

P I M C O

Annual Report
December 31, 2011

Your Global Investment Authority

PIMCO Variable Insurance Trust



PIMCO Global Bond Portfolio (Unhedged)

Share Class

- Administrative

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Dear PIMCO Variable Insurance Trust Shareholder,

We are pleased to provide you with the Annual Report for the PIMCO Variable Insurance Trust covering the twelve-month reporting period ended December 31, 2011. On the following pages please find specific details as to the Portfolios' investment performance and a discussion of the factors that affected performance.

During the reporting period, a number of diverse yet inter-related events caused heightened investor nervousness and market volatility, which weighed on financial markets globally. In particular, the European sovereign debt crisis amplified concerns over the potential default of Greece, contagion to the rest of the region and the negative impact such a default (or defaults) would have on the global banking sector. As a result, Europe's sovereign bond markets experienced heightened volatility, forcing yields to increase significantly among peripheral countries amid growing speculation of a possible breakup of the Eurozone. On November 29, 2011, the Federal Reserve enacted targeted liquidity provisions in an effort to provide lower-cost financing to global banks in order to increase the supply of U.S. dollar loans at lower rates to European banks, which may help to ease stress on the European credit markets by increasing liquidity. In addition, a number of Eurozone countries struggled to implement austerity measures mandated by interim technocratic governments, prompting sovereign downgrades by the major rating agencies. And outside of the reporting period on January 13, 2012, Standard & Poor's reduced its credit ratings of nine European countries.

Furthermore, the International Monetary Fund (IMF) announced a liquidity program designed to provide more favorable financing conditions for countries struggling with escalating borrowing costs. Despite the IMF's efforts and the growth in assets of the European Financial Stability Fund (EFSF), many Eurozone countries face increasing unemployment and worsening debt-to-GDP (Gross Domestic Product) ratios. On January 16, 2012, Standard and Poor's reduced its rating on the EFSF European bailout fund from AAA to AA+ in coordination with its previous downgrade on the sovereign debt of nine European nations. As such, the core of the problem remains that a number of European economies continue to suffer from a significant loss of competitiveness, high debt loads and negative demographics.

Within the U.S., Congress flirted with possible default in what turned out to be political theater over the new debt ceiling, and at its end, the U.S. lost its prized AAA credit rating for long-term debt from Standard & Poor's. The polarization in Washington, including the divide in ideologies and in economic vision for the role and efficacy of fiscal policy, was further expressed via the failure of the Congressional Joint Select Committee on Deficit Reduction to reach agreement in November 2011 on required deficit reductions.

Finally, in the Middle East and North Africa, ongoing social unrest and political uncertainty continued to increase concern over stability in the region, which was further amplified recently by Iran's "saber rattling" over a potential embargo of Iranian oil by Western nations.

In sum, these events are clear indicators of significant structural re-alignments—social, political and economic—that are taking place at once throughout the world. Governments worldwide will be required to continue to work in a coordinated effort to address these growing issues of economic power and decline. As such, being prepared for, and vigilant to, multiple scenarios is crucial to first managing the heightened risks and second in finding attractive investment opportunities throughout the global marketplace.

Highlights of the financial markets during our twelve-month fiscal reporting period include:

- Yields on U.S. Treasury securities ended the period significantly lower (with prices on these securities therefore higher) due to a perceived flight-to-quality that was primarily brought on by concern over the European sovereign debt crisis. This combined with a weaker global growth outlook, resulting in increased demand for bonds of nations with stronger balance sheets, top credit ratings, and independent currency and monetary policy. The Federal Reserve kept the Federal Funds Rate anchored within a range of zero to 0.25%; the Bank of England held its key lending rate at 0.50%; and the European Central Bank reduced its main policy rate to 1.00%. The benchmark ten-year U.S. Treasury note yielded 1.95% at the end of the reporting period, as compared to 3.29% on December 31, 2010. The Barclays Capital U.S. Aggregate Index, a widely used index of U.S. investment-grade bonds, returned 7.84%.
- U.S. Treasury Inflation-Protected Securities (TIPS) posted strong positive returns, as measured by the Barclays Capital U.S. TIPS Index, which gained 13.56%. TIPS returns were supported by a rally in real yields which decreased as economic growth prospects continued to wane and as investors sought higher quality investments amid the Eurozone crisis. Despite strong gains, TIPS underperformed nominal U.S. Treasury securities amid narrowing breakeven inflation levels (a proxy for inflation expectations) which compressed amid slowing global growth. A diversified commodity index posted negative returns, as measured by the Dow Jones-UBS Commodity Index Total Return, which declined 13.32%.
- Investment grade corporate bonds and high yield credit generally underperformed like-duration U.S. Treasury securities due to continued volatility as a result of the European sovereign debt crisis, despite resilient corporate earnings during the period. In particular, the financial sector underperformed the broader corporate sector on continued concern over sovereign debt contagion and funding challenges for European banks.
- Returns on emerging market (EM) fixed income assets varied over the period as investors oscillated between being either "risk-on" or "risk-off", depending on changes in sentiment toward the European sovereign debt crisis. In general, EM debt benefited from stronger economic conditions against the backdrop of an increasingly uncertain economic outlook in developed countries.
- Equity markets worldwide remained volatile throughout the reporting period as investors responded to muted global economic growth prospects, rising concerns over the European sovereign debt crisis, and political gridlock in Washington. U.S. equities, as measured by the S&P 500 Index, returned 2.11%, while global equities, as represented by the MSCI World Index, declined 5.54%. Emerging market equities, as represented by the MSCI Emerging Markets Index, declined 18.42% and underperformed developed market equities.

Thank you once again for the trust you have placed in us. We value your commitment and will continue to work diligently to meet your investment needs.



Sincerely,

Brent R. Harris

Brent R. Harris
President and Chairman of the Board, PIMCO Variable Insurance Trust

January 25, 2012

Important Information About the Portfolio

PIMCO Variable Insurance Trust (the "Trust") is an open-end management investment company currently consisting of eighteen separate investment portfolios, including the PIMCO Global Bond Portfolio (Unhedged) (the "Portfolio"). The Portfolio is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies ("Variable Contracts"). Individuals may not purchase shares of the Portfolio directly. Shares of the Portfolio also may be sold to qualified pension and retirement plans outside of the separate account context.

We believe that bond funds have an important role to play in a well diversified investment portfolio. It is important to note, however, that in an environment where interest rates may trend upward, rising rates would negatively impact the performance of most bond funds, and fixed-income securities held by a fund are likely to decrease in value. The price volatility of fixed-income securities can also increase during periods of rising interest rates resulting in increased losses to a fund. Bond funds and individual bonds with a longer duration (a measure used to determine the sensitivity of a security's price to changes in interest rates) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities or funds with shorter durations.

The Portfolio may be subject to various risks in addition to those described above. Some of these risks may include, but are not limited to, the following: interest rate risk, credit risk, high yield risk, market risk, issuer risk, liquidity risk, derivatives risk, equity risk, mortgage-related and other asset-backed risk, foreign (non-U.S.) investment risk, emerging markets risk, currency risk, issuer non-diversification risk, leveraging risk, management risk and short sale risk. A complete description of these risks is contained in the Portfolio's prospectus. The Portfolio may use derivative instruments for hedging purposes or as part of an 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 the Portfolio may not be able to close out a position when it would be most advantageous to do so. Because the Portfolio may invest in derivatives, it could lose more than the principal amount invested in these instruments. Investing in non-U.S. securities may entail risk due to non-U.S. economic and political developments; this risk may be increased when investing in emerging markets.

On the performance summary page in this Annual Report ("Shareholder Report"), the Average Annual Total Return table and Cumulative Returns chart measure performance assuming that all dividend and capital gain distributions were reinvested.

An investment in the Portfolio is not a deposit of a bank and is not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money on investments in the Portfolio.

PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. The Proxy Policy has been adopted by the Trust as the policies and procedures that PIMCO will use when voting proxies on behalf of the Portfolio. A description of the policies and procedures that PIMCO uses to vote proxies relating to portfolio securities of the Portfolio, and information about how the Portfolio voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling the Trust at 1-800-927-4648, on the Portfolio's website at <http://pvit.pimco-funds.com>, and on the Securities and Exchange Commission's ("SEC") website at <http://www.sec.gov>.

The Portfolio files its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. A copy of the Trust's Form N-Q is also available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington D.C. and is available without charge, upon request, by calling the Trust at 1-800-927-4648 and on the Portfolio's website at <http://pvit.pimco-funds.com>. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

PIMCO Variable Insurance Trust is distributed by PIMCO Investments LLC, 1633 Broadway, New York, New York 10019.

The following disclosure provides important information regarding the Portfolio's Expense Example ("Example" or "Expense Example"), which appears in this Shareholder Report. Please refer to this information when reviewing the Expense Example for the Portfolio.

Expense Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees; distribution and/or service (12b-1) fees (Administrative and Advisor Class only); and other Portfolio expenses. The Example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds. The Expense Example does not reflect any fees or other expenses imposed by the Variable Contracts. If it did, the expenses reflected in the Expense Example would be higher. The Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period indicated, which is from July 1, 2011 to December 31, 2011.

Actual Expenses

The information in the table under the heading "Actual Performance" provides information about actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = \$8.60), then multiply the result by the number in the row titled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes

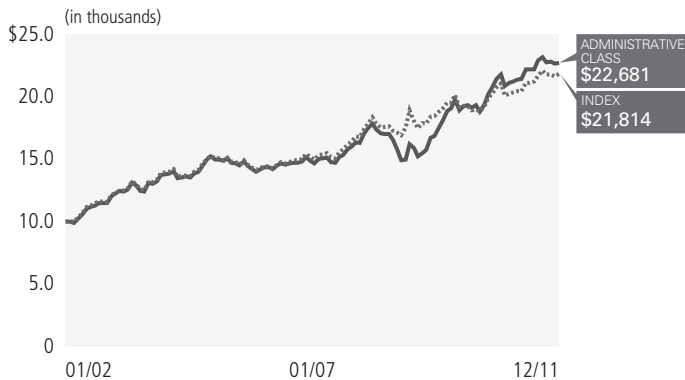
The information in the table under the heading "Hypothetical Performance (5% return before expenses)" provides information about hypothetical account values and hypothetical expenses based on the Portfolio's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Portfolio's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Portfolio and other portfolios. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other portfolios.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the information under the heading "Hypothetical Performance (5% return before expenses)" is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different portfolios. In addition, if these transactional costs were included, your costs would have been higher.

The expense ratio may vary period to period because of various factors, such as an increase in expenses not covered by the management fees (such as expenses of the independent trustees and their counsel, extraordinary expenses and interest expense).

PIMCO Global Bond Portfolio (Unhedged)

Cumulative Returns Through December 31, 2011



\$10,000 invested at the end of the month when the Portfolio's Administrative Class commenced operations.

Average Annual Total Return for the period ended December 31, 2011

	1 Year	5 Years	Class Inception (01/10/2002)
— PIMCO Global Bond Portfolio (Unhedged) Administrative Class	7.56%	8.83%	8.57%
..... JPMorgan GBI Global FX NY Index Unhedged in USD [±]	7.69%	7.58%	7.93%*

All Portfolio returns are net of fees and expenses.

* Average annual total return since 12/31/2001.

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. The Portfolio's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in Variable Contracts, which will reduce returns. Current performance may be lower or higher than performance shown. For performance current to the most recent month-end, visit <http://pvit.pimco-funds.com>. The Portfolio's total annual operating expense ratio as stated in the Portfolio's current prospectus, as supplemented to date, is 0.91% for Administrative Class shares.

[±] JPMorgan GBI Global FX NY Index Unhedged in USD is an unmanaged market index representative of the total return performance in U.S. dollars on an unhedged basis of major world bond markets. It is not possible to invest directly in an unmanaged index.

Expense Example	Actual Performance	Hypothetical Performance (5% return before expenses)
Beginning Account Value (07/01/11)	\$1,000.00	\$1,000.00
Ending Account Value (12/31/11)	\$1,022.30	\$1,020.62
Expenses Paid During Period*	\$ 4.64	\$ 4.63
Net Annualized Expense Ratio	0.91%	0.91%

* Expenses are equal to the net annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period). Overall fees and expenses of investing in the Portfolio will be higher because the example does not reflect variable contract fees and expenses.

Please refer to the Important Information section for an explanation of the information presented in the above Expense Example.

Allocation Breakdown[†]

United States	51.8%
Short-Term Instruments	10.6%
Netherlands	8.4%
Australia	5.5%
Brazil	4.7%
Other	19.0%

[†] % of Total Investments as of 12/31/11

Portfolio Insights

- » The PIMCO Global Bond Portfolio (Unhedged) seeks maximum total return, consistent with preservation of capital and prudent investment management, by investing under normal circumstances at least 80% of its assets in Fixed Income Instruments that are economically tied to at least three countries (one of which may be the United States), which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. "Fixed Income Instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public or private sector entities.
- » An overweight to German Bunds (Core-Europe) duration (or sensitivity to changes in market interest rates) versus European peripherals (i.e. Spain and Italy) contributed to relative performance as sovereign yields on German Bunds fell and peripheral (i.e. Spanish and Italian) spreads widened over the period.
- » An underweight to the euro contributed to relative performance as the currency depreciated versus the U.S. dollar over the reporting period.
- » An overweight to U.K. duration during the period from July 2011 through December 2011 contributed to relative performance as ten-year government yields fell over this period, offsetting losses derived from an underweight to U.K. duration early in the reporting period.
- » Positions in high-quality financial names, particularly in the U.S. and the U.K., detracted from relative performance as spreads on these securities widened over the reporting period.
- » An underweight to U.S. and Japan duration detracted from relative performance as ten-year government yields fell over the reporting period, offsetting gains derived from an overweight to U.S. duration late in the reporting period.

Financial Highlights PIMCO Global Bond Portfolio (Unhedged)

Selected Per Share Data for the Year Ended:

	12/31/2011	12/31/2010	12/31/2009	12/31/2008	12/31/2007
Administrative Class					
Net asset value beginning of year	\$ 13.49	\$ 12.72	\$ 12.25	\$ 12.78	\$ 12.06
Net investment income ^(a)	0.49	0.45	0.47	0.48	0.41
Net realized/unrealized gain (loss)	0.52	1.01	1.59	(0.58)	0.74
Total income (loss) from investment operations	1.01	1.46	2.06	(0.10)	1.15
Dividends from net investment income	(0.36)	(0.36)	(0.40)	(0.43)	(0.40)
Distributions from net realized capital gains	(0.31)	(0.33)	(1.19)	0.00	(0.03)
Total distributions	(0.67)	(0.69)	(1.59)	(0.43)	(0.43)
Net asset value end of year	\$ 13.83	\$ 13.49	\$ 12.72	\$ 12.25	\$ 12.78
Total return	7.56%	11.64%	16.83%	(0.85)%	9.73%
Net assets end of year (000s)	\$ 435,246	\$ 479,848	\$ 532,730	\$ 293,365	\$ 240,711
Ratio of expenses to average net assets	0.90%	0.91%	0.90%	0.97%	0.90%
Ratio of expenses to average net assets excluding interest expense	0.90%	0.90%	0.90%	0.90%	0.90%
Ratio of net investment income to average net assets	3.49%	3.37%	3.68%	3.72%	3.36%
Portfolio turnover rate	506%	849%*	624%	661%	560%

* The ratio excludes PIMCO Short-Term Floating NAV Portfolio.

^(a) Per share amounts based on average number of shares outstanding during the year.

Statement of Assets and Liabilities PIMCO Global Bond Portfolio (Unhedged)

(Amounts in thousands, except per share amounts)

December 31, 2011

Assets:

Investments, at value	\$ 450,826
Repurchase agreements, at value	31,479
Cash	43
Deposits with counterparty	33
Foreign currency, at value	549
Receivable for investments sold	102,527
Receivable for Portfolio shares sold	191
Interest and dividends receivable	4,895
Variation margin receivable on financial derivative instruments	150
OTC swap premiums paid	7,118
Unrealized appreciation on foreign currency contracts	3,059
Unrealized appreciation on OTC swap agreements	10,733
	611,603

Liabilities:

Payable for investments purchased	\$ 1
Payable for short sales	103,256
Deposits from counterparty	12,060
Payable for Portfolio shares redeemed	263
Written options outstanding	338
Accrued investment advisory fees	109
Accrued supervisory and administrative fees	218
Accrued distribution fees	15
Accrued servicing fees	47
Variation margin payable on financial derivative instruments	1
OTC swap premiums received	1,046
Unrealized depreciation on foreign currency contracts	5,858
Unrealized depreciation on OTC swap agreements	3,480
	126,692

Net Assets

\$ 484,911

Net Assets Consist of:

Paid in capital	\$ 445,576
Undistributed net investment income	22,418
Accumulated undistributed net realized gain	10,995
Net unrealized appreciation	5,922
	\$ 484,911

Net Assets:

Institutional Class	\$ 7,766
Administrative Class	435,246
Advisor Class	41,899

Shares Issued and Outstanding:

Institutional Class	561
Administrative Class	31,469
Advisor Class	3,029

Net Asset Value and Redemption Price Per Share (Net Asset Value Per Share Outstanding):

Institutional Class	\$ 13.83
Administrative Class	13.83
Advisor Class	13.83

Cost of Investments

\$ 450,476

Cost of Repurchase Agreements

\$ 31,479

Cost of Foreign Currency Held

\$ 552

Proceeds Received on Short Sales

\$ 102,122

Premiums Received on Written Options

\$ 913

Statement of Operations PIMCO Global Bond Portfolio (Unhedged)

(Amounts in thousands)	Year Ended December 31, 2011
Investment Income:	
Interest	\$ 22,640
Dividends	8
Total Income	22,648
Expenses:	
Investment advisory fees	1,288
Supervisory and administrative fees	2,575
Servicing fees – Administrative Class	698
Distribution and/or servicing fees – Advisor Class	108
Trustees' fees	8
Interest expense	16
Miscellaneous expense	1
Total Expenses	4,694
Net Investment Income	17,954
Net Realized and Unrealized Gain (Loss):	
Net realized gain on investments	10,969
Net realized gain on futures contracts, written options and swaps	11,776
Net realized gain on foreign currency transactions	13,157
Net change in unrealized (depreciation) on investments	(16,109)
Net change in unrealized appreciation on futures contracts, written options and swaps	12,663
Net change in unrealized (depreciation) on translation of assets and liabilities denominated in foreign currencies	(11,009)
Net Gain	21,447
Net Increase in Net Assets Resulting from Operations	\$ 39,401

Statements of Changes in Net Assets PIMCO Global Bond Portfolio (Unhedged)

(Amounts in thousands)	Year Ended December 31, 2011	Year Ended December 31, 2010
(Decrease) in Net Assets from:		
Operations:		
Net investment income	\$ 17,954	\$ 17,885
Net realized gain	35,902	19,160
Net realized gain on Affiliate investments	0	6
Net change in unrealized appreciation (depreciation)	(14,455)	16,751
Net increase resulting from operations	39,401	53,802
Distributions to Shareholders:		
From net investment income		
Institutional Class	(169)	(113)
Administrative Class	(12,017)	(13,606)
Advisor Class	(1,058)	(669)
From net realized capital gains		
Institutional Class	(167)	(114)
Administrative Class	(9,652)	(11,086)
Advisor Class	(965)	(800)
Total Distributions	(24,028)	(26,388)
Portfolio Share Transactions:		
Net (decrease) resulting from Portfolio share transactions**	(50,289)	(58,609)
Total (Decrease) in Net Assets	(34,916)	(31,195)
Net Assets:		
Beginning of year	519,827	551,022
End of year*	\$ 484,911	\$ 519,827
*Including undistributed (overdistributed) net investment income of:	\$ 22,418	\$ (1,489)

**See note 11 in the Notes to Financial Statements.

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Morgan Stanley								
0.883% due 10/15/2015	\$ 1,000	\$ 841						
1.970% due 04/13/2016	EUR 700	735						
5.500% due 01/26/2020	\$ 1,100	1,003						
6.625% due 04/01/2018	1,000	988						
Motorola Solutions, Inc.								
5.375% due 11/15/2012	11,090	11,460						
Nabors Industries, Inc.								
6.150% due 02/15/2018	3,050	3,411						
Nationwide Health Properties, Inc.								
6.000% due 05/20/2015	500	537						
NGPL PipeCo LLC								
6.514% due 12/15/2012	2,700	2,728						
Norfolk Southern Corp.								
5.257% due 09/17/2014	1,000	1,104						
Puget Energy, Inc.								
6.500% due 12/15/2020	1,200	1,283						
Sealed Air Corp.								
5.625% due 07/15/2013	1,000	1,040						
Springleaf Finance Corp.								
4.875% due 07/15/2012	100	96						
Tyson Foods, Inc.								
10.500% due 03/01/2014	3,500	4,060						
UAL Pass-Through Trust								
10.400% due 05/01/2018	1,075	1,189						
UST LLC								
5.750% due 03/01/2018	1,000	1,111						
		111,174						
MORTGAGE-BACKED SECURITIES 11.6%								
Adjustable Rate Mortgage Trust								
2.847% due 09/25/2035	36	25						
American Home Mortgage Assets								
0.484% due 05/25/2046	476	215						
0.504% due 10/25/2046	653	265						
Banc of America Funding Corp.								
2.656% due 02/20/2036	704	588						
5.888% due 04/25/2037	700	474						
5.946% due 10/20/2046	334	171						
Banc of America Large Loan, Inc.								
2.028% due 11/15/2015	2,579	2,336						
Banc of America Mortgage Securities, Inc.								
12.872% due 05/25/2035	4,900	3,475						
BCAP LLC Trust								
0.464% due 01/25/2037 ^	533	247						
5.250% due 04/26/2037	3,032	2,759						
Bear Stearns Adjustable Rate Mortgage Trust								
2.220% due 08/25/2035	209	193						
2.250% due 08/25/2035	5,806	4,979						
2.575% due 10/25/2033	29	28						
2.580% due 08/25/2033	33	29						
2.710% due 03/25/2035	288	268						
2.814% due 05/25/2034	21	16						
2.870% due 05/25/2034	81	72						
3.016% due 03/25/2035	84	80						
3.207% due 11/25/2034	21	19						
5.131% due 05/25/2047	739	452						
Bear Stearns Alt-A Trust								
2.690% due 11/25/2035 ^	286	158						
2.772% due 09/25/2035	221	140						
5.719% due 08/25/2036	399	212						
Bear Stearns Structured Products, Inc.								
3.618% due 12/26/2046	181	107						
CC Mortgage Funding Corp.								
0.474% due 07/25/2036	177	96						
Citigroup Commercial Mortgage Trust								
5.697% due 12/10/2049	\$ 400	\$ 442						
Citigroup Mortgage Loan Trust, Inc.								
2.230% due 09/25/2035	113	101						
2.450% due 09/25/2035	113	90						
Countrywide Alternative Loan Trust								
0.465% due 02/20/2047	384	172						
0.480% due 12/20/2046	770	354						
0.495% due 03/20/2046	234	115						
0.495% due 07/20/2046	667	229						
0.574% due 02/25/2037	294	139						
0.644% due 05/25/2037	159	66						
1.708% due 11/25/2035	66	35						
2.248% due 11/25/2035	66	37						
5.250% due 06/25/2035	54	45						
5.570% due 08/25/2036	112	109						
5.576% due 11/25/2035	654	344						
6.000% due 04/25/2037	129	81						
6.250% due 08/25/2037 ^	70	42						
6.500% due 06/25/2036	345	181						
Countrywide Home Loan Mortgage Pass-Through Trust								
0.524% due 05/25/2035	147	84						
0.584% due 04/25/2035	44	25						
0.614% due 03/25/2035	171	81						
0.624% due 02/25/2035	16	10						
0.674% due 09/25/2034	18	9						
2.610% due 02/20/2036	679	402						
2.751% due 11/25/2034	46	33						
2.795% due 08/25/2034	13	9						
4.174% due 11/19/2033	55	51						
5.750% due 12/25/2035	1,180	990						
7.500% due 06/25/2035	2,173	2,169						
Credit Suisse First Boston Mortgage Securities Corp.								
2.567% due 08/25/2033	57	55						
6.500% due 04/25/2033	2	2						
Credit Suisse First Boston Mortgage Capital Certificates								
6.500% due 07/26/2036	232	94						
Deutsche ALT-A Securities, Inc.								
5.886% due 10/25/2036 ^	662	363						
First Horizon Asset Securities, Inc.								
2.541% due 12/25/2033	21	19						
6.250% due 08/25/2017	22	23						
Greenpoint Mortgage Funding Trust								
0.564% due 11/25/2045	16	9						
GSR Mortgage Loan Trust								
1.860% due 03/25/2033	28	26						
2.429% due 06/25/2034	15	12						
2.685% due 09/25/2035	598	523						
Harborview Mortgage Loan Trust								
0.475% due 01/19/2038	1,659	964						
1.025% due 02/19/2034	4	3						
1.058% due 12/19/2036	240	110						
2.940% due 05/19/2033	53	48						
Indymac Index Mortgage Loan Trust								
4.913% due 09/25/2035	503	353						
JPMorgan Alternative Loan Trust								
5.550% due 10/25/2036	74	69						
JPMorgan Mortgage Trust								
2.053% due 11/25/2033	26	25						
2.798% due 07/25/2035	662	611						
5.024% due 02/25/2035	40	39						
MASTR Alternative Loans Trust								
0.694% due 03/25/2036	68	15						
Mellon Residential Funding Corp.								
0.718% due 12/15/2030	19	17						
Merrill Lynch Floating Trust								
0.814% due 07/09/2021	\$ 800	\$ 742						
Merrill Lynch Mortgage Investors, Inc.								
0.504% due 02/25/2036	207	135						
0.544% due 08/25/2036	43	34						
2.266% due 02/25/2033	25	22						
Merrill Lynch/Countrywide Commercial Mortgage Trust								
5.172% due 12/12/2049	300	324						
MLCC Mortgage Investors, Inc.								
1.996% due 10/25/2035	13,521	11,410						
Nomura Asset Acceptance Corp.								
2.498% due 10/25/2035	36	23						
Residential Accredit Loans, Inc.								
0.444% due 02/25/2047	242	96						
0.474% due 06/25/2046	618	195						
0.504% due 04/25/2046	265	90						
RiverView HECM Trust								
0.354% due 07/25/2047	2,159	1,910						
Structured Adjustable Rate Mortgage Loan Trust								
2.480% due 02/25/2034	28	25						
2.482% due 04/25/2034	76	63						
2.595% due 09/25/2034	83	77						
Structured Asset Mortgage Investments, Inc.								
0.484% due 07/25/2046	737	366						
0.504% due 05/25/2046	167	80						
0.514% due 05/25/2036	754	341						
0.514% due 09/25/2047	600	194						
0.535% due 07/19/2035	570	454						
0.574% due 02/25/2036	894	434						
0.635% due 03/19/2034	14	12						
0.865% due 07/19/2034	7	6						
Structured Asset Securities Corp.								
5.000% due 05/25/2035	2,481	2,404						
Thornburg Mortgage Securities Trust								
0.357% due 03/25/2037	1,391	1,379						
Wachovia Bank Commercial Mortgage Trust								
0.368% due 09/15/2021	315	299						
WaMu Mortgage Pass-Through Certificates								
0.564% due 12/25/2045	94	68						
0.584% due 10/25/2045	4,960	3,582						
0.604% due 01/25/2045	15	11						
0.614% due 01/25/2045	15	11						
0.908% due 02/25/2047	685	341						
1.608% due 08/25/2042	10	8						
2.312% due 11/25/2036	1,639	1,087						
2.460% due 09/25/2033	1,939	1,843						
2.468% due 02/27/2034	10	9						
2.562% due 03/25/2034	80	75						
2.581% due 06/25/2033	24	23						
2.610% due 02/25/2037	709	472						
2.718% due 07/25/2046	337	220						
Washington Mutual Alternative Mortgage Pass-Through Certificates								
1.148% due 07/25/2046	125	40						
Wells Fargo Mortgage-Backed Securities Trust								
2.664% due 04/25/2036	48	43						
2.666% due 03/25/2036	223	173						
4.500% due 11/25/2018	54	55						
4.750% due 10/25/2018	20	20						
		56,425						
MUNICIPAL BONDS & NOTES 3.8%								
Buckeye Tobacco Settlement Financing Authority, Ohio Revenue Bonds, Series 2007								
5.875% due 06/01/2047	400	288						

(h) Centrally cleared swap agreements outstanding on December 31, 2011:

Securities with an aggregate market value of \$3,917 and cash of \$33 have been pledged as collateral for centrally cleared swaps as of December 31, 2011.

Credit Default Swaps on Credit Indices - Buy Protection ⁽¹⁾

Index/Tranches	Fixed Deal (Pay) Rate	Maturity Date	Notional Amount ⁽⁴⁾	Market Value ⁽⁵⁾	Unrealized Appreciation/ (Depreciation)
CDX.HY-15 5-Year Index	(5.000%)	12/20/2015	\$ 19,600	\$ 634	\$ (346)
CDX.HY-16 5-Year Index	(5.000%)	06/20/2016	27,244	1,172	14
CDX.IG-16 5-Year Index	(1.000%)	06/20/2016	8,200	59	(36)
				\$ 1,865	\$ (368)

Interest Rate Swaps

Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Notional Amount	Market Value	Unrealized Appreciation/ (Depreciation)
Pay	3-Month USD-LIBOR	4.000%	09/21/2021	\$ 10,400	\$ 524	\$ 238

(i) OTC swap agreements outstanding on December 31, 2011:

Credit Default Swaps on Corporate Issues - Buy Protection ⁽¹⁾

Reference Entity	Counterparty	Fixed Deal (Pay) Rate	Maturity Date	Implied Credit Spread at December 31, 2011 ⁽³⁾	Notional Amount ⁽⁴⁾	Market Value	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)
Altria Group, Inc.	DUB	(1.450%)	03/20/2019	1.490%	\$ 1,000	\$ 1	\$ 0	\$ 1
AutoZone, Inc.	CBK	(0.680%)	12/20/2012	0.176%	100	0	0	0
Boston Scientific Corp.	MYC	(1.000%)	06/20/2014	0.671%	1,500	(12)	7	(19)
Boston Scientific Corp.	UAG	(2.060%)	06/20/2016	1.081%	200	(9)	0	(9)
Capital One Financial Corp.	JPM	(1.000%)	06/20/2014	1.051%	5,900	5	266	(261)
CenturyLink, Inc.	JPM	(1.000%)	06/20/2017	2.446%	4,700	336	(3)	339
Citigroup, Inc.	BOA	(5.000%)	06/20/2013	3.609%	100	(3)	2	(5)
Citigroup, Inc.	BOA	(0.940%)	06/20/2018	2.905%	2,000	214	0	214
Citigroup, Inc.	DUB	(5.000%)	06/20/2013	3.609%	EUR 6,600	(187)	247	(434)
Citigroup, Inc.	DUB	(1.000%)	09/20/2019	2.853%	\$ 1,000	117	64	53
Cleveland Electric Illuminating Co.	RYL	(0.940%)	06/20/2017	1.648%	1,000	36	0	36
CMS Energy Corp.	DUB	(0.090%)	03/20/2012	0.649%	200	0	0	(0)
Credit Agricole S.A.	CBK	(1.000%)	12/20/2016	2.605%	EUR 1,300	118	128	(10)
Credit Agricole S.A.	GST	(1.000%)	12/20/2016	2.605%	800	73	81	(8)
CSX Corp.	BOA	(0.230%)	03/20/2012	0.180%	\$ 200	(0)	0	(0)
Cytec Industries, Inc.	JPM	(1.000%)	09/20/2013	0.852%	2,000	(6)	46	(52)
DR Horton, Inc.	DUB	(1.000%)	06/20/2016	2.289%	4,500	240	472	(232)
Erac USA Finance LLC	JPM	(2.700%)	12/20/2012	0.349%	800	(19)	0	(19)
GATX Financial Corp.	RYL	(0.600%)	03/20/2012	0.732%	1,000	0	0	0
International Lease Finance Corp.	BOA	(0.130%)	03/20/2012	5.562%	200	3	0	3
International Lease Finance Corp.	BRC	(0.170%)	03/20/2012	5.562%	200	2	0	2
International Lease Finance Corp.	BRC	(5.000%)	09/20/2012	5.447%	9,500	12	772	(760)
iStar Financial, Inc.	FBF	(0.450%)	03/20/2012	13.413%	200	6	0	6
JPMorgan Chase & Co.	FBF	(0.760%)	12/20/2017	1.485%	1,000	40	0	40
KB Home	DUB	(5.000%)	03/20/2015	6.519%	1,200	48	(93)	141
Lafarge S.A.	BOA	(1.690%)	09/20/2016	4.404%	2,000	220	0	220
Limited Brands, Inc.	JPM	(2.850%)	09/20/2017	2.280%	1,000	(31)	0	(31)
Marsh & McLennan Cos., Inc.	DUB	(0.670%)	09/20/2014	0.348%	1,000	(9)	0	(9)
Marsh & McLennan Cos., Inc.	DUB	(0.590%)	09/20/2014	0.348%	1,000	(7)	0	(7)
Masco Corp.	FBF	(0.900%)	12/20/2016	3.803%	200	25	0	25
Mohawk Industries, Inc.	UAG	(1.550%)	03/20/2016	1.894%	1,000	13	0	13
Motorola Solutions, Inc.	JPM	(1.000%)	12/20/2012	0.261%	11,090	(85)	411	(496)
Nabors Industries, Inc.	GST	(1.000%)	03/20/2018	2.096%	3,050	186	35	151
Nationwide Health Properties, Inc.	JPM	(1.990%)	06/20/2015	1.225%	500	(13)	0	(13)
Norfolk Southern Corp.	BRC	(0.450%)	09/20/2014	0.314%	1,000	(4)	0	(4)
Rio Tinto Alcan, Inc.	BRC	(1.740%)	06/20/2015	0.147%	1,000	(56)	0	(56)
Sealed Air Corp.	BRC	(1.030%)	09/20/2013	0.894%	1,000	(3)	0	(3)
Springleaf Finance Corp.	BOA	(1.370%)	12/20/2017	13.449%	100	38	0	38
Tyson Foods, Inc.	BPS	(1.000%)	03/20/2014	0.759%	4,000	(22)	136	(158)
UBS AG	BOA	(2.280%)	06/20/2018	1.844%	1,300	(34)	0	(34)
UBS AG	BRC	(2.250%)	03/20/2014	1.370%	EUR 800	(21)	0	(21)

Schedule of Investments PIMCO Global Bond Portfolio (Unhedged) (Cont.)

Credit Default Swaps on Corporate Issues - Buy Protection ⁽¹⁾ (Cont.)

Reference Entity	Counterparty	Fixed Deal (Pay) Rate	Maturity Date	Implied Credit Spread at December 31, 2011 ⁽³⁾	Notional Amount ⁽⁴⁾	Market Value	Premiums Paid/(Received)	Unrealized Appreciation/Depreciation
UBS AG	DUB	(1.000%)	12/20/2017	1.828%	\$ 8,000	\$ 355	\$ 40	\$ 315
UST LLC	GST	(0.720%)	03/20/2018	0.392%	1,000	(20)	0	(20)
Vivendi S.A.	BPS	(1.820%)	06/20/2013	0.974%	300	(4)	0	(4)
Vivendi S.A.	BPS	(1.780%)	06/20/2013	0.974%	300	(4)	0	(4)
Vivendi S.A.	BPS	(1.740%)	06/20/2013	0.974%	300	(3)	0	(3)
Vivendi S.A.	DUB	(1.500%)	06/20/2018	1.866%	100	2	0	2
WPP PLC	BRC	(3.750%)	06/20/2017	1.453%	GBP 1,000	(182)	0	(182)
XL Group PLC	BRC	(0.310%)	03/20/2012	0.546%	\$ 100	0	0	0
						\$ 1,356	\$ 2,611	\$ (1,255)

Credit Default Swaps on Corporate and Sovereign Issues - Sell Protection ⁽²⁾

Reference Entity	Counterparty	Fixed Deal Receive Rate	Maturity Date	Implied Credit Spread at December 31, 2011 ⁽³⁾	Notional Amount ⁽⁴⁾	Market Value	Premiums Paid/(Received)	Unrealized Appreciation/Depreciation
Australia Government Bond	DUB	1.000%	03/20/2015	0.531%	\$ 700	\$ 10	\$ 11	\$ (1)
Australia Government Bond	DUB	1.000%	03/20/2016	0.675%	700	10	16	(6)
BP Capital Markets America, Inc.	BRC	1.000%	06/20/2015	0.866%	EUR 100	1	(15)	16
BP Capital Markets America, Inc.	FBF	5.000%	06/20/2015	0.866%	\$ 500	72	8	64
BP Capital Markets America, Inc.	GST	5.000%	06/20/2015	0.866%	1,100	156	9	147
BP Capital Markets America, Inc.	GST	5.000%	09/20/2015	0.902%	200	30	3	27
BP Capital Markets America, Inc.	JPM	5.000%	06/20/2015	0.866%	300	43	2	41
Brazil Government International Bond	CBK	1.000%	03/20/2016	1.422%	4,200	(70)	(40)	(30)
China Government International Bond	BRC	0.850%	12/20/2014	1.054%	1,600	(9)	0	(9)
China Government International Bond	JPM	0.820%	12/20/2014	1.054%	300	(2)	0	(2)
China Government International Bond	RYL	0.810%	12/20/2014	1.054%	3,400	(23)	0	(23)
Egypt Government International Bond	MYC	1.000%	03/20/2016	6.202%	300	(56)	(36)	(20)
France Government Bond	BOA	0.250%	09/20/2014	1.232%	EUR 6,200	(207)	(215)	8
HSBC Finance Corp.	GST	5.000%	06/20/2012	1.518%	\$ 1,000	19	12	7
Tokyo Electric Power Co., Inc.	CBK	1.000%	09/20/2012	9.004%	JPY 54,200	(39)	(69)	30
						\$ (65)	\$ (314)	\$ 249

Credit Default Swaps on Credit Indices - Buy Protection ⁽¹⁾

Index/Tranches	Counterparty	Fixed Deal (Pay) Rate	Maturity Date	Notional Amount ⁽⁴⁾	Market Value ⁽⁵⁾	Premiums Paid/(Received)	Unrealized Depreciation
iTraxx Europe 15 Index 9-12%	MYC	(1.000%)	06/20/2016	EUR 14,400	\$ 2,611	\$ 2,810	\$ (199)

Credit Default Swaps on Credit Indices - Sell Protection ⁽²⁾

Index/Tranches	Counterparty	Fixed Deal Receive Rate	Maturity Date	Notional Amount ⁽⁴⁾	Market Value ⁽⁵⁾	Premiums Paid/(Received)	Unrealized Depreciation
ABX.HE.AA. 6-1 Index	FBF	0.320%	07/25/2045	\$ 475	\$ (307)	\$ (143)	\$ (164)
ABX.HE.AAA. 6-2 Index	DUB	0.110%	05/25/2046	479	(271)	(146)	(125)
					\$ (578)	\$ (289)	\$ (289)

⁽¹⁾ If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

⁽²⁾ If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

⁽³⁾ Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. The implied credit spread data is unaudited.

⁽⁴⁾ The maximum potential amount the Portfolio could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(5) The prices and resulting values for credit default swap agreements on credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

Interest Rate Swaps

Pay/Receive			Maturity		Notional	Market	Premiums	Unrealized
Floating Rate	Floating Rate Index	Fixed Rate	Date	Counterparty	Amount	Value	Paid/(Received)	Appreciation/Depreciation
Pay	1-Month EUR-FRCPXTOB Index	1.940%	03/15/2012	BRC	EUR 900	\$ 18	\$ 1	\$ 17
Pay	1-Month EUR-FRCPXTOB Index	1.950%	03/30/2012	RYL	600	11	0	11
Pay	1-Month GBP-United Kingdom RPI Index	3.270%	05/19/2016	BRC	GBP 3,800	137	0	137
Pay	1-Year BRL-CDI	11.630%	01/02/2014	DUB	BRL 63,900	659	(7)	666
Pay	1-Year BRL-CDI	11.890%	01/02/2014	MYC	21,300	347	(66)	413
Pay	1-Year BRL-CDI	11.990%	01/02/2014	BRC	22,700	462	43	419
Pay	1-Year BRL-CDI	12.510%	01/02/2014	BRC	22,100	414	0	414
Pay	3-Month CAD Bank Bill	2.500%	03/15/2016	HUS	CAD 12,500	624	(52)	676
Pay	3-Month USD-LIBOR	4.000%	09/21/2021	CBK	\$ 800	40	30	10
Receive	3-Month USD-LIBOR	4.000%	06/15/2031	BRC	800	(190)	(143)	(47)
Pay	6-Month AUD Bank Bill	6.000%	12/15/2020	BRC	AUD 21,600	2,353	43	2,310
Pay	6-Month AUD Bank Bill	6.000%	12/15/2020	CBK	2,000	218	(5)	223
Pay	6-Month EUR-EURIBOR	3.250%	09/21/2021	BRC	EUR 5,100	42	5	37
Pay	6-Month GBP-LIBOR	3.000%	03/21/2022	BOA	GBP 16,500	1,553	81	1,472
Pay	6-Month JPY-LIBOR	0.450%	12/21/2012	RYL	JPY 8,400,000	98	(2)	100
Pay	6-Month JPY-LIBOR	1.500%	12/21/2021	FBF	3,720,000	2,456	1,013	1,443
Pay	6-Month JPY-LIBOR	1.500%	12/21/2021	RYL	1,150,000	759	313	446
						\$ 10,001	\$ 1,254	\$ 8,747

(j) Purchased options outstanding on December 31, 2011:

Interest Rate Swaptions

Description	Counterparty	Floating Rate Index	Pay/Receive	Exercise	Expiration	Notional	Cost	Market
			Floating Rate	Rate	Date	Amount		Value
Put - OTC 30-Year Interest Rate Swap	FBF	3-Month USD-LIBOR	Receive	3.273%	09/24/2012	\$ 11,100	\$ 570	\$ 370

(k) Written options outstanding on December 31, 2011:

Description	Counterparty	Floating Rate Index	Pay/Receive	Exercise	Expiration	Notional	Premium	Market
			Floating Rate	Rate	Date	Amount		Value
Put - OTC 2-Year Interest Rate Swap	UAG	3-Month USD-LIBOR	Pay	2.250%	09/24/2012	\$ 39,100	\$ 209	\$ (15)
Put - OTC 10-Year Interest Rate Swap	FBF	3-Month USD-LIBOR	Pay	2.850%	09/24/2012	25,800	573	(320)
Put - OTC 10-Year Interest Rate Swap	BRC	6-Month EUR-LIBOR	Pay	10.000%	07/01/2014	EUR 17,100	131	(3)
							\$ 913	\$ (338)

Transactions in written call and put options for the period ended December 31, 2011:

	# of	Notional	Notional	Premium
	Contracts	Amount in \$	Amount in EUR	
Balance at 12/31/2010	182	\$ 46,100	EUR 17,100	\$ 479
Sales	1,709	68,100	0	1,466
Closing Buys	(1,891)	(49,300)	0	(1,032)
Expirations	0	0	0	0
Exercised	0	0	0	0
Balance at 12/31/2011	0	\$ 64,900	EUR 17,100	\$ 913

(l) Short sales outstanding on December 31, 2011:

Description	Coupon	Maturity	Principal	Proceeds	Market
		Date	Amount		Value
Fannie Mae	4.000%	01/01/2042	\$ 13,000	\$ 13,475	\$ (13,660)
Fannie Mae	4.500%	01/01/2042	16,000	16,840	(17,030)
Ginnie Mae	5.000%	01/01/2042	27,000	29,615	(29,911)
Ginnie Mae	5.500%	01/01/2042	38,000	42,192	(42,655)
				\$ 102,122	\$ (103,256)

Schedule of Investments PIMCO Global Bond Portfolio (Unhedged) (Cont.)

(m) Foreign currency contracts outstanding on December 31, 2011:

Type	Currency	Principal Amount Covered by Contract	Settlement Month	Counterparty	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation)
Buy	AUD	6,260	02/2012	JPM	\$ 190	\$ 0	\$ 190
Sell		3,160	02/2012	UAG	0	(102)	(102)
Sell		33,004	02/2012	WST	0	(1,156)	(1,156)
Buy	BRL	2,327	01/2012	HUS	7	0	7
Sell		2,327	01/2012	HUS	0	(34)	(34)
Buy		2,327	01/2012	UAG	0	(52)	(52)
Sell		2,327	01/2012	UAG	0	(7)	(7)
Sell		2,013	02/2012	BRC	0	(2)	(2)
Sell		2,327	03/2012	UAG	53	0	53
Buy	CAD	7,271	02/2012	DUB	9	0	9
Sell		833	02/2012	DUB	0	(9)	(9)
Buy	CNY	2,199	02/2013	DUB	3	0	3
Buy		22,134	02/2013	JPM	0	(58)	(58)
Buy		28	08/2013	DUB	0	0	0
Sell		10,289	08/2013	UAG	57	0	57
Buy		9,648	01/2015	DUB	0	(114)	(114)
Sell		2,378	09/2015	JPM	35	0	35
Buy		29,440	09/2015	RYL	0	(80)	(80)
Buy		2,965	04/2016	DUB	0	(46)	(46)
Buy		10,861	04/2016	JPM	0	(168)	(168)
Buy	DKK	18,263	03/2012	HUS	0	(106)	(106)
Buy	EUR	20,516	02/2012	BRC	0	(1,169)	(1,169)
Sell		191	02/2012	BRC	11	0	11
Buy		824	02/2012	CBK	0	(32)	(32)
Sell		7,603	02/2012	CBK	112	0	112
Buy		212	02/2012	DUB	0	(8)	(8)
Sell		6,835	02/2012	DUB	388	0	388
Buy		257	02/2012	JPM	0	(2)	(2)
Sell		985	02/2012	JPM	45	0	45
Buy		15,373	02/2012	UAG	0	(855)	(855)
Sell		149	02/2012	UAG	6	0	6
Buy	GBP	231	03/2012	BRC	0	(4)	(4)
Sell		1,438	03/2012	BRC	0	(5)	(5)
Sell		1	03/2012	CBK	0	0	0
Buy		9,330	03/2012	JPM	0	(152)	(152)
Sell		10	03/2012	UAG	0	0	0
Sell	IDR	41,118,280	01/2012	DUB	19	0	19
Buy		23,985,540	01/2012	UAG	0	(75)	(75)
Buy		17,265,587	07/2012	HUS	0	(81)	(81)
Sell	INR	222,799	07/2012	BRC	22	0	22
Buy		217,153	07/2012	JPM	0	(330)	(330)
Buy	JPY	2,952,713	01/2012	CBK	424	0	424
Sell		524,232	01/2012	CBK	0	(74)	(74)
Buy		3,367,016	01/2012	FBL	436	0	436
Buy		5,714,668	01/2012	UAG	735	0	735
Buy	KRW	7,510,861	02/2012	CBK	0	(265)	(265)
Sell		1,926,248	02/2012	DUB	1	0	1
Buy	MXN	3,249	03/2012	BRC	0	0	0
Sell		681	03/2012	CBK	1	0	1
Buy		10	03/2012	HUS	0	0	0
Sell		95,766	03/2012	HUS	235	0	235
Sell		667	03/2012	UAG	1	0	1
Buy	MYR	308	04/2012	CBK	0	(3)	(3)
Sell		13,708	04/2012	DUB	0	(12)	(12)
Buy		13,439	04/2012	UAG	0	(209)	(209)
Buy	NOK	823	03/2012	BRC	0	(5)	(5)
Buy	PHP	103,332	03/2012	CBK	0	(26)	(26)
Sell		104,953	03/2012	CBK	0	(6)	(6)
Sell	SEK	76,777	03/2012	BRC	171	(22)	149
Buy		90,676	03/2012	HUS	0	(233)	(233)
Sell	SGD	5,512	02/2012	DUB	0	(9)	(9)
Buy		5,523	02/2012	JPM	21	0	21
Sell	TWD	5,587	01/2012	BPS	16	0	16
Sell		131,376	01/2012	BRC	0	(1)	(1)
Sell		11,607	01/2012	CBK	31	0	31

Type	Currency	Principal Amount Covered by Contract	Settlement Month	Counterparty	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation)
Buy	TWD	74,022	01/2012	DUB	\$ 0	\$ (155)	\$ (155)
Buy		85,050	01/2012	GST	0	(191)	(191)
Sell		5,570	01/2012	HUS	16	0	16
Sell		5,616	01/2012	JPM	14	0	14
Buy	ZAR	97	01/2012	HUS	0	0	0
					<u>\$ 3,059</u>	<u>\$ (5,858)</u>	<u>\$ (2,799)</u>

(n) Fair Value Measurements ⁽¹⁾

The following is a summary of the fair valuations according to the inputs used as of December 31, 2011 in valuing the Portfolio's assets and liabilities ⁽²⁾:

Category and Subcategory ⁽³⁾	Level 1 ⁽⁴⁾	Level 2 ⁽⁵⁾	Level 3 ⁽⁶⁾	Fair Value at 12/31/2011	Category and Subcategory ⁽³⁾	Level 1 ⁽⁴⁾	Level 2 ⁽⁵⁾	Level 3 ⁽⁶⁾	Fair Value at 12/31/2011
Investments, at value					United Arab Emirates				
Australia					Sovereign Issues	\$ 0	\$ 2,332	\$ 0	\$ 2,332
Mortgage-Backed Securities	\$ 0	\$ 2,105	\$ 0	\$ 2,105	United Kingdom				
Sovereign Issues	0	24,438	0	24,438	Corporate Bonds & Notes	0	5,530	0	5,530
Brazil					Sovereign Issues	0	16,294	0	16,294
Corporate Bonds & Notes	0	13,188	2,376	15,564	United States				
Sovereign Issues	0	6,831	0	6,831	Asset-Backed Securities	0	7,607	0	7,607
Canada					Bank Loan Obligations	0	6,202	0	6,202
Corporate Bonds & Notes	0	1,086	0	1,086	Corporate Bonds & Notes	0	108,681	2,493	111,174
Sovereign Issues	0	1,824	0	1,824	Mortgage-Backed Securities	0	51,756	4,669	56,425
Cayman Islands					Municipal Bonds & Notes	0	18,652	0	18,652
Asset-Backed Securities	0	1,380	0	1,380	Preferred Securities	71	0	435	506
France					U.S. Government Agencies	0	34,429	0	34,429
Corporate Bonds & Notes	0	3,097	0	3,097	U.S. Treasury Obligations	0	14,560	0	14,560
Germany					Virgin Islands (British)				
Asset-Backed Securities	0	104	0	104	Corporate Bonds & Notes	0	217	0	217
Bank Loan Obligations	0	985	0	985	Short-Term Instruments				
Corporate Bonds & Notes	0	5,091	0	5,091	Certificates of Deposit	0	4,695	0	4,695
Sovereign Issues	0	1,467	0	1,467	Repurchase Agreements	0	31,479	0	31,479
Ireland					U.S. Treasury Bills	0	15,029	0	15,029
Corporate Bonds & Notes	0	2,326	0	2,326	Purchased Options				
Mortgage-Backed Securities	0	469	0	469	Interest Rate Contracts	0	370	0	370
Italy						<u>\$ 71</u>	<u>\$ 469,833</u>	<u>\$ 12,401</u>	<u>\$ 482,305</u>
Asset-Backed Securities	0	294	0	294	Short Sales, at value	\$ 0	\$ (103,256)	\$ 0	\$ (103,256)
Sovereign Issues	0	11,410	0	11,410	Financial Derivative Instruments ⁽⁷⁾ - Assets				
Jersey, Channel Islands					Credit Contracts	0	1,952	0	1,952
Asset-Backed Securities	0	0	2,428	2,428	Foreign Exchange Contracts	0	3,059	0	3,059
Luxembourg					Interest Rate Contracts	1,868	9,033	0	10,901
Corporate Bonds & Notes	0	339	0	339		<u>\$ 1,868</u>	<u>\$ 14,044</u>	<u>\$ 0</u>	<u>\$ 15,912</u>
Mexico					Financial Derivative Instruments ⁽⁷⁾ - Liabilities				
Corporate Bonds & Notes	0	3,221	0	3,221	Credit Contracts	0	(3,815)	0	(3,815)
Sovereign Issues	0	12,222	0	12,222	Foreign Exchange Contracts	0	(5,858)	0	(5,858)
Netherlands					Interest Rate Contracts	0	(385)	0	(385)
Corporate Bonds & Notes	0	12,043	0	12,043		<u>\$ 0</u>	<u>\$ (10,058)</u>	<u>\$ 0</u>	<u>\$ (10,058)</u>
Sovereign Issues	0	28,371	0	28,371	Totals	<u>\$ 1,939</u>	<u>\$ 370,563</u>	<u>\$ 12,401</u>	<u>\$ 384,903</u>
Qatar									
Corporate Bonds & Notes	0	2,184	0	2,184					
Sovereign Issues	0	3,365	0	3,365					
South Korea									
Sovereign Issues	0	5,298	0	5,298					
Switzerland									
Corporate Bonds & Notes	0	8,862	0	8,862					

Schedule of Investments PIMCO Global Bond Portfolio (Unhedged) (Cont.)

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Portfolio during the period ended December 31, 2011:

Category and Subcategory ⁽³⁾	Beginning Balance at 12/31/2010	Net Purchases	Net Sales	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) ⁽⁸⁾	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 12/31/2011	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 12/31/2011 ⁽⁸⁾
Investments, at value										
Brazil										
Corporate Bonds & Notes	\$ 0	\$ 2,400	\$ 0	\$ 0	\$ 0	\$ (24)	\$ 0	\$ 0	\$ 2,376	\$ (24)
Cayman Islands										
Asset-Backed Securities	1,664	0	(341)	13	16	27	0	(1,379)	0	0
Jersey, Channel Islands										
Asset-Backed Securities	0	0	0	0	0	0	2,428	0	2,428	0
United Kingdom										
Corporate Bonds & Notes	1,062	0	0	0	0	(228)	0	(834)	0	0
United States										
Corporate Bonds & Notes	2,955	0	(309)	(14)	(4)	(135)	0	0	2,493	(92)
Mortgage-Backed Securities	2,140	2,859	(164)	7	8	(181)	0	0	4,669	(180)
Preferred Securities	443	0	0	0	0	(8)	0	0	435	(8)
Totals	\$ 8,264	\$ 5,259	\$ (814)	\$ 6	\$ 20	\$ (549)	\$ 2,428	\$ (2,213)	\$ 12,401	\$ (304)

⁽¹⁾ See note 3 in the Notes to Financial Statements for more information regarding pricing inputs and valuation techniques.

⁽²⁾ There were no significant transfers into or out of level 1, 2, and 3 during the period ended December 31, 2011.

⁽³⁾ Refer to the Schedule of Investments for additional information.

⁽⁴⁾ Quoted prices in active markets for identical investments.

⁽⁵⁾ Significant other observable inputs.

⁽⁶⁾ Significant unobservable inputs.

⁽⁷⁾ Financial Derivative Instruments may include open futures contracts, swap agreements, written options, and foreign currency contracts.

⁽⁸⁾ Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at 12/31/2011 may be due to an investment no longer held or categorized as level 3 at period end.

(o) Fair Value of Financial Derivative Instruments ⁽¹⁾

The following is a summary of the fair valuation of the Portfolio's derivative instruments categorized by risk exposure:

Fair Values of Financial Derivative Instruments on the Statement of Assets and Liabilities as of December 31, 2011:

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
Assets:						
Investments, at value (purchased options)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 370	\$ 370
Variation margin receivable on financial derivative instruments ⁽²⁾	0	18	0	0	132	150
Unrealized appreciation on foreign currency contracts	0	0	0	3,059	0	3,059
Unrealized appreciation on OTC swap agreements	0	1,939	0	0	8,794	10,733
	\$ 0	\$ 1,957	\$ 0	\$ 3,059	\$ 9,296	\$ 14,312
Liabilities:						
Written option outstanding	\$ 0	\$ 0	\$ 0	\$ 0	\$ 338	\$ 338
Variation margin payable on financial derivative instruments ⁽²⁾	0	1	0	0	0	1
Unrealized depreciation on foreign currency contracts	0	0	0	5,858	0	5,858
Unrealized depreciation on OTC swap agreements	0	3,433	0	0	47	3,480
	\$ 0	\$ 3,434	\$ 0	\$ 5,858	\$ 385	\$ 9,677

The Effect of Financial Derivative Instruments on the Statement of Operations for the Period Ended December 31, 2011:

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
Realized Gain (Loss) on Derivatives Recognized as a Result from Operations:						
Net realized (loss) on investments (purchased options)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (22)	\$ (22)
Net realized gain on futures contracts, written options and swaps	0	705	0	0	11,071	11,776
Net realized gain on foreign currency transactions	0	0	0	12,384	0	12,384
	\$ 0	\$ 705	\$ 0	\$ 12,384	\$ 11,049	\$ 24,138

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
Net Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized as a Result of Operations:						
Net change in unrealized (depreciation) on investments (purchased options)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (177)	\$ (177)
Net change in unrealized appreciation on futures contracts, written options and swaps	0	1,823	0	0	10,840	12,663
Net change in unrealized (depreciation) on translation of assets and liabilities denominated in foreign currencies	0	0	0	(10,355)	0	(10,355)
	\$ 0	\$ 1,823	\$ 0	\$ (10,355)	\$ 10,663	\$ 2,131

⁽¹⁾ See note 5 in the Notes to Financial Statements for additional information.

⁽²⁾ Only current day's variation margin is reported within the Statement of Assets and Liabilities. The variation margin is included in the open futures cumulative appreciation/(depreciation) of \$1,868 and open centrally cleared swaps cumulative appreciation/(depreciation) of \$(130) as reported in the Notes to Schedule of Investments.

(p) Collateral (Received)/Pledged for OTC Financial Derivative Instruments

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral (received)/pledged as of December 31, 2011:

Counterparty	Total Market Value of OTC Derivatives	Collateral (Received)/Pledged	Net Exposures ⁽¹⁾
BOA	\$ 1,784	\$ (1,700)	\$ 84
BPS	(17)	0	(17)
BRC	1,969	(1,990)	(21)
CBK	429	0	429
DUB	1,035	(1,050)	(15)
FBF	2,341	(2,340)	1
FBL	436	0	436
GST	253	(400)	(147)
HUS	429	(480)	(51)
JPM	(177)	172	(5)
MYC	2,890	(3,490)	(600)
RYL	801	(610)	191
UAG	(459)	1,250	791
WST	(1,156)	0	(1,156)

⁽¹⁾ Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. See note 6, Principal Risks, in the Notes to Financial Statements for more information regarding credit and counterparties at risk.

Notes to Financial Statements

1. ORGANIZATION

The PIMCO Global Bond Portfolio (Unhedged) (the "Portfolio") is a series of the PIMCO Variable Insurance Trust (the "Trust"). The Trust is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company organized as a Delaware business trust on October 3, 1997. The Portfolio offers three classes of shares: Institutional, Administrative and Advisor. Information presented on these financial statements pertains to the Administrative Class of the Portfolio. Certain detailed financial information for the Institutional Class and Advisor Class is provided separately and is available upon request. The Trust is designed to be used as an investment vehicle by separate accounts of insurance companies that fund variable annuity contracts and variable life insurance policies and by qualified pension and retirement plans.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Portfolio in the preparation of its financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The preparation of financial statements in accordance with U.S. GAAP may require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

(a) Determination of Net Asset Value The Net Asset Value ("NAV") of the Portfolio's shares is valued as of the close of regular trading (normally 4:00 p.m., Eastern time) (the "NYSE Close") on each day that the New York Stock Exchange ("NYSE") is open. Information that becomes known to the Portfolio or its agents after the NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day.

(b) Securities Transactions and Investment Income Securities transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled a month or more after the trade date. Realized gains and losses from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Portfolio is informed of the ex-dividend date. Interest income, adjusted for the accretion of discounts and amortization of premiums, is recorded on the accrual basis from settlement date. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or a net change in unrealized gain/loss on investments on the Statement of Operations, as appropriate. Tax liabilities realized as a result of such security sales are reflected as a component of net realized gain/loss on investments on the Statement of Operations. Paydown gains and losses on mortgage-related and other asset-backed securities are recorded as components of interest income on the Statement of Operations.

(c) Cash and Foreign Currency The functional and reporting currency for the Portfolio is the U.S. dollar. The market values of foreign securities, currency holdings and other assets and liabilities are translated into U.S. dollars based on the current exchange rates each business day. Fluctuations in the value of currency holdings and other assets and liabilities resulting from changes in exchange rates are recorded as unrealized foreign currency gains or losses. Realized gains or losses and unrealized appreciation or depreciation on investment securities and income and expenses are translated on the respective dates of such transactions. The effects of changes in foreign currency exchange rates on investments in securities are not segregated on the Statement of Operations from the effects of changes in market prices of those securities, but are included with the net realized and unrealized gain or loss on investment securities.

(d) Multiclass Operations Each class offered by the Portfolio has equal rights as to assets and voting privileges (except that shareholders of a class

have exclusive voting rights regarding any matter relating solely to that class of shares). Income and non-class specific expenses are allocated daily to each class on the basis of the relative value of settled shares. Realized and unrealized capital gains and losses of each class are allocated daily based on the relative net assets of each class of the respective Portfolio. Class specific expenses, where applicable, currently include supervisory and administrative and distribution and servicing fees.

(e) Dividends and Distributions to Shareholders Dividends from net investment income, if any, are declared daily and distributed to shareholders monthly. Net realized capital gains earned by the Portfolio, if any, will be distributed no less frequently than once each year.

Income dividends and capital gain distributions are determined in accordance with income tax regulations which may differ from U.S. GAAP. Differences between tax regulations and U.S. GAAP may change the fiscal year when income and capital items are recognized for tax and U.S. GAAP purposes. Examples of events that give rise to timing differences include wash sales, straddles and capital loss carryforwards. Further, the character of investment income and capital gains may be different for certain transactions under the two methods of accounting. Examples of characterization differences include the treatment of mortgage paydowns, swaps, foreign currency transactions and contingent debt instruments. As a result, income dividends and capital gain distributions declared during a fiscal period may differ significantly from the net investment income and realized capital gain reported on the Portfolio's annual financial statements presented under U.S. GAAP.

Distributions classified as a tax basis return of capital, if any, are reflected on the accompanying Statements of Changes in Net Assets and have been reclassified to paid in capital. In addition, other amounts have been reclassified between undistributed net investment income, accumulated undistributed net realized gains or losses and/or paid in capital to more appropriately conform financial accounting to tax characterizations of dividend distributions.

(f) New Accounting Pronouncements In April 2011, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU") related to the accounting for repurchase agreements and similar agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. The ASU modifies the criteria for determining effective control of transferred assets and as a result certain agreements may now be accounted for as secured borrowings. The ASU is effective prospectively for new transfers and existing transactions that are modified in the first interim or annual period beginning on or after December 15, 2011. Management anticipates the Portfolio may incur additional borrowing expenses (interest expense) as a result of the change of accounting treatment. The magnitude of this change has not been determined at this time.

In May 2011, FASB issued an ASU to develop common requirements for measuring fair value and for disclosing information about fair value measurements in accordance with U.S. GAAP and International Financial Reporting Standards ("IFRS"). FASB concluded that the amendments in this ASU will improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and IFRS. The ASU is effective prospectively during interim or annual periods beginning on or after December 15, 2011. At this time, management is evaluating the implications of these changes and their impact on the financial statements have not been determined.

3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

For purposes of calculating the NAV, portfolio securities and other assets for which market quotes are readily available are valued at fair market value. Fair market value is generally determined on the basis of last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services.

Investments initially valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from pricing service providers. As a result, the NAV of the Portfolio's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the NYSE is closed and the NAV may change on days when an investor is not able to purchase, redeem or exchange shares.

U.S. GAAP defines fair market value as the price that the Portfolio would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. It establishes a fair value hierarchy that prioritizes inputs to valuation methods and requires disclosure of the fair value hierarchy, separately for each major category of assets and liabilities, that segregates fair value measurements into levels (Level 1, 2, and 3). The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Levels 1, 2, and 3 of the fair value hierarchy are defined as follows:

- Level 1—Inputs using quoted prices in active markets or exchanges for identical assets and liabilities.
- Level 2—Significant other observable inputs, which may include, but are not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates) or other market corroborated inputs.
- Level 3—Significant unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available, which may include assumptions made by the Board of Trustees (the "Board") or persons acting at their direction that are used in determining the fair market value of investments.

Level 1 and Level 2 trading assets and trading liabilities, at fair market value The valuation techniques and significant inputs used in determining the fair market values of financial instruments classified as Level 1 and Level 2 of the fair value hierarchy are as follows:

Fixed income securities including corporate, convertible and municipal bonds and notes, U.S. government agencies, U.S. treasury obligations, sovereign issues, bank loans, convertible preferred securities and non-U.S. bonds are normally valued by pricing service providers that use broker dealer quotations, reported trades or valuation estimates from their internal pricing models. The service providers' internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar assets. Securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date are categorized as Level 2 of the fair value hierarchy.

Mortgage-related and asset-backed securities are usually issued as separate tranches, or classes, of securities within each deal. These securities are also normally valued by pricing service providers that use broker dealer quotations or valuation estimates from their internal pricing models. The pricing models for these securities usually consider tranche-level attributes, current market data, estimated cash flows and market-based yield spreads for each tranche, and incorporate deal collateral performance, as available. Mortgage-related and asset-backed securities that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Common stocks, exchange-traded funds and financial derivative instruments, such as futures contracts or options contracts that are traded on a national

securities exchange, are stated at the last reported sale or settlement price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 of the fair value hierarchy. Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the close of the NYSE. These securities are valued using pricing service providers that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments. Securities using these valuation adjustments are categorized as Level 2 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are also categorized as Level 2 of the fair value hierarchy.

Investments in registered open-end investment management companies will be valued based upon the NAVs of such investments and are categorized as Level 1 of the fair value hierarchy. Investments in unregistered open-end management investment companies will be calculated based upon the NAVs of such investments and are considered Level 1 provided that the NAVs are observable, calculated daily and are the value at which both purchases and sales will be conducted. Investments in privately held investment funds will be valued based upon the NAVs of such investments and are categorized as Level 2 of the fair value hierarchy. Investments in privately held investment funds where the inputs of the NAVs are unobservable will be calculated based upon the NAVs of such investments and are categorized as Level 3 of the fair value hierarchy.

Short-term investments having a maturity of 60 days or less are generally valued at amortized cost which approximates fair market value. These investments are categorized as Level 2 of the fair value hierarchy.

Over-the-counter financial derivative instruments, such as foreign currency contracts, options contracts, or swap agreements, derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. These contracts are normally valued on the basis of broker dealer quotations or by pricing service providers. Depending on the product and the terms of the transaction, the value of financial derivatives can be estimated by a pricing service provider using a series of techniques, including simulation pricing models. The pricing models use inputs that are observed from actively quoted markets such as issuer details, indices, spreads, interest rates, curves, dividends and exchange rates. Financial derivatives that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Centrally cleared swaps listed or traded on a multilateral or trade facility platform, such as a registered exchange are valued by the respective exchange. For centrally cleared credit default swaps the clearing facility requires its members to provide actionable levels across complete term structures. These levels along with external third party prices are used to produce daily settlement prices. These securities are categorized as Level 2 of the fair value hierarchy. Centrally cleared interest rate swaps are valued using a pricing model that references the underlying rates including the overnight index swap rate and LIBOR forward rate. These securities are categorized as Level 2 of the fair value hierarchy.

Level 3 trading assets and trading liabilities, at fair market value The valuation techniques and significant inputs used in determining the fair market values of financial instruments classified as Level 3 of the fair value hierarchy are as follows:

Securities and other assets for which market quotes are not readily available are valued at fair market value as determined in good faith by the Board or persons acting at their direction and are categorized as Level 3 of the fair value hierarchy.

Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information or broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the

values of the Portfolio's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade, do not open for trading for the entire day and no other market prices are available. The Board has delegated to the investment adviser, Pacific Investment Management Company LLC ("PIMCO"), the responsibility for monitoring significant events that may materially affect the values of the Portfolio's securities or assets and for determining whether the value of the applicable securities or assets should be re-evaluated in light of such significant events.

The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated the responsibility for applying the valuation methods to PIMCO. For instances in which daily market quotes are not readily available, investments may be valued, pursuant to guidelines established by the Board, with reference to other securities or indices. In the event that the security or asset cannot be valued pursuant to one of the valuation methods established by the Board, the value of the security or asset will be determined in good faith by the Valuation Committee of the Board, generally based upon recommendations provided by PIMCO. When the Portfolio uses fair valuation methods applied by PIMCO that use significant unobservable inputs to determine its NAV, securities will be priced by another method that the Board or persons acting at their direction believe accurately reflects fair market value and are categorized as Level 3 of the fair value hierarchy. These methods may require subjective determinations about the value of the security. While the Trust's policy is intended to result in calculation of the Portfolio's NAV that fairly reflects security values as of the time of pricing, the Trust cannot guarantee that values determined by the Board or persons acting at their direction would accurately reflect the price that the Portfolio could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by the Portfolio may differ from the value that would be realized if the securities were sold.

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair market values that presents changes attributable to total realized and unrealized gains or losses, purchases and sales, and transfers in or out of the Level 3 category during the period. The end of period timing recognition is used for the significant transfers between Levels of the Portfolio's assets and liabilities. In accordance with the requirements of U.S. GAAP, a fair value hierarchy and Level 3 reconciliation, if any, have been included in the Notes to the Schedule of Investments for the Portfolio.

4. SECURITIES AND OTHER INVESTMENTS

(a) Delayed-Delivery Transactions The Portfolio may purchase or sell securities on a delayed-delivery basis. These transactions involve a commitment by the Portfolio to purchase or sell securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. When delayed-delivery purchases are outstanding, the Portfolio will designate liquid assets in an amount sufficient to meet the purchase price. When purchasing a security on a delayed-delivery basis, the Portfolio assumes the rights and risks of ownership of the security, including the risk of price and yield fluctuations, and takes such fluctuations into account when determining its NAV. The Portfolio may dispose of or renegotiate a delayed-delivery transaction after it is entered into, and may sell delayed-delivery securities before they are delivered, which may result in a capital gain or loss. When the Portfolio has sold a security on a delayed-delivery basis, the Portfolio does not participate in future gains and losses with respect to the security.

(b) Inflation-Indexed Bonds The Portfolio may invest in inflation-indexed bonds. Inflation-indexed bonds are fixed-income securities whose principal value is periodically adjusted to the rate of inflation. The interest rate on these bonds is generally fixed at issuance at a rate lower than typical bonds. Over the life of an inflation-indexed bond, however, interest will be paid based on a principal value, which is adjusted for inflation. Any increase or decrease in the principal amount of an inflation-indexed bond will be included as interest income on the Statement of Operations, even though investors do not receive their principal until maturity.

(c) Loan Participations and Assignments The Portfolio may invest in direct debt instruments which are interests in amounts owed to lenders or lending syndicates by corporate, governmental, or other borrowers. The Portfolio's investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties. A loan is often administered by a bank or other financial institution (the "lender") that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. The Portfolio may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. The Portfolio generally has no right to enforce compliance with the terms of the loan agreement with the borrower. As a result, the Portfolio may be subject to the credit risk of both the borrower and the lender that is selling the loan agreement. When the Portfolio purchases assignments from lenders it acquires direct rights against the borrower of the loan. The Portfolio may also enter into unfunded loan commitments, which are contractual obligations for future funding. Unfunded loan commitments may include revolving credit facilities, which may obligate the Portfolio to supply additional cash to the borrower on demand. Unfunded loan commitments represent a future obligation in full, even though a percentage of the notional loan amounts will never be utilized by the borrower. When investing in a loan participation, the Portfolio has the right to receive payments of principal, interest and any fees to which it is entitled only from the lender selling the loan agreement and only upon receipt of payments by the lender from the borrower. The Portfolio may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a floating rate loan. In certain circumstances, the Portfolio may receive a prepayment penalty fee upon the prepayment of a floating rate loan by a borrower. Fees earned or paid are recorded as a component of interest income or interest expense, respectively, on the Statement of Operations. As of December 31, 2011, the Portfolio had no unfunded loan commitments.

(d) Mortgage-Related and Other Asset-Backed Securities The Portfolio may invest in mortgage-related and other asset-backed securities. These securities include mortgage pass-through securities, collateralized mortgage obligations, commercial mortgage-backed securities, asset-backed securities, collateralized debt obligations and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property. Mortgage-related and other asset-backed securities are interests in pools of loans or other receivables. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. Asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student loans. These securities provide a monthly payment which consists of both interest and principal payments. Interest payments may be determined by fixed or adjustable rates. The rate of pre-payments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage-related securities is guaranteed with the full faith and credit of the U.S. Government. Pools created and guaranteed by non-governmental issuers, including government-sponsored corporations, may be supported by various forms of insurance or guarantees, but there can be no assurance that the private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements.

Collateralized Mortgage Obligations ("CMOs") are debt obligations of a legal entity that are collateralized by mortgages and divided into classes. CMOs are structured into multiple classes, often referred to as "tranches," with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including pre-payments. Commercial Mortgage-Backed Securities ("CMBS") include securities that reflect an interest in, and are secured by, mortgage loans on commercial real property. Many of the risks of investing in CMBS reflect the risks of investing in the real estate securing the underlying mortgage loans. These risks reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make loan payments, and the ability of a property to attract and retain tenants.

CMOs and CMBS may be less liquid and may exhibit greater price volatility than other types of mortgage-related or asset-backed securities.

Collateralized Debt Obligations (“CDOs”) include Collateralized Bond Obligations (“CBOs”), Collateralized Loan Obligations (“CLOs”) and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust which is backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which the Portfolio invests. CDOs carry additional risks including, but not limited to, (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments, (ii) the collateral may decline in value or default, (iii) the Portfolio may invest in CDOs that are subordinate to other classes, and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

(e) Repurchase Agreements The Portfolio may engage in repurchase agreements. Under the terms of a typical repurchase agreement, the Portfolio takes possession of an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and the Portfolio to resell, the obligation at an agreed-upon price and time. The underlying securities for all repurchase agreements are held in safekeeping at the Portfolio’s custodian or designated subcustodians under tri-party repurchase agreements. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Securities purchased under repurchase agreements are reflected as an asset on the Statement of Assets and Liabilities. Interest earned is recorded as a component of interest income on the Statement of Operations. In periods of increased demand for collateral, the Portfolio may pay a fee for receipt of collateral, which may result in interest expense to the Portfolio. Generally, in the event of counterparty default, the Portfolio has the right to use the collateral to offset losses incurred. If the counterparty should default, the Portfolio will seek to sell the securities which it holds as collateral. This could involve procedural costs or delays in addition to a loss on the securities if their value should fall below their repurchase price.

(f) Reverse Repurchase Agreements The Portfolio may enter into reverse repurchase agreements. In a reverse repurchase agreement, the Portfolio sells to a financial institution a security that it holds with an agreement to repurchase the same security at an agreed-upon price and date. Securities sold under reverse repurchase agreements are reflected as a liability on the Statement of Assets and Liabilities. Interest payments made are recorded as a component of interest expense on the Statement of Operations. In periods of increased demand for the security, the Portfolio may receive a fee for use of the security by the counterparty, which may result in interest income to the Portfolio. A reverse repurchase agreement involves the risk that the market value of the security sold by the Portfolio may decline below the repurchase price of the security. The Portfolio will segregate assets determined to be liquid by the investment adviser or otherwise cover its obligations under reverse repurchase agreements.

(g) Short Sales The Portfolio may enter into short sales transactions. A short sale is a transaction in which the Portfolio sells securities it does not own in anticipation of a decline in the market price of the securities. Securities sold in short sale transactions and the interest payable on such securities, if any, are reflected as a liability on the Statement of Assets and Liabilities. The Portfolio is obligated to deliver securities at the market price at the time the short position is closed. Possible losses from short sales may be unlimited, whereas losses from purchases cannot exceed the total amount invested.

(h) U.S. Government Agencies or Government-Sponsored Enterprises The Portfolio may invest in securities of U.S. Government agencies or government-sponsored enterprises. U.S. Government securities are obligations of and, in certain cases, guaranteed by, the U.S. Government, its

agencies or instrumentalities. Some U.S. Government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association (“GNMA” or “Ginnie Mae”), are supported by the full faith and credit of the U.S. Government; others, such as those of the Federal Home Loan Bank, are supported by the right of the issuer to borrow from the U.S. Department of the Treasury (the “U.S. Treasury”); and others, such as those of the Federal National Mortgage Association (“FNMA” or “Fannie Mae”), are supported by the discretionary authority of the U.S. Government to purchase the agency’s obligations. U.S. Government securities may include zero coupon securities, which do not distribute interest on a current basis and tend to be subject to greater risk than interest-paying securities of similar maturities.

Government-related guarantors (i.e., not backed by the full faith and credit of the U.S. Government) include FNMA and the Federal Home Loan Mortgage Corporation (“FHLMC” or “Freddie Mac”). FNMA is a government-sponsored corporation, the common stock of which is owned entirely by private stockholders. FNMA purchases conventional (i.e., not insured or guaranteed by any government agency) residential mortgages from a list of approved seller/servicers which include state and federally chartered savings and loan associations, mutual savings banks, commercial banks and credit unions and mortgage bankers. Pass-through securities issued by FNMA are guaranteed as to timely payment of principal and interest by FNMA, but are not backed by the full faith and credit of the U.S. Government. FHLMC issues Participation Certificates (“PCs”), which are pass-through securities, each representing an undivided interest in a pool of residential mortgages. FHLMC guarantees the timely payment of interest and ultimate collection of principal, but PCs are not backed by the full faith and credit of the U.S. Government.

5. FINANCIAL DERIVATIVE INSTRUMENTS

The following disclosures contain information on how and why the Portfolio uses financial derivative instruments, the credit-risk-related contingent features in certain financial derivative instruments, and how financial derivative instruments affect the Portfolio’s financial position, results of operations and cash flows. The location and fair value amounts of these instruments on the Statement of Assets and Liabilities and the realized and changes in unrealized gains and losses on the Statement of Operations, each categorized by type of financial derivative contract, are included in a table in the Notes to Schedule of Investments. The financial derivative instruments outstanding as of period end as disclosed in the Notes to Schedule of Investments and the amounts of realized and changes in unrealized gains and losses on financial derivative instruments during the period as disclosed on the Statement of Operations serve as indicators of the volume of financial derivative activity for the Portfolio.

(a) Foreign Currency Contracts The Portfolio may enter into foreign currency contracts in connection with settling planned purchases or sales of securities, to hedge the currency exposure associated with some or all of the Portfolio’s securities or as a part of an investment strategy. A foreign currency contract is an agreement between two parties to buy and sell a currency at a set price on a future date. The market value of a foreign currency contract fluctuates with changes in foreign currency exchange rates. Foreign currency contracts are marked to market daily and the change in value is recorded by the Portfolio as an unrealized gain or loss. Realized gains or losses equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed are recorded upon delivery or receipt of the currency. These contracts may involve market risk in excess of the unrealized gain or loss reflected on the Statement of Assets and Liabilities. In addition, the Portfolio could be exposed to risk if the counterparties are unable to meet the terms of the contracts or if the value of the currency changes unfavorably to the U.S. dollar. In connection with these contracts, securities may be identified as collateral in accordance with the terms of the respective contracts.

(b) Futures Contracts The Portfolio may enter into futures contracts. The Portfolio may use futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. The primary risks associated with the use of futures contracts are the imperfect correlation between the change in market value of the securities held by the Portfolio and

the prices of futures contracts and the possibility of an illiquid market. Futures contracts are valued based upon their quoted daily settlement prices. Upon entering into a futures contract, the Portfolio is required to deposit with its futures broker, an amount of cash or U.S. Government and Agency Obligations in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked to market daily and an appropriate payable or receivable for the change in value ("variation margin") is recorded by the Portfolio. Gains or losses are recognized but not considered realized until the contracts expire or are closed. Futures contracts involve, to varying degrees, risk of loss in excess of the variation margin disclosed on the Statement of Assets and Liabilities.

(c) Options Contracts The Portfolio may write call and put options on securities and financial derivative instruments it owns or in which it may invest. Writing put options tends to increase the Portfolio's exposure to the underlying instrument. Writing call options tends to decrease the Portfolio's exposure to the underlying instrument. When the Portfolio writes a call or put, an amount equal to the premium received is recorded as a liability and subsequently marked to market to reflect the current value of the option written. These liabilities are reflected as written options outstanding on the Statement of Assets and Liabilities. Premiums received from writing options which expire are treated as realized gains. Premiums received from writing options which are exercised or closed are added to the proceeds or offset against amounts paid on the underlying futures, swap, security or currency transaction to determine the realized gain or loss. Certain options may be written with premiums to be determined on a future date. The Portfolio as a writer of an option has no control over whether the underlying instrument may be sold (call) or purchased (put) and as a result bears the market risk of an unfavorable change in the price of the instrument underlying the written option. There is the risk the Portfolio may not be able to enter into a closing transaction because of an illiquid market.

The Portfolio may also purchase put and call options. Purchasing call options tends to increase the Portfolio's exposure to the underlying instrument. Purchasing put options tends to decrease the Portfolio's exposure to the underlying instrument. The Portfolio pays a premium which is included on the Portfolio's Statement of Assets and Liabilities as an investment and subsequently marked to market to reflect the current value of the option. Premiums paid for purchasing options which expire are treated as realized losses. Certain options may be purchased with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. The risk associated with purchasing put and call options is limited to the premium paid. Premiums paid for purchasing options which are exercised or closed are added to the amounts paid or offset against the proceeds on the underlying investment transaction to determine the realized gain or loss when the underlying transaction is sold.

Interest Rate Swaptions The Portfolio may enter into interest rate swaption agreements. A swaption is an option to enter into a pre-defined swap agreement by some specified date in the future. The writer of the swaption becomes the counterparty to the swap if the buyer exercises. The interest rate swaption agreement will specify whether the buyer of the swaption will be a fixed-rate receiver or a fixed rate payer.

(d) Swap Agreements The Portfolio may invest in swap agreements. Swap agreements are bilaterally negotiated agreements between the Portfolio and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements are privately negotiated in the over-the-counter market ("OTC swaps") or may be executed in a multilateral or other trade facility platform, such as a registered exchange ("centrally cleared swaps"). The Portfolio may enter into credit default, interest rate and other forms of swap agreements to manage its exposure to credit, currency, interest rate, commodity, equity and inflation risk. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Swaps are marked to market daily based upon values from third party vendors, which may include a registered exchange, or quotations from market makers to the extent available. In the event that market quotes are not readily available and the swap cannot be valued pursuant to one of the valuation methods, the value of the swap will be determined in good faith by the Valuation Committee of the Board of Trustees, generally based upon recommendations provided by PIMCO. Changes in market value, if any, are reflected as a component of net changes in unrealized appreciation/(depreciation) on the Statement of Operations. Daily changes in valuation of centrally cleared swaps, if any, are recorded as a receivable or payable for the change in value as appropriate ("variation margin") on the Statement of Assets and Liabilities. OTC swap payments received or made at the beginning of the measurement period are reflected as such on the Statement of Assets and Liabilities and represent premiums paid or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). These upfront premiums are recorded as realized gains or losses on the Statement of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Statement of Operations. Net periodic payments received or paid by the Portfolio are included as part of realized gains or losses on the Statement of Operations.

Entering into these agreements involves, to varying degrees, elements of interest, credit, market and documentation risk in excess of the amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of contractual terms in the agreements and that there may be unfavorable changes in interest rates.

The Portfolio's maximum risk of loss from counterparty credit risk is the discounted net value of the cash flows to be received from the counterparty over the contract's remaining life, to the extent that amount is positive. The risk is mitigated by having a master netting arrangement between the Portfolio and the counterparty and by the posting of collateral to the Portfolio to cover the Portfolio's exposure to the counterparty.

Credit Default Swap Agreements Credit default swap agreements involve one party making a stream of payments (referred to as the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event of a default or other credit event for the referenced entity, obligation or index. As a seller of protection on credit default swap agreements, the Portfolio will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, the Portfolio would effectively add leverage to its portfolio because, in addition to its total net assets, the Portfolio would be subject to investment exposure on the notional amount of the swap.

If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are estimated by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the

recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value.

Credit default swap agreements on corporate or sovereign issues involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default or other credit event. If a credit event occurs and cash settlement is not elected, a variety of other deliverable obligations may be delivered in lieu of the specific referenced obligation. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection's right to choose the deliverable obligation with the lowest value following a credit event). The Portfolio may use credit default swaps on corporate or sovereign issues to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where the Portfolio owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer's default.

Credit default swap agreements on credit indices involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising the credit index. A credit index is a basket of credit instruments or exposures designed to be representative of some part of the credit market as a whole. These indices are made up of reference credits that are judged by a poll of dealers to be the most liquid entities in the credit default swap market based on the sector of the index. Components of the indices may include, but are not limited to, investment grade securities, high yield securities, asset-backed securities, emerging markets, and/or various credit ratings within each sector. Credit indices are traded using credit default swaps with standardized terms including a fixed spread and standard maturity dates. An index credit default swap references all the names in the index, and if there is a default, the credit event is settled based on that name's weight in the index. The composition of the indices changes periodically, usually every six months, and for most indices, each name has an equal weight in the index. The Portfolio may use credit default swaps on credit indices to hedge a portfolio of credit default swaps or bonds, which is less expensive than it would be to buy many credit default swaps to achieve a similar effect. Credit default swaps on indices are benchmarks for protecting investors owning bonds against default, and traders use them to speculate on changes in credit quality.

Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end are disclosed in the Notes to the Schedule of Investments and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values serve as the indicator of the current status of the payment/performance risk. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

The maximum potential amount of future payments (undiscounted) that the Portfolio as a seller of protection could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. Notional amounts of each individual credit default swap agreement outstanding as of December 31, 2011 for which the Portfolio is the seller of protection are disclosed in the Notes to the Schedule of Investments. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Portfolio for the same referenced entity or entities.

Interest Rate Swap Agreements The Portfolio is subject to interest rate risk exposure in the normal course of pursuing its investment objectives. Because the Portfolio holds fixed rate bonds, the value of these bonds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Portfolio may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by the Portfolio with another party for their respective commitment to pay or receive interest on the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap", (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor", (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the counterparty may terminate the swap transaction in whole at zero cost by a predetermined date and time prior to the maturity date, (v) spreadlocks, which allow the interest rate swap users to lock in the forward differential (or spread) between the interest rate swap rate and a specified benchmark, or (vi) basis swap, under which two parties can exchange variable interest rates based on different money markets.

6. PRINCIPAL RISKS

In the normal course of business the Portfolio trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk), or failure or inability of the other party to a transaction to perform (credit and counterparty risk). See below for a detailed description of select principal risks. For a list of potential risks the Portfolio may be subject to, please see the Important Information About the Portfolio.

Market Risks The Portfolio's investments in financial derivatives and other financial instruments expose the Portfolio to various risks such as, but not limited to, interest rate, foreign currency and equity risks.

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by the Portfolio is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. Duration is useful primarily as a measure of the sensitivity of a fixed income's market price to interest rate (i.e. yield) movements.

If the Portfolio invests directly in foreign currencies or in securities that trade in, and receive revenues in, foreign currencies, or in financial derivatives that provide exposure to foreign currencies, it will be subject to the risk that those currencies will decline in value relative to the base currency of the Portfolio, or, in the case of hedging positions, that the Portfolio's base currency will decline in value relative to the currency being hedged. Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, the Portfolio's investments in foreign currency denominated securities may reduce the returns of the Portfolio.

The market values of equities, such as common stocks and preferred securities or equity related investments such as futures and options, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry.

Equity securities and equity related investments generally have greater market price volatility than fixed income securities.

Credit and Counterparty Risks The Portfolio will be exposed to credit risk on parties with whom it trades and will also bear the risk of settlement default. The Portfolio minimizes concentrations of credit risk by undertaking transactions with a large number of customers and counterparties on recognized and reputable exchanges. The Portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a financial derivatives contract, repurchase agreement or a loan of portfolio securities, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in credit ratings.

Similar to credit risk, the Portfolio may be exposed to counterparty risk, or the risk that an institution or other entity with which the Portfolio has unsettled or open transactions will default. Financial assets, which potentially expose the Portfolio to counterparty risk, consist principally of cash due from counterparties and investments. PIMCO, as the investment adviser, minimizes counterparty risks to the Portfolio by performing extensive reviews of each counterparty and obtaining approval from the PIMCO Counterparty Risk Committee prior to entering into transactions with a third party. Furthermore, to the extent that unpaid amounts owed to the Portfolio exceed a predetermined threshold agreed to with the counterparty, such counterparty shall advance collateral to the Portfolio in the form of cash or cash equivalents equal in value to the unpaid amount owed to the Portfolio. The Portfolio may invest such collateral in securities or other instruments and will typically pay interest to the counterparty on the collateral received. If the unpaid amount owed to the Portfolio subsequently decreases, the Portfolio would be required to return to the counterparty all or a portion of the collateral previously advanced to the Portfolio.

All transactions in listed securities are settled/paid for upon delivery using approved counterparties. The risk of default is considered minimal, as delivery of securities sold is only made once the Portfolio has received payment. Payment is made on a purchase once the securities have been delivered by the counterparty. The trade will fail if either party fails to meet its obligation.

The Portfolio is subject to various Master Agreements, which govern the terms of certain transactions with select counterparties. These Master Agreements reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that improves legal certainty. Since different types of forward and OTC financial derivative transactions have different mechanics and are sometimes traded out of different legal entities of a particular counterparty organization, each type of transaction may be covered by a different Master Agreement and result in the need for multiple agreements with a single counterparty. Therefore, exposure cannot be netted and collateralized across all types of transactions. Exposures can only be netted across transactions governed under the same Master Agreement with the same legal entity.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under the Master Agreements, collateral is routinely transferred if the total net exposure to certain transactions (net of existing collateral already in place) governed under the relevant master agreement with a counterparty in a given account exceeds a specified threshold, which typically ranges from zero to \$250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and U.S. dollar cash are generally the preferred forms of collateral, although other forms of AAA rated paper may be used. The Portfolio's overall exposure to counterparty risk can change substantially within a short period, as it is affected by each transaction subject to the relevant Master Agreement.

Master Repurchase Agreements ("Master Repo Agreements") govern transactions between the Portfolio and select counterparties. The Master Repo Agreements maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of collateral for Repurchase Agreements.

Master Securities Forward Transaction Agreements ("Master Forward Agreements") govern the considerations and factors surrounding the settlement of certain purchases and sales made on a delayed-delivery basis by and between the Portfolio and select counterparties. The Master Forward Agreements maintain provisions for, among other things, initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral.

International Swaps and Derivatives Association, Inc. Master Agreements ("ISDA Master Agreements") govern OTC financial derivative transactions entered into by the Portfolio and select counterparties. The ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to early terminate could be material to the financial statements. The market value of OTC financial derivative transactions net of collateral received in or pledged by counterparty as of period end is disclosed in the Notes to the Schedule of Investments.

On September 15, 2008, Lehman Brothers Holdings Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code. On September 19, 2008, a proceeding under the Securities Investor Protection Act (SIPA) was commenced with respect to Lehman Brothers Inc., a broker-dealer. A trustee appointed under SIPA is administering the bankruptcy estate of Lehman Brothers Inc. Lehman Brothers International (Europe) was placed in administration under the UK Insolvency Act on September 15, 2008. Lehman Brothers Special Financing Inc. filed for protection under Chapter 11 of the United States Bankruptcy Code on October 3, 2008. In connection with these filings, the Lehman Brothers group of companies (collectively "Lehman Brothers") will be reorganized and/or liquidated in an orderly fashion, subject to court approval. Each Lehman Brothers entity is a separate legal entity that is subject to its own bankruptcy proceeding.

Anticipated losses for securities and financial derivatives transactions associated with Lehman Brothers have been incorporated as components of receivable for investments sold or payable for investments purchased on the Statement of Assets and Liabilities and net realized gain/(loss) on investments on the Statement of Operations. Financial assets and liabilities may be offset and the net amount may be reported on the Statement of Assets and Liabilities where there is a legally enforceable right to set off the recognized amounts.

7. FEES AND EXPENSES

(a) Investment Advisory Fee PIMCO is a majority-owned subsidiary of Allianz Asset Management of America L.P. ("Allianz Asset Management"), formerly known as Allianz Global Investors of America L.P., and serves as investment adviser (the "Adviser") to the Trust, pursuant to an investment advisory contract. