

Quarterly Investment Report

March 31, 2010

PVIT Money Market Portfolio  
Administrative Class

A company of **Allianz**   
Global Investors

**P I M C O**

840 Newport Center Drive  
Newport Beach  
California 92660  
(800) 927-4648

## PVIT Money Market Portfolio

Market Commentary	Market Outlook
<ul style="list-style-type: none"> <li>▪ Politics was a major influence on global bond markets as 2010 began. Faced with an uneven recovery, policymakers wrestled with how long to sustain stimulus programs that could eventually undermine public finances or stoke inflation</li> <li>▪ Most Treasury yields fell modestly in the first quarter, but yields began to move upward later in the period</li> <li>▪ Corporates, mortgages and emerging market bonds continued their strong performance versus Treasuries</li> </ul>	<ul style="list-style-type: none"> <li>▪ PIMCO continues to expect developed economies to grow much more slowly than emerging markets, owing to disparate pre-crisis economic conditions</li> <li>▪ The U.S. recovery is not expected to be robust in light of structural impediments such as deleveraging of consumer balance sheets, reregulation and deglobalization</li> <li>▪ The Federal Reserve is unlikely to raise rates until final demand and job creation revive, probably in 2011</li> </ul>
Portfolio Recap	Portfolio Strategy
<ul style="list-style-type: none"> <li>▪ The Portfolio performed in line with the index for the quarter</li> <li>▪ The fund maintained a high 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 moved it's weighted average life lower over the period which helped minimize the impact of short-term rates moving higher while maintaining the ability to take advantage of higher yields</li> <li>▪ Holdings in commercial paper, short-term corporate, and agency securities provided attractive yields compared to like-maturity Treasuries</li> <li>▪ Exposure to Yankee banks provided a yield advantage over domestic banks</li> <li>▪ Positions in floating rate notes issued by high quality corporations added to portfolio yield while minimizing interest rate 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> <li>▪ Limited exposure to asset-backed commercial paper issued by Straight A Funding which is a government backed entity added yield to the portfolio with minimal credit risk</li> </ul>	<ul style="list-style-type: none"> <li>▪ Focus on maintaining liquidity in your portfolio to meet cashflow needs or to be ready to invest in attractive securities when the market environment improves</li> <li>▪ Plan to move the weighted average maturity shorter as uncertainty regarding policy moves could cause volatility in short maturity rates</li> <li>▪ Seek to generate competitive yields by holding domestic and Yankee commercial paper in the highest quality financial names as these securities currently provide a yield advantage over 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>▪ Continue to emphasize liquid securities that help provide relatively low price volatility in the current market</li> <li>▪ Manage day to day liquidity via repurchase agreements collateralized by Treasury or Agency assets</li> </ul>

## Summary of Performance Data and Portfolio Statistics

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Performance Periods Ended 3/31/2010	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>3.23</b>	<b>3.10</b>	<b>3.31</b>	<b>2.48</b>	<b>0.56</b>	<b>0.26</b>	<b>0.13</b>
<b>After Fees (%)</b>	<b>2.72</b>	<b>2.59</b>	<b>2.81</b>	<b>1.99</b>	<b>0.08</b>	<b>0.02</b>	<b>0.01</b>
<b>(Inception 09/30/99)</b>							
Citigroup 3-Month Treasury Bill Index (%)	2.82	2.70	2.76	1.80	0.13	0.04	0.02
Lipper Money Market Fund Index (%)	2.55	2.55	2.81	2.06	0.11	0.01	0.00

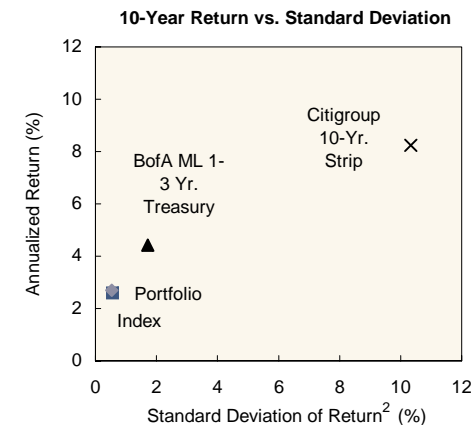
Average total returns do not include fees and charges of the variable product. If these fees and charges were reflected performance would be lower.

*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. The Portfolio's total annual operating expense ratio is 0.48%. 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 <http://www.pimco-funds.com/VIT> or by calling (800) 927-4648.*

*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	12/31/2009	3/31/2010
Total Net Assets (USD in millions)	266.1	<b>260.3</b>
7-Day Ann. Yield (%)	0.10	<b>0.10</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)	31.0	<b>40.0</b>
Average Coupon (%)	0.4	<b>0.3</b>
Tracking Error (10 yrs, %) <sup>4</sup>	-1.1	<b>-1.1</b>
Information Ratio (10 yrs) <sup>4</sup>	0.1	<b>0.1</b>

Sector Allocation	% of Market Value	
	12/31/2009	3/31/2010
Treasury	6	<b>43</b>
Agency	50	<b>19</b>
Domestic Commercial Paper	3	<b>8</b>
Yankee Commercial Paper	10	<b>10</b>
Repurchase Agreements	24	<b>14</b>
Floating Rate Notes	4	<b>2</b>
Other	2	<b>4</b>
Cash	1	<b>0</b>
<b>Total</b>	<b>100</b>	<b>100</b>



# Additional Share Class Performance

March 31, 2010

## PVIT Money Market Portfolio

Net of Fees Performance	Gross 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	0.33	USD	Apr-10-00	2.73	-	2.93	2.09	0.08	0.02	0.01
Citigroup 3-Month Treasury Bill Index		-		-	-	2.76	1.80	0.13	0.04	0.02
Lipper Money Market Fund Index				-	-	2.81	2.06	0.11	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.

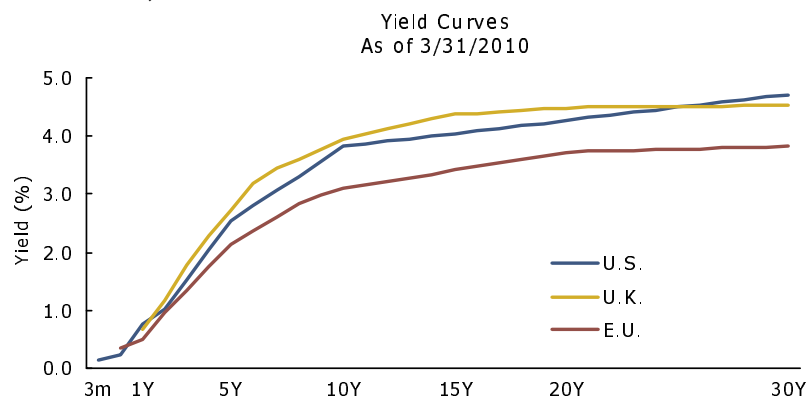
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**Treasury Yields Fall Modestly in the First Quarter of 2010**

Most Treasury yields fell modestly in the first quarter of 2010, though yields began to move upward in the last two weeks of the quarter. Earlier in the period investors sought the relative safety of U.S. bonds amid concern about sovereign debt risk, especially in Greece and other peripheral Eurozone economies. Another factor helping to hold down yields were comments by the Federal Reserve that an increase in the federal funds rate was not imminent given continued weakness in the economy. As the quarter closed, however, sentiment began to shift amid growing awareness that the U.S. could have sovereign debt challenges of its own over the longer run.

The 10-year Treasury yield fell one basis point to close the quarter at 3.83 percent. With short term rates anchored at very low levels, the U.S. yield curve remained steep. At the end of the quarter, the two-year Treasury yield was some 280 basis points lower than the 10-year yield. The graphic below shows the position of the U.S., U.K. and Eurozone yield curves as of March 31, 2010:



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.

Politics was a major influence on fixed income markets around the world as 2010 began. Policymakers wrestled with how long to sustain stimulus programs designed to mitigate the global recession but which threatened to undermine public finances or stoke inflation.

While the Fed kept its main policy rate unchanged, it raised the discount rate at which member banks can borrow during the first quarter. It also ended programs that were designed to support the housing market and the consumer finance sector. The Fed concluded its \$1.25 trillion Agency mortgage purchase program in March and also ended the subscription period for purchasing consumer asset-backed securities under the Term Asset-backed Securities Loan Facility (TALF).

Policy makers in other developed economies where growth is slow or non-existent, such as Japan, the U.K. and the Eurozone, also left key lending rates unchanged in the first quarter. Central banks in faster growing economies where inflation is more of a concern, such as Australia, India and Malaysia, tightened during the period. China was also expected to broaden the policy tools used to curb headline inflation.

**Riskier Bonds Continue Their Outperformance**

The Barclays Capital U.S. Aggregate Index, a widely used index of U.S. high-grade bonds, gained 1.78 percent in the first quarter. Corporate bonds, mortgage-backed securities and emerging market bonds continued their strong performance relative to Treasuries. The following summarizes fixed income sector returns:

- Agency mortgage-backed securities (MBS) continued the rally versus like-duration Treasuries that they enjoyed during 2009 as the Fed’s MBS Purchase Program drove valuations to historically rich levels. Non-Agency mortgages also gained as this sector benefitted from the significant amount of cash looking for relatively attractive yields and the continued absence of new supply.

- Commercial mortgage-backed securities (CMBS) continued their rally as well. The sector benefitted from the dual tailwinds of strong demand for higher yielding assets and nearly non-existent CMBS issuance since 2008. Despite these strong technical conditions in the CMBS market, underlying fundamentals in commercial real estate continued to deteriorate throughout the quarter and are expected to decline further into 2010 and 2011.
- Corporate bonds, especially high yield credits, were among the best performing fixed income assets during the first quarter, sustaining their robust performance in 2009. Credit premiums continued to tighten, which prompted brisk new issuance in both the investment grade and high yield markets. Balance sheets of the biggest corporations improved, especially in comparison with the deteriorating U.S. government balance sheet, prompting many investors to prefer corporates to Treasuries. Financial companies, which benefit from a steep yield curve, were among the top performers in the corporate sector.
- Municipal bonds outpaced comparable Treasuries in the first quarter, led by taxable Build American Bonds (BABS) where robust new issuance volume continued to be met by strong demand. While it appears that the BABS program will be extended past 2010, it remains uncertain how much the subsidy will be decreased from the existing 35 percent rate. It is also unclear whether the program will be expanded to include issuance by non-profit entities for operating needs and not just capital projects.
- Treasury Inflation-Protected Securities (TIPS) lagged their nominal counterparts during the first quarter as breakeven inflation levels (the difference between nominal and real yields) for intermediate maturity TIPS narrowed modestly.
- Emerging market (EM) bond performance was strong, comparable to the U.S. high yield market during the quarter. Among external EM bonds, credit premiums were volatile earlier in the quarter amid concern about Greece and other developed countries' sovereign debt. By mid-quarter, markets began to focus more on differences in policy mixes and initial economic conditions among EM countries. Nonetheless, lower quality credits outperformed over the course of the quarter. Locally issued EM bonds had even stronger returns than high yield corporates. Investors perceived that economic recovery in EM countries was taking hold and inflationary pressures - while rising - remained relatively contained.
- U.S. Treasuries were mixed versus other sovereign bond markets in the first quarter of 2010. Eurozone bonds outperformed most other developed markets amid expectations that the European Central Bank would be forced to keep rates low to combat the deflationary impact of sovereign debt problems on the Eurozone periphery.

### Economic Recovery To Face Structural Headwinds in 2010

Two core themes create tension and uncertainty in PIMCO's economic outlook over the next year. First, we continue to expect differentiated regional outcomes owing to disparate pre-crisis conditions. Second, positive trends in developed economies such as the U.S. over a cyclical timeframe are likely to face structural or secular headwinds such as high levels of sovereign and consumer debt and excess capacity in labor and product markets. This tension between cyclical and structural factors will be exacerbated by political processes around the world, which means that politics is one of the most critical risk factors in our outlook.

Critical elements of PIMCO's cyclical outlook include:

- **Three-Stage U.S. Recovery** – The U.S. is now in the second stage of a three-stage recovery. First the economy was propped up by fiscal and monetary stimulus. Next came the current stage of inventory rebuilding. The final stage, not yet in evidence, involves job creation and emergence of self-sustaining final demand.
- **Structural Headwinds** – Even when final demand does revive, we do not expect the U.S. recovery to be very robust in light of structural forces standing in the way. These include deleveraging of consumer and ultimately sovereign balance sheets, in addition to the secular trends of reregulation and deglobalization.
- **Range-Bound U.S. Interest Rates** - The Federal Reserve (Fed) is unlikely to raise interest rates until the final stage of recovery starts to emerge, probably in 2011. Longer term U.S. rates should be range-bound over this period.
- **Deflationary Headwinds Stronger in Eurozone** – Severe austerity measures expected on the periphery of the Eurozone (Greece, Spain, already underway in Ireland) are not likely to be counterbalanced by expansion in the core.

This is particularly true in Germany, which will remain unwilling to adjust its export-driven economic model to stimulate more consumption. The U.K. has the monetary and currency flexibility to contribute to regional growth but is constrained by its sovereign debt burden.

- **Pressure on the Euro** - Problems in the periphery introduce fiscal uncertainty into the Eurozone, but PIMCO does not expect this to affect Eurozone interest rates meaningfully. Deflationary forces will keep the European Central Bank on hold for even longer than the Fed. The Eurozone's fiscal risk premium is more likely to be reflected in downward pressure on the euro.
- **Prospects Brighter in China and EM** – Prospects are brighter in China and most emerging economies, which have benefitted from more favorable pre-crisis conditions. Now some of these economies may face risks of overinflating and asset bubbles. PIMCO believes these risks are manageable for China given the range of policy tools available to deal with them. Compared to other “bubble” economies – Japan in the 1980s and the U.S. more recently – China has stronger economic fundamentals and less of a debt burden.
- **Chinese Renminbi – U.S. Dollar Peg** - Another China risk, and sign of the importance of politics, is the dispute over the renminbi-U.S. dollar peg. While China is likely to allow appreciation of its currency over the next year, the timing is hard to forecast because of potential intervention by the U.S. Congress.

### **Money Markets Focus on Liquidity and Select Opportunities as Quantitative Easing Measures are Removed**

In this market environment, our Money Market strategies will focus primarily on principal preservation and liquidity. We will attempt 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 will look at the relative value between agency discount notes and t-bills and allocate accordingly. As Quantitative Easing measures are removed, opportunities should present themselves which we will strive to take advantage of. Overnight repurchase agreements will also be utilized 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.

## 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.
- 4 Tracking error is defined as the standard deviation of the portfolio's relative return vs. the benchmark.

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

### Market Commentary and Market Outlook

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

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.

*Continued*

## 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.

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