

P I M C O

Quarterly Investment Report

June 30, 2011

## PVIT Money Market Portfolio

A company of **Allianz**   
Global Investors



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

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## PVIT Money Market Portfolio

Market Commentary	Market Outlook
<ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ While yields on Treasuries fell overall for the quarter, they reversed course over the last several days of the period</li> <li>▪ The Treasury rally stalled as concern about an imminent Greek default eased and U.S. manufacturing businesses unexpectedly expanded at a faster pace in June</li> </ul>	<ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ We foresee a slowing U.S. economy over the next year; a Federal Reserve rate hike is unlikely until sometime in 2013</li> <li>▪ 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</li> </ul>
Portfolio Recap	Portfolio Strategy
<ul style="list-style-type: none"> <li>▪ The Portfolio performed in line with its index for the quarter</li> <li>▪ The Fund maintained a high level of average credit quality by investing in short-term securities with top tier ratings; holdings remained very liquid and provided price stability</li> <li>▪ The Fund kept its weighted average maturity shorter during the period which detracted from performance as short-term rates moving lower</li> <li>▪ Holdings in commercial paper, short-term corporate, and agency securities provided attractive yields compared to like-maturity Treasuries</li> <li>▪ Government guaranteed holdings provided a yield advantage over similar maturity U.S. Agency securities</li> <li>▪ Positions in floating rate notes, primarily issued by U.S. government agencies, added to the portfolio yield by taking advantage of a steep yield curve environment</li> <li>▪ Positions in floating rate notes issued by high quality corporations added to portfolio yield while minimizing interest rate risk</li> <li>▪ U.S. Treasury bill positioning took advantage of anomalies in the front end of the yield curve to help add yield without incremental risk</li> <li>▪ Repurchase agreements collateralized by U.S. Treasuries and U.S. Agencies helped maintain a high level of liquidity to the portfolio while preserving principal</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focus on maintaining liquidity in your portfolio to meet cash flow needs or to be ready to invest in attractive securities when the market environment improves</li> <li>▪ Plan to keep the weighted average maturity shorter but with the potential to move out the curve should opportunities present themselves</li> <li>▪ Seek to generate competitive yields by holding domestic commercial paper in the highest quality financial names as these securities provide a yield advantage over U.S. Treasury bills</li> <li>▪ Look to own discount notes issued by U.S. government agencies as core holdings with competitive yields</li> <li>▪ Tactically add short maturity, high quality corporate fixed and floating rate notes in an effort to take advantage of the current yield curve while enhancing portfolio yield</li> <li>▪ Plan to hold short maturity Agency coupon bonds or floating rate notes to take advantage of the steep yield curve while maintaining liquidity</li> <li>▪ Focus on U.S. Treasury securities that aim to maintain portfolio yield while preserving principal</li> <li>▪ Manage day-to-day liquidity with a variety of instruments such as repurchase agreements (collateralized by U.S. Treasuries and Agencies) and commercial paper</li> </ul>

## Summary of Performance Data and Portfolio Statistics

PVIT Money Market Portfolio  
Administrative Class

Performance Periods Ended 6/30/2011	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	6 mos	3 mos
<b>Total Portfolio<sup>1</sup></b>							
<b>Before Fees (%)</b>	<b>2.94</b>	<b>2.40</b>	<b>2.42</b>	<b>0.79</b>	<b>0.52</b>	<b>0.26</b>	<b>0.13</b>
<b>After Fees (%)</b>	<b>2.44</b>	<b>1.90</b>	<b>1.93</b>	<b>0.32</b>	<b>0.05</b>	<b>0.03</b>	<b>0.01</b>
<b>(Inception 09/30/99)</b>							
Citigroup 3-Month Treasury Bill Index (%)	2.53	2.01	1.87	0.35	0.14	0.06	0.02
Lipper Money Market Fund Index (%)	2.40	1.86	1.96	0.41	0.03	0.01	0.00

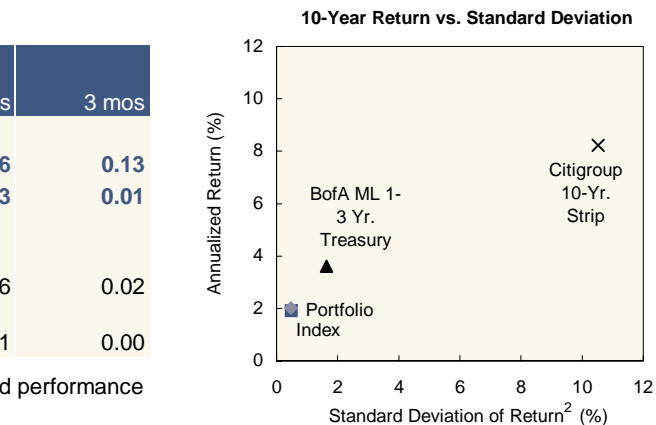
Average total returns do not include fees and charges of the variable product. If these fees and charges were reflected performance would be lower.

