

P I M C O

Quarterly Investment Report

June 30, 2011

PVIT High Yield Portfolio

A company of **Allianz** 
Global Investors



Fund Manager of the Decade
Fixed-Income

PIMCO
840 Newport Center Drive
Newport Beach
California 92660
(888) 87-PIMCO

pvit.pimco-funds.com

PVIT High Yield Portfolio

Market Commentary	Market Outlook
<ul style="list-style-type: none"> ▪ Bonds gained during the quarter, helped by a decline in Treasury yields amid slower U.S. growth and concern about the sovereign debt crisis in the Eurozone ▪ While yields on Treasuries fell overall for the quarter, they reversed course over the last several days of the period ▪ High yield bonds underperformed investment grade as high grade issuers benefited from the flight to quality due to the sovereign debt crisis 	<ul style="list-style-type: none"> ▪ PIMCO sees a multi-speed world over the secular horizon, with developed countries expected to grow at about 2 percent per 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 ▪ We believe high yield returns should continue to be in line with speculative grade yields, with marginal upside from potential spread compression
Portfolio Recap	Portfolio Strategy
<ul style="list-style-type: none"> ▪ The Portfolio underperformed its index for the quarter ▪ The following strategies helped returns for the quarter: <ul style="list-style-type: none"> ➢ Security selection within the paper and packaging sector, where select higher quality paper credits outperformed for the quarter ➢ An underweight to the building products sector, which underperformed as investors reassessed expectations for the housing market recovery ➢ An overweight to chemicals, a stand-out among the basic industry sector, benefitting from the increase in materials demand globally ▪ The following strategies were negative for quarterly returns: <ul style="list-style-type: none"> ➢ An overweight to the paper and packaging sector, where merger and acquisition activity within packaging companies had a negative impact ➢ An underweight to the telecommunications sector, where integrated service providers and wireless shined ➢ Security selection within the automotive sector, as manufacturers significantly outperformed both auto parts credits and captive finance companies ➢ Security selection within the healthcare sector, as select single B-rated issuers underperformed 	<ul style="list-style-type: none"> ▪ Broadly, we plan to emphasize credits that are likely to benefit from global growth and not overly dependent on just developed economies ▪ Plan to increase exposure to cyclical names on a selective basis, opportunistically investing in higher beta names where we see value ▪ Plan to position above-average credit quality, but look to reduce exposure to some longer-dated, high quality securities where interest rate sensitivity is high ▪ Seek select opportunities among lower-rated tiers of high yield, where rating agencies lag improved credit situations ▪ Look to reduce exposure to high grade, particularly among financials, that have appreciated and no longer represent compelling value relative to more traditional high yield credits ▪ Plan on retaining an emphasis on chemicals, a cyclical industrial sector that stands to benefit from global materials demand ▪ Selectively maintain exposure to healthcare where issuers produce value added products and maintain exposure to the global economy, while seeking to avoid those companies with business models dependent on reimbursement rates ▪ In the European high yield market, seek to avoid financials that have elevated exposure to sovereign risk

Summary of Performance Data and Portfolio Statistics

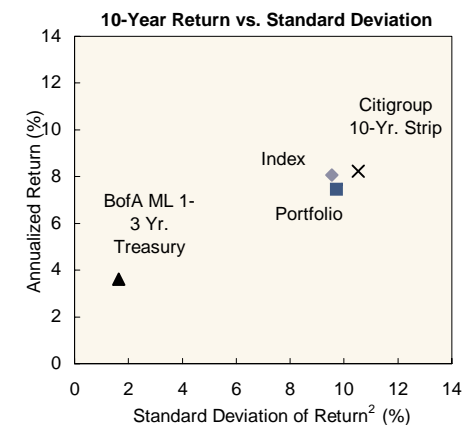
PVIT High Yield Portfolio
Administrative Class

Performance	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	6 mos	3 mos
Periods Ended 6/30/2011							
Total Portfolio¹							
Before Fees (%)	6.68	8.25	8.08	10.06	14.63	4.37	0.79
After Fees (%)	5.89	7.45	7.28	9.24	13.78	3.99	0.61
(Inception 04/30/98)							
BofA Merrill Lynch U.S. High Yield, BB-B Rated, Constrained Index (%)	6.28	8.07	8.28	10.52	14.56	4.81	1.13

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

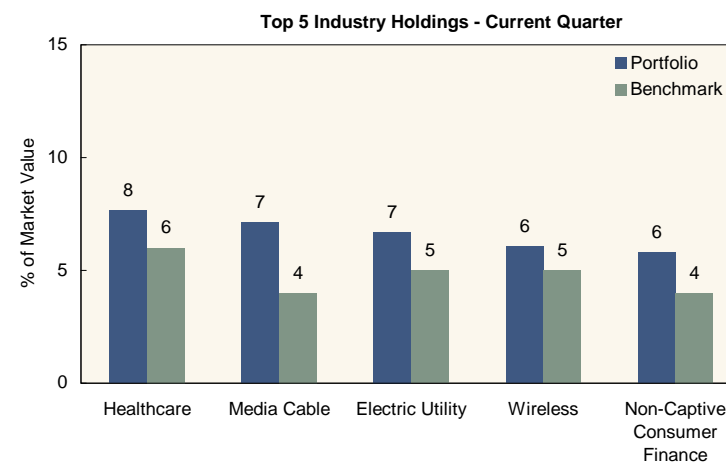
Expense Ratio	
The Fund's Total Annual Operating Expenses	0.75%

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)	710.4	675.9
SEC 30-Day Ann. Yield (%)	5.31	5.69
Distribution Yield (%) ³	6.99	7.20
Effective Duration (yrs)	4.4	4.8
Benchmark Duration (yrs)	4.5	4.7
Effective Maturity (yrs)	6.1	6.8
Average Coupon (%)	7.6	7.8
Net Currency Exposure (%)	0.6	0.4
Tracking Error (10 yrs, %) ⁴	3.0	3.0
Information Ratio (10 yrs) ⁴	-0.2	-0.2

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



Additional Share Class Performance

June 30, 2011

PVIT High Yield 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
INSTITUTIONAL Class:											
High Yield Portfolio, Institutional	0.60	-	USD	Jul-01-02	8.69	-	7.44	9.41	13.94	4.06	0.64
BofA Merrill Lynch U.S. High Yield, BB-B Rated, Constrained Index			-		9.11	-	8.28	10.52	14.56	4.81	1.13
ADVISORY Class:											
High Yield Portfolio, Advisory	0.85	-	USD	Mar-31-06	6.62	-	7.17	9.13	13.66	3.93	0.58
BofA Merrill Lynch U.S. High Yield, BB-B Rated, Constrained Index			-		7.76	-	8.28	10.52	14.56	4.81	1.13

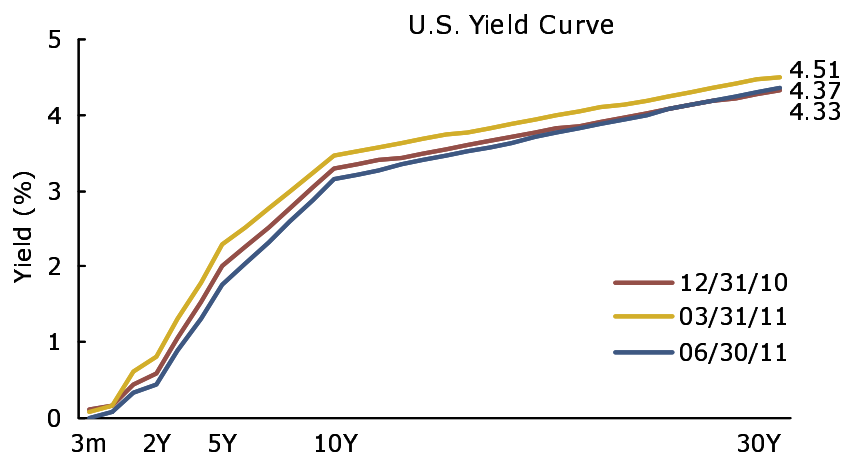
Average total returns do not include fees and charges of the variable product. If these fees and charges were reflected performance would be lower.

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Treasury Yields Fall During Quarter as Growth Slows

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

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



SOURCE: Bloomberg Financial Markets

Past performance is no guarantee of future results.

Graphs are for illustrative purposes only and are not indicative of the performance of any particular investment.

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

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

High Yield Remains Resilient in a Volatile Market and Slowing Economy

- Despite periods of increased risk aversion stemming from global events, high yield continued to benefit from strong fundamentals and favorable technicals, ending the quarter up about 1.00 percent for the quarter¹.
- Within high yield, it was the higher quality sectors that saw the greatest appreciation as double-B bonds rose almost 1.45 percent over the quarter, outpacing single-B and triple-C names by 30 and 89 basis points, respectively².
- Technicals remained relatively supportive as investors continued to seek higher yielding asset classes in a

¹ BofA Merrill Lynch US High Yield Master II

² BofA Merrill Lynch US High Yield CCC and Lower Index, BofA Merrill Lynch US High Yield BB Rated Index, BofA Merrill Lynch US High Yield B Rated Index

generally low yield environment; technicals, however, became increasingly challenged by the end of the quarter.

- Alongside elevated risk aversion, primarily spurred by sovereign credit concerns in late May and throughout June, retail mutual funds flows were -\$2.8 billion for the quarter, but remain in positive territory by \$7.9 billion year-to-date³.
- While retail investor sentiment remained unstable over the quarter, institutional demand remained relatively strong and in some cases turned opportunistic in the face of a robust primary market that experienced over \$92 billion of new issuance in the second quarter³.
- M&A activity increased over the last quarter alongside improved quality of corporate balance sheets as about 23 percent of proceeds from new issuance were used for acquisition finance or LBO activity during this time, compared to only 15.6 percent in 2010³.
- Refinancing activity, although lower than 2009/2010 levels, remained healthy over the quarter, accounting for about 60 percent of new issuance.
- With considerable liquidity in the market, thanks in part to quantitative easing, companies have been able to restructure debt, which has resulted in benign default rates.
- The trailing 12-month default rate by issuer ended the quarter at 2.25 percent, below its historical average of 4.80 percent, after falling far from the 13.6 percent peak level witnessed in November, 2009⁴.
- Moody's baseline forecast is calling for a 1.5 percent default rate by the end of the year, and even under its most pessimistic scenario expects defaults to remain below average.

- With speculative grade yields higher over the quarter by about 30 basis points, slightly shy of the pace of compressing government yields, spreads widened by 65 basis points to end the quarter at 542 basis points⁵.
- Amid underwhelming economic performance, both the food and drug and utility sectors were atop the list of best performers over the quarter, as defensive areas of the market came into favor late in the quarter.
- At the other end of the spectrum, forest products/packaging and building materials were among the worst performing industry categories for the quarter.

³ JPMorgan

⁴ Moody's Investor Services

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

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

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

Developed Economies

- **Structural Impediments to Growth** – Developed economies such as the U.S. are unlikely to keep pace with developing countries because of the former's more challenging initial conditions prior to the 2008 financial crisis. These conditions include high unemployment that is increasingly structural in nature as well as high levels of consumer and sovereign debt.
- **Grand Bargains Unlikely** – Resolution of major policy issues such as the U.S. fiscal deficit and the sovereign debt crisis in 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 maintaining 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 conditions should render even more obsolete the traditional interest rate/credit distinctions between developed and emerging sovereign bonds. This development will have major implications for investment indices and guidelines.

PIMCO's Cyclical Outlook: A Slowing Global Economy

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

The Eurozone's sovereign debt crisis will remain a major source of volatility over our cyclical timeframe. 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.

Strong Fundamentals Buoy High Yield amid Challenging Technicals

The high yield market remained resilient over the second quarter despite headwinds of deteriorating economic data, revitalized concerns over Greece, and significant outflows. Although the heightened volatility led to a retracement in risk assets and selling pressure on speculative grade bonds in the last several weeks, high yield returns remained in the black, up 1.0 percent for the full quarter¹. With the first half of 2011 behind us, high yield bond spreads are right back where they started the year, just one basis point off from beginning of the year levels of around 540 basis points². Despite all the volatility, speculative grade bonds have delivered a respectable 4.9 percent so far this year, modestly above the coupon-clipping pace expected at the start of the year¹.

The primary factor supporting the resiliency of high yield bonds amid the elevated volatility witnessed year-to-date is strong fundamentals. Defaults by par value, which currently stand at 1.5 percent, have fallen to a mere fraction of the peak level reached less than two years ago when defaults accounted for 20.0 percent of the high yield market³. With approximately \$665 billion of high yield bonds issued since 2009, representing over half the global high yield market, and the vast majority of proceeds used for refinancing purposes, we would expect a benign default environment over the next couple years. Furthermore, when you consider that recoveries are currently near 50 percent, the actual loss associated with defaults is

expected to come in less than 1 percent⁴. Additionally, corporate balance sheets today are in robust shape, with increasing cash balances and higher quality earnings that are no longer reliant upon inventory restocking, which again bodes well for corporate fundamentals.

Alongside the recent volatility and ensuing risk aversion, technicals, which on average have been supportive in 2011, became very challenging in the quarter. This was most notably reflected in the significant reversal of high yield fund flows. After 26 out of 28 weeks of positive net inflows accumulating over \$16.2 billion to high yield mutual funds, June was marked by 4 consecutive weekly net outflows making up \$8.3 billion, including the largest one-week outflow on record of \$3.5 billion ending June 22nd⁵. It's worth noting that the high yield market saw a similar exodus of flows almost exactly one year ago, again related to sovereign credit concerns. Similar to last year, these outflows came on the heels of spread widening as flows typically lag performance. Interestingly, following the outflows of last year, the high yield market engaged in a rally that took it 11 percent higher over the next 4 months¹. This demonstrates that while fund flows do provide a good gauge of technical conditions in the high yield market, they rarely help predict market turns or even continuations of trends.

Given the dichotomy of trends in fundamentals and technicals, valuations have become more attractive. Having risen by about 65 basis points, absolute spreads are once again above their long term average, but more importantly spreads in excess of default losses are materially higher than average given improved recoveries and expectations for lower defaults. With spreads trading in a range of over 125 basis points over the last 3 months prior to compressing by about 40 basis points in the final week, the second quarter presented a number of attractive

¹ BofA Merrill Lynch US High Yield Master II

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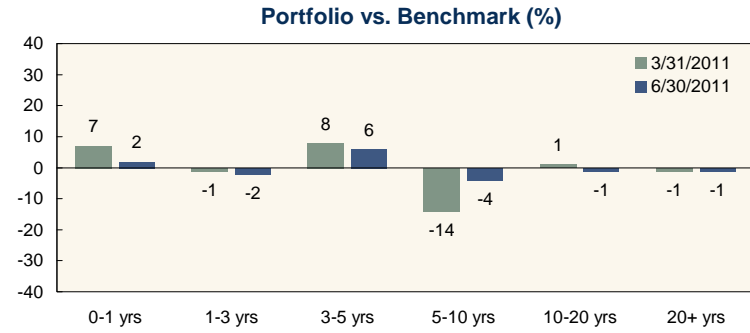
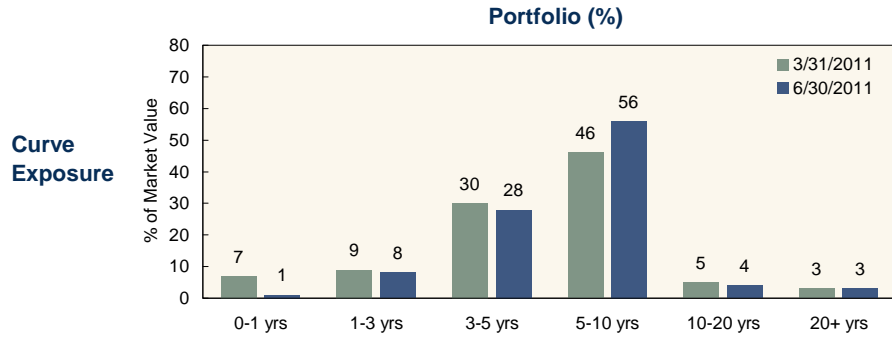
⁵ EPFR Global

entry points⁶. Although the most difficult of issues associated with Greece appear to be behind us, we would expect spreads to be relatively volatile going forward and anticipate some narrowing through the end of the year. This should hold provided that sovereign credit concerns do not escalate to the extent they cause the economy to contract, which would not bode well for any risk assets. We do not believe this is a likely scenario and that high yield returns may continue to be in line with speculative grade yields, with marginal upside from potential spread compression.

⁶ BofA Merrill Lynch US High Yield Master II Index. Spreads of the BofA Merrill Lynch U.S. High Yield Master II Index reflect the market value weighted average spread (or difference in yield) of every individual issue within the index relative to its duration-neutral "risk free" counterpart (typically U.S. Treasuries). The High Yield issues in the index outperformed the duration neutral "risk free" counterparts on a total return basis for the period.

Portfolio Characteristics and Benchmark Variance

PVIT High Yield Portfolio



Direct Country and Currency Exposure

PVIT High Yield 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 Duration	Bonds	Cash Equiv.	Currency Exposure ² (%)	% of Duration	Bonds	Cash Equiv.	Currency Exposure ² (%)
North America	91.8	92.9	7.7	0.0	91.8	96.3	4.2	0.0
United States	91.8	92.9	7.7	0.0	91.8	96.3	4.2	0.0
Europe - EMU	5.9	5.1	0.0	0.2	6.1	5.6	0.0	0.0
Germany	0.5	0.4	0.0	-	0.4	0.5	0.0	-
Ireland	0.5	0.3	0.0	-	0.4	0.3	0.0	-
Italy	0.0	0.1	0.0	-	0.2	0.1	0.0	-
Luxembourg	0.7	0.5	0.0	-	0.9	0.9	0.0	-
Netherlands	2.1	1.7	0.0	-	2.1	1.8	0.0	-
Other ³	2.1	2.1	0.0	-	2.1	2.0	0.0	-
United Kingdom	1.6	1.0	0.0	0.1	1.5	1.1	0.0	0.1
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	0.0	0.0	0.0	0.0	0.0
Asia Pacific ex-Japan	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Emerging Markets	0.7	0.0	5.0	0.3	0.6	0.0	5.7	0.3
Brazil	0.7	0.0	5.0	0.0	0.6	0.0	5.7	0.0
China	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.3
Net Liabilities ⁴	<u>0.0</u>	<u>0.0</u>	<u>-11.7</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>-12.9</u>	<u>0.0</u>
Total Direct Exposure	100.0	99.0	1.0	0.6	100.0	103.0	-3.0	0.4

Small allocations may round to zero.

Direct Emerging Markets Bond Exposure

PVIT High Yield 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	5.05	0.44	1.43	5.67	0.77	1.50
China	0.00	0.16	0.21	0.00	0.17	0.18
Mexico	0.00	0.37	0.43	0.00	0.38	0.40
Russia	0.00	0.18	0.30	0.00	0.30	0.46
South Africa	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	0.00	0.09	0.13
Total Direct Emerging Markets	5.05	1.15	2.37	5.67	1.71	2.67

Small allocations may round to zero.

PIMCO Proprietary Portfolio Level Risk Measures

PVIT High Yield Portfolio

Risk Measures (yrs)	3/31/2011	6/30/2011	Definitions of Risk Measures:
Interest Rate Exposures:			
Effective Duration			
Portfolio	4.4	4.8	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	4.5	4.7	
Bull Market Duration			
Portfolio	4.3	4.7	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	4.4	4.6	
Bear Market Duration			
Portfolio	4.5	4.8	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	4.6	4.7	
Total Curve Duration			
	-0.1	-0.1	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			
Portfolio	0.1	0.1	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	0.0	
Corporate Spread Duration			
Portfolio	4.4	4.8	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	3.9	4.0	
Emerging Markets Spread Duration			
Portfolio	0.1	0.1	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	0.4	0.4	
Swap Spread Duration			
Portfolio	0.0	0.0	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	0.0	

* 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 High Yield Portfolio

Derivatives ¹ (% of Duration)	3/31/2011	6/30/2011	Characteristics of Derivatives:	Control Measures
Government Futures	0.0	0.0	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	0.0	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*	7.1	9.0	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	7.1	9.0		
Purchased	0.0	0.0		
Options	0.0	0.0	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	0.0	0.0		
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	0.8	0.5	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	0.0	0.0		
Interest Rate Swaps	0.8	0.5		

* 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. 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.

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.

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.

Market Commentary and Market Outlook

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.

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.

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

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.

Continued

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.

Barclays Capital Corporate Index is an unmanaged index comprised of publicly issued U. S. corporate and specified foreign debentures and secured notes that meet the specified maturity, liquidity, and quality requirements. To qualify, bonds must be SEC- registered. It is not possible to invest directly in an unmanaged index.

Barclays Capital Universal Bond Index represents the union of the U. S. Aggregate Index, the U. S. High- Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, the non- ERISA portion of the CMBS Index, and the CMBS High- Yield Index. Municipal debt, private placements, and non- dollar- denominated issues are excluded from the Universal Index. The only constituent of the index that includes floating- rate debt is the Emerging Markets Index. It is not possible to invest directly in an unmanaged index.

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

BofA Merrill Lynch U.S. High Yield, BB-B Rated, Constrained Index tracks the performance of BB-B Rated US Dollar-denominated corporate bonds publicly issued in the US domestic market. Qualifying bonds are capitalization-weighted provided the total allocation to an individual issuer (defined by Bloomberg tickers) does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face value of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. It is not possible to invest directly in an unmanaged index.

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

The BofA Merrill Lynch 1-3 Year 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 the index.

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

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

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