

P I M C O

Quarterly Investment Report

June 30, 2011

PVIT Short-Term 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 Short Term 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 ▪ 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 	<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 a year and emerging economies at 6 percent overall ▪ We foresee a slowing U.S. economy over the next year; a Federal Reserve rate hike is unlikely until sometime in 2013 ▪ The Eurozone sovereign debt crisis will remain a major source of volatility over our cyclical timeframe. The risk of disorderly debt deflation in Europe is escalating
Portfolio Recap	Portfolio Strategy
<ul style="list-style-type: none"> ▪ The Portfolio outperformed its index for the quarter ▪ The following strategies were positive for quarterly returns: <ul style="list-style-type: none"> ➢ A duration overweight as interest rates fell ➢ A focus on shorter maturity securities as the yield curve steepened, measured by the difference between the 2 and 30-year Treasury yields ➢ Exposure to non-U.S. developed interest rates, particularly core Europe, where rates fell on fears of a global economic slowdown ➢ An emphasis on Agency mortgages as these securities outperformed Treasuries; mortgage security selection also helped returns ➢ Holdings of non-Agency mortgages as these bonds offered extra yield over Treasuries ▪ The following strategies were negative for quarterly returns: <ul style="list-style-type: none"> ➢ An overweight to bonds of financial companies, which lagged the broader corporate market amid uncertainty surrounding financial regulation, capital requirements, and contagion related to European sovereign risk 	<ul style="list-style-type: none"> ▪ PIMCO will focus on high quality income producing strategies that are positively tied to the cyclical upswing that we expect in the U.S. during 2011 ▪ Target slightly overweight duration that consists predominantly of income producing strategies ▪ Focus on the longer end of the money market curve, which now prices in more Fed tightening than we foresee ▪ Plan to take modest exposure to Agency mortgages as an important source of high quality yield ▪ Look to add value in corporate sectors that should gain from an improved cyclical outlook: U.S. banks, which should be helped by a steep yield curve and stronger balance sheets ▪ Plan to have very moderate exposure to shorter maturity high yield bonds, which are often overlooked by high yield investors, and to bank loans offering floating rate coupons that adjust with rising rates ▪ Look to hold corporate and quasi-sovereign bonds in faster growing countries such as Brazil, Mexico and Russia; seek to take local interest rate exposure in Brazil in an effort to capture attractive yields

Summary of Performance Data and Portfolio Statistics

PVIT Short Term Portfolio

Administrative Class

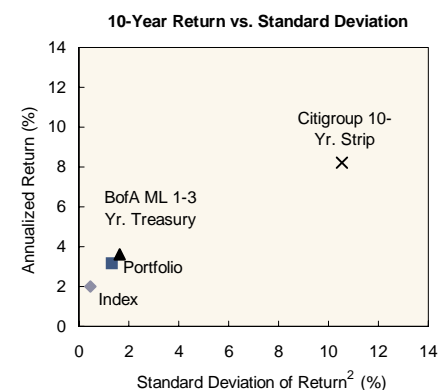
Performance Periods Ended 6/30/2011	Since Inception	10 yrs	5 yrs	3 yrs	1 yr	6 mos	3 mos
Total Portfolio¹							
Before Fees (%)	4.19	3.77	4.06	3.69	2.36	1.06	0.38
After Fees (%)	3.57	3.15	3.44	3.07	1.75	0.76	0.23
(Inception 09/30/99)							
Citigroup 3-Month Treasury Bill Index (%)	2.53	2.01	1.87	0.35	0.14	0.06	0.02

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 0.60%

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 by calling (888) 87-PIMCO.



Summary Information	3/31/2011	6/30/2011
Total Net Assets (USD in millions)	49.0	64.0
SEC 30-Day Ann. Yield (%)	0.76	0.69
Distribution Yield (%) ⁴	0.94	0.84
Effective Duration (yrs)	0.7	0.4
Effective Maturity (yrs)	1.1	0.9
Average Coupon (%)	2.4	2.7
Net Currency Exposure (%)	3.0	0.5
Tracking Error (10 yrs, %) ⁵	1.4	1.4
Information Ratio (10 yrs) ⁵	0.8	0.8

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

Sector Allocation	% of Market Value		Duration in Yrs	
	3/31/2011	6/30/2011	3/31/2011	6/30/2011
Government-Related	12	9	0.0	-0.1
Mortgage	18	12	0.1	0.0
Invest. Grade Credit	59	48	0.4	0.3
High Yield Credit	2	4	0.0	0.0
Non U.S. Developed	4	0	0.0	0.0
Emerging Markets	3	2	0.0	0.0
Municipal	1	1	0.0	0.0
Other	7	8	0.0	0.0
Net Cash Equivalents: ³	-6	16	0.0	0.0
Commercial Paper / STIF	4	19	0.0	0.0
ST Government-Related	0	0	0.0	0.0
Certificates of Deposit	2	2	0.0	0.0
U.S. Money Mkt Futures/Options	0	0	0.0	0.0
Non-U.S. Money Market Futures	0	0	0.0	0.0
Other	0	0	0.0	0.0
Less: Liabilities	-12	-5	0.0	0.0
Total	100	100	0.7	0.4

Government-Related may include nominal and inflation-protected Treasuries, agencies, interest rate swaps, Treasury futures and options, and FDIC-guaranteed corporate securities.

Additional Share Class Performance

June 30, 2011

PVIT Short Term 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:											
Short-Term Portfolio, Institutional	0.45	-	USD	Apr-28-00	3.62	3.31	3.59	3.23	1.90	0.83	0.26
Citigroup 3-Month Treasury Bill Index			-		2.53	2.01	1.87	0.35	0.14	0.06	0.02
ADVISORY Class:											
Short-Term Portfolio, Advisory	0.70	-	USD	Sep-30-09	1.86	-	-	-	1.65	0.71	0.20
Citigroup 3-Month Treasury Bill Index			-		2.53	-	-	-	0.14	0.06	0.02

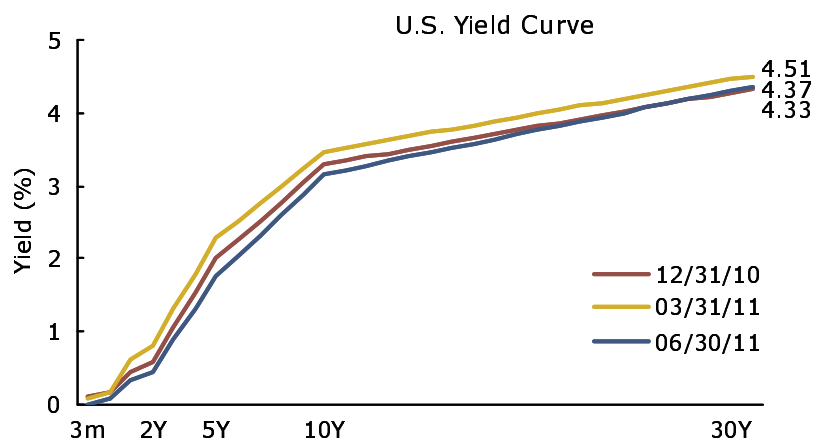
Average total returns do not include fees and charges of the variable product. If these fees and charges were reflected performance would be lower.

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 pvit.pimco-funds.com or by calling (888) 87-PIMCO.

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.

Investment Strategies: Avoid Financial Repression; Limit Sovereign Credit Risk

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

- **Interest Rate Strategies** – We intend to reduce our duration underweight and move duration closer to benchmark levels, while seeking to mitigate sovereign credit risk. Where permitted, PIMCO will diversify U.S. duration exposure with allocations to core Europe, Canada, Brazil and Mexico. Within interest rate strategies, PIMCO will likely retain a major exposure on the short end of the yield curve, where markets continue to price in more and faster Fed tightening than we foresee. This emphasis offers the potential to enhance returns via “roll down”, or the maturing of bonds along the relatively steep short maturity curve.
- **Mortgages** – Agency mortgages will likely remain an important source of high quality yield for portfolios, serving as a substitute for Treasuries. PIMCO will continue to take advantage of relative value opportunities across mortgage coupons. We plan to hold non-Agency mortgages and commercial mortgage-backed securities (CMBS) that have senior positions in the capital structure and are another potential source of attractive yield.
- **Corporate Bonds** – PIMCO will avoid adding to global credit risk and look to reduce exposures linked to Europe. From a valuation perspective, we favor investment grade over high yield credits in the current environment. In terms of sector exposure, we continue to favor U.S. banking and financial credits, where valuations and fundamentals are attractive, especially compared to their counterparts in Europe as well as the broader corporate market.

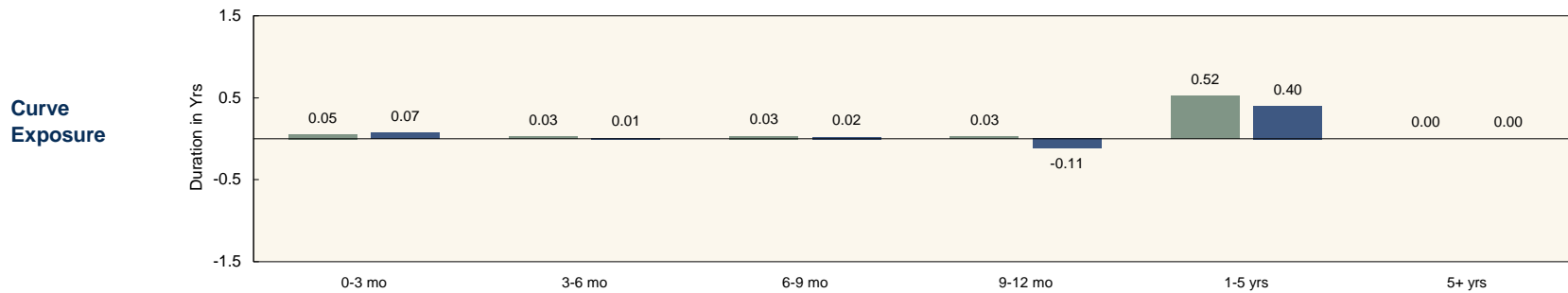
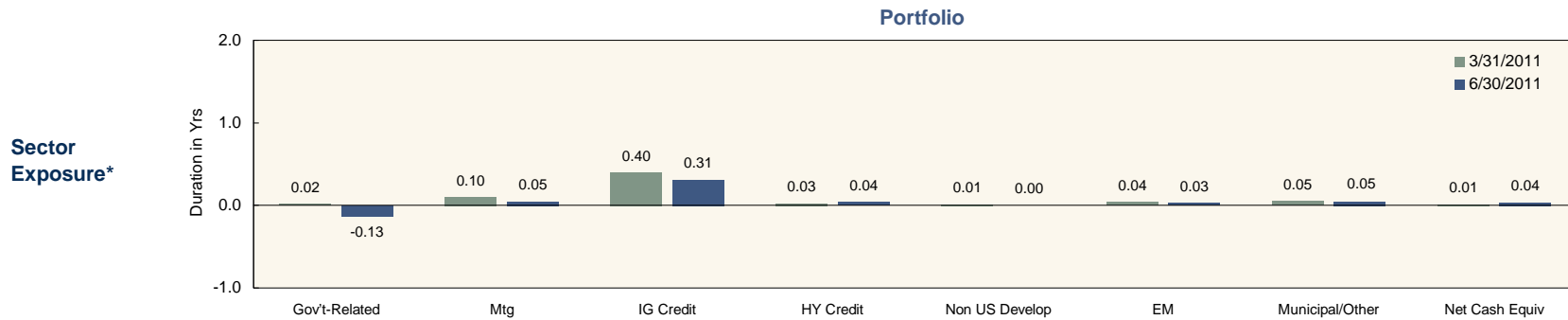
- **Emerging Markets (EM)** – PIMCO plans to retain exposure to select corporate and quasi-sovereign bonds in high quality countries such as Brazil, Mexico and Russia. We may add to holdings of these credits in connection with reverse inquiries, or direct discussions with issuers. As noted, we also plan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

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

- **Municipals and TIPS** – We are currently maintaining our holdings in longer maturity Build America Bonds (BABs) in the municipal sector, as they offer attractive valuations relative to similarly rated corporates. While some states and municipalities are struggling with budget deficits, PIMCO continues to believe that municipal debt service will be manageable in general over the cyclical horizon. PIMCO will look to hold positions on the longer end of the steep TIPS yield curve in an attempt to take advantage of relatively high real yields on these bonds.

Portfolio Characteristics

PVIT Short Term Portfolio



Small allocations may round to zero. The duration contribution from equity futures is not included.

Gov't-Related may include nominal and inflation-protected Treasuries, agencies, interest rate swaps, Treasury futures and options, and FDIC-guaranteed corporate securities.

* Net cash equivalents include U.S. and non-U.S. money market futures, where permitted. See Sector Allocation on Summary of Performance Data and Portfolio Statistics Page.

Direct Country and Currency Exposure

PVIT Short Term Portfolio

Country Exposure (by currency of settlement)¹

(settlement currency)	Portfolio 03/31/2011				Portfolio 06/30/2011			
	Duration in Yrs.	Market Value Weighted (%)			Duration in Yrs.	Market Value Weighted (%)		
		Bonds	Cash Equiv.	Currency Exposure ² (%)		Bonds	Cash Equiv.	Currency Exposure ² (%)
North America	0.7	102.8	5.9	0.5	0.4	84.1	20.7	0.0
Canada	0.0	0.7	0.0	0.5	0.0	0.4	0.0	0.0
United States	0.7	102.1	5.9	0.0	0.4	83.7	20.7	0.0
Europe - EMU	0.0	1.6	0.0	0.0	0.0	0.0	0.0	-1.0
Ireland	0.0	0.1	0.0	-	0.0	0.0	0.0	-
Other ³	0.0	1.5	0.0	-	0.0	0.0	0.0	-
United Kingdom	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Europe - Non-EMU	0.0	1.6	0.0	0.0	0.0	-0.1	0.0	0.0
Denmark	0.0	1.6	0.0	0.0	0.0	-0.1	0.0	0.0
Japan	0.0	0.0	0.0	-0.5	0.0	0.0	0.0	-0.4
Asia Pacific ex-Japan	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.4
Australia	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.4
Emerging Markets	0.0	0.0	0.0	2.4	0.0	0.0	0.0	1.4
Chile	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
China	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.3
India	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.4
Mexico	0.0	0.0	0.0	0.8	0.0	0.0	0.0	0.6
South Africa	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Net Liabilities ⁴	<u>0.0</u>	<u>0.0</u>	<u>-11.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>-4.7</u>	<u>0.0</u>
Total Direct Exposure	0.7	106.0	-6.0	3.0	0.4	84.0	16.0	0.5

Small allocations may round to zero.

Direct Emerging Markets Bond Exposure

PVIT Short Term 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	1.02	1.28	3.77	0.78	0.82	4.04
Chile	0.00	0.48	1.03	0.00	0.37	1.21
China	0.03	0.00	1.73	0.02	0.00	0.90
India	0.01	0.00	0.09	0.00	0.31	0.24
Indonesia	0.00	0.21	0.17	0.00	0.16	0.11
Mexico	0.01	0.00	0.33	0.02	0.00	0.62
Russia	0.00	0.58	1.57	0.00	0.79	3.11
South Africa	<u>0.00</u>	<u>0.00</u>	<u>0.03</u>	<u>0.00</u>	<u>0.00</u>	<u>0.04</u>
Total Direct Emerging Markets	1.07	2.55	8.72	0.82	2.45	10.27

Small allocations may round to zero.

PIMCO Proprietary Portfolio Level Risk Measures

PVIT Short Term Portfolio

Risk Measures (yrs)	3/31/2011	6/30/2011	Definitions of Risk Measures:
Interest Rate Exposures:			
Effective Duration	0.7	0.4	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.
Bull Market Duration	0.7	0.3	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.
Bear Market Duration	0.7	0.5	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.
Total Curve Duration	0.3	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 Treasury 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	0.4	0.3	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.
Corporate Spread Duration	0.9	0.8	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.
Emerging Markets Spread Duration	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.
Swap Spread Duration	0.3	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.

* 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 Short Term Portfolio

(Duration in Years) ¹	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*	8.7	5.1	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	8.7	5.1		
Purchased	0.0	0.0		
Options	0.0	-0.2	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	-0.1		
Purchased	0.0	-0.1		
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	0.0	0.0	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	0.0	0.0		

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

Past performance is no guarantee of future results. Forecasts are based on proprietary research and should not be interpreted as investment advice or as an offer or solicitation for the purchase or sale of any financial instrument.

The performance figures presented reflect the total return performance for the stated share class (after fees) and reflect changes in share price and reinvestment of dividend and capital gain distributions. All periods longer than one year are annualized. The Before Fees performance figures presented herein do not reflect the deduction of the Portfolio's total annual operating expenses, which includes, but is not necessarily limited to, advisory fees, administrative fees, and 12b-1 fees (where applicable). The After Fees performance figures reflect the deduction of all such fees. Details regarding any Portfolio's fees and expenses can be found in the Portfolio's prospectus.

Cover Page

The Morningstar Fund Manager of the Decade award is based on risk-adjusted results over the past 10 years (2000-2009), and other considerations, including the strength of the manager, strategy, and stewardship.

Risk Disclosures

Summary of Performance Data and Portfolio Statistics

- 1 All time periods longer than one year are annualized and returns include reinvestment of dividends, income and capital gains, if any. The Portfolio can invest a portion of its assets in non-U.S. securities, which can entail greater risks due to non-U.S. economic and political developments. This risk may be enhanced when investing in Emerging Markets. Investment in a Portfolio that invests in high-yield, lower-rated securities, will generally involve greater volatility and risk to principal than investments in higher-rated securities. 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 Net cash equivalents equal cash equivalents less the amount used to back liabilities such as futures, forwards and unsettled trades. Money Market Futures/Options include Eurodollar and Euribor futures that are based on short term interest rates and represent short maturity exposures. They are not backed by other assets and have no deliverable at expiration as they are cash settled. The notional amount of money market futures, captured in the column labeled "% of Market Value", is based on an annualized 3-month interest rate and follows the industry convention of dividing the notional amount by 4 to reflect the underlying 3-month rate exposure. Money market futures' contribution to overall portfolio duration is captured in the column labeled "Duration in Yrs" Other includes repurchase agreements, accrued interest and bankers acceptances.
- 4 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.
- 5 Tracking error, a measure of risk, is defined as the standard deviation of the portfolio's excess return vs.the benchmark expressed in percent. The information ratio is defined as the portfolio's excess return per unit of risk, or tracking error. For example, an information ratio of 1 means that a portfolio manager generates 100 basis points, or one percent of excess return for every 100 basis points of risk taken.

Market Commentary and Market Outlook

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

Real Return bonds, more commonly known as Treasury Inflation Protected Securities or TIPS, are issued and guaranteed by the U.S. government at a fixed rate that is adjusted based on the change of the Non-Seasonally Adjusted Consumer Price Index. Guarantee does not eliminate market risk. TIPS sacrifice some yield for the benefit of inflation protection. It is important to note that longer maturity bonds have greater volatility and risk when compared to shorter maturity bonds. TIPS are only taxable at the Federal level.

Bonds issued by a government outside of the United States that 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.

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.

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.

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.

Investment grade corporate bonds are considered among the higher rated in the corporate bond sector. These securities are not guaranteed by the federal government and are thus more susceptible to default risk. Generally most corporate bonds are taxable at the state and federal level.

Continued

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.

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.

BofA Merrill Lynch 1-3 Year U.S. Treasury Index is a subset of The Bof A Merrill Lynch US Treasury Index including all securities with a remaining term to final maturity less than 3 years. The BofA Merrill Lynch US Treasury Index tracks the performance of US dollar denominated sovereign debt publicly issued by the US government in its domestic market. Qualifying securities must have at least one year remaining term to final maturity, a fixed coupon schedule and a minimum amount outstanding of \$1 billion. Bills, inflation-linked debt and strips are excluded from the Index; however, original issue zero coupon bonds are included in the index and the amounts outstanding of qualifying coupon securities are not reduced by any portions that have been stripped. Prior to September 25th, 2009, the BofA Merrill Lynch Indices were known as the Merrill Lynch Indices.

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**.

No part of this report may be reproduced in any form, or referred to in any other publication, without express written permission. ©2011, Pacific Investment Management Company LLC.

P I M C O