Expense Ratio	
The Fund's Total Annual Operating Expenses	0.47%

*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](http://pvit.pimco-funds.com) or call (888) 87-PIMCO.*

*Money Market funds are not insured or guaranteed by FDIC or any other government agency and although such funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in Money Market funds. If there is a material difference between the quoted total return and the quoted current yield, the yield quotation more closely reflects the current earnings of the portfolio than the total return quotation. Yields computed by SEC-prescribed calculations and are subject to change.*

Summary Information	3/31/2011	6/30/2011
Total Net Assets (USD in millions)	253.1	<b>248.2</b>
7-Day Ann. Yield (%)	0.05	<b>0.05</b>
30-Day Ann. Yield (%)	0.05	<b>0.05</b>
Effective Duration (yrs) <sup>3</sup>	0.1	<b>0.1</b>
Weighted Effective Maturity (days)	58.0	<b>38.0</b>
Average Coupon (%)	0.5	<b>0.6</b>



Sector Allocation	% of Market Value	
	3/31/2011	6/30/2011
Treasury	5	<b>1</b>
Agency	35	<b>40</b>
Domestic Commercial Paper	1	<b>4</b>
Yankee Commercial Paper	5	<b>1</b>
Repurchase Agreements	50	<b>49</b>
Floating Rate Notes	1	<b>1</b>
Other	0	<b>0</b>
Cash	4	<b>5</b>

# Additional Share Class Performance

June 30, 2011

## PVIT Money Market 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
<b>INSTITUTIONAL Class:</b>											
Money Market Portfolio, Institutional	0.32	-	USD	Apr-10-00	2.43	2.02	2.02	0.35	0.05	0.03	0.01
Citigroup 3-Month Treasury Bill Index					2.53	2.01	1.87	0.35	0.14	0.06	0.02
Lipper Money Market Fund Index					2.40	1.86	1.96	0.41	0.03	0.01	0.00

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

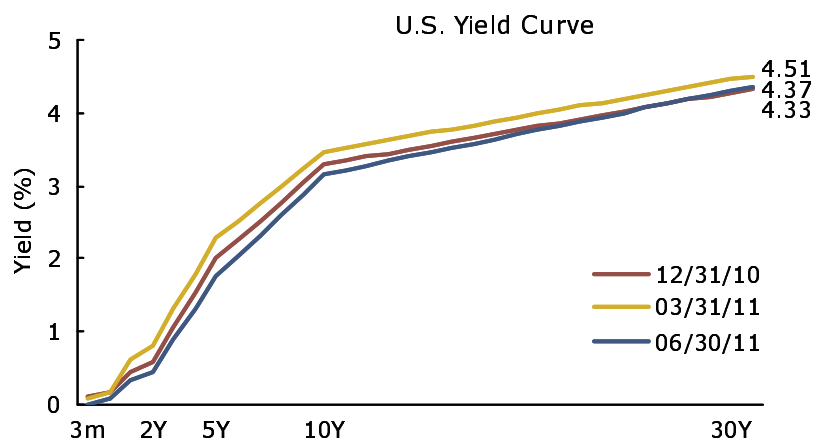
*Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and principal value will fluctuate so that fund shares may be worth more or less than their 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](http://pvit.pimco-funds.com) or call (888) 87-PIMCO.*

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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.

**Fixed Income Sectors Gain Amid Lower Interest Rates**

The following summarizes fixed income sector returns during the second quarter of 2011:

- 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, investors 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.
- Treasury Inflation-Protected Securities (TIPS) outperformed nominal Treasuries in the second quarter. Despite breakeven inflation levels (the difference between nominal and real yields) narrowing over the quarter, inflation accruals were strong on the back of higher energy prices. This led TIPS to outperform their nominal counterparts.
- 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 JPMorgan 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, tame 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 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 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.

### **Money Markets Trying to Maintain Yield in a Low Yield Environment**

Amid the uncertainty of the cyclical outlook, PIMCO will likely remain cautious with risk exposures. In this market environment, our Money Market strategies will typically focus on principal preservation and liquidity. We look to generate attractive yields by holding high-quality domestic and Yankee commercial paper as these securities offer a significant yield advantage over historically low T-bill yields. In addition we plan to retain a small allocation to high-quality, short maturity corporate issues and floating rate notes since these securities pose minimal interest rate and credit risk while aiming to enhance portfolio yield. We intend to look at the relative value between agency discount notes and T-bills and allocate accordingly. We plan on utilizing overnight repurchase agreements to manage day-to-day liquidity needs.

**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. 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 portfolio 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 Measure of a bond portfolio's (or a bond's) price sensitivity to changes in interest rates. It is a weighted maturity at present value of all principal and interest payments.

### 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.

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.

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. 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.

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.

Investment grade corporate bonds are considered among the higher rated in the corporate bond sector. These securities are not guaranteed by the federal government and are thus more susceptible to default risk. Generally most corporate bonds are taxable at the state and federal level. Treasuries are guaranteed by the United States government and are only taxable at the Federal level. Guarantee does not eliminate market risk. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds.

## 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.

Citigroup 3-Month Treasury Bill Index is an unmanaged index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues. It is not possible to invest directly in an unmanaged index.

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

Lipper Money Market Fund Index is an average of the 30 largest equal weighted Money Market Funds as compiled by Lipper Analytical Inc. It is not possible to invest directly in such 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 an unmanaged index.

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

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