<b>6.9</b>	
<b>Total Curve Duration</b>			
	0.8	<b>0.2</b>	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.
<b>Sector Exposures*:</b>			
<b>Mortgage Spread Duration</b>			
Portfolio	0.6	<b>0.5</b>	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.
Benchmark	0.0	<b>0.0</b>	
<b>Corporate Spread Duration</b>			
Portfolio	0.1	<b>0.0</b>	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.
Benchmark	0.0	<b>0.0</b>	
<b>Emerging Markets Spread Duration</b>			
Portfolio	0.0	<b>0.0</b>	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.
Benchmark	0.0	<b>0.0</b>	
<b>Swap Spread Duration</b>			
Portfolio	1.3	<b>1.6</b>	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.
Benchmark	0.0	<b>0.0</b>	

\* 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.

## Summary of Derivatives

PVIT Foreign Bond Portfolio (U.S. Dollar Hedged)

Derivatives <sup>1</sup> (% of Duration)	3/31/2010	6/30/2010	Characteristics of Derivatives:	Control Measures
<b>Government Futures</b>	20.8	<b>23.2</b>	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.
<b>Other Futures</b>	0.0	<b>0.0</b>	Includes municipal, mortgage-backed and interest rate swap futures.	See Government Futures.
<b>Interest Rate Swaps</b>	4.5	<b>19.6</b>	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.
<b>Credit Default Swaps*</b>	-15.3	<b>-10.4</b>	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	0.2	<b>3.2</b>		
Purchased	-15.5	<b>-13.6</b>		
<b>Options</b>	-0.2	<b>-5.3</b>	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	-0.2	<b>-5.3</b>		
Purchased	0.0	<b>0.0</b>		
<b>Mortgage Derivatives</b>	0.0	<b>0.0</b>	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.
<b>Money Market Derivatives</b>	7.4	<b>0.5</b>	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	1.9	<b>0.5</b>		
Interest Rate Swaps	5.5	<b>0.0</b>		

\* 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.

## 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, and may concentrate its assets in a smaller number of issuers than a diversified Portfolio. 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.
- 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 period.
- 4 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.

### Global Commentary and Global Outlook

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.

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.

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.

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.

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.

### Portfolio Characteristics and Benchmark Variance

- 1 Other includes emerging markets and cash equivalents. Cash equivalents include liquid assets such as net payables/receivables, money market securities, and other high quality, short-duration instruments. Europe - EMU represents the 12 "Euro-in" countries; Europe Non -EMU includes Switzerland, Denmark, Norway and Sweden; North America includes US and Canada.

*Continued*

**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.

Consumer Price Index (CPI) 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.

JPMorgan GBI Global ex-US Index Hedged in USD is an unmanaged index market representative of the total return performance in U.S. dollars of major non-U.S. bond markets. It is not possible to invest directly in such an unmanaged index.

BofA Merrill Lynch 1-3 Year U.S. Treasury Index is an Unmanaged market index made up of U.S. Treasury issues with maturities from one to three years. It is not possible to invest directly in such an unmanaged index.

*This material is authorized for use only when preceded or accompanied by the current PIMCO Variable Insurance Trust (the "Portfolio") prospectus. Investors should consider the investment objectives, risks, charges and expenses of these Portfolios carefully before investing. Ask your financial professional to explain all charges that may apply. This and other information is contained in the Portfolio's prospectus. The variable product prospectus may be obtained by contacting your Investment Consultant. Please read the Portfolio and variable product prospectus carefully before you invest or send money.*

This report includes information as of 06/30/10 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 funds are distributed by **Allianz Global Investors Distributors LLC**, 840 Newport Center Drive, Newport Beach, CA 92660, (800) 927-4648.

No part of this report may be reproduced in any form, or referred to in any other publication, without express written permission. ©2010, Pacific Investment Management Company LLC.

P I M C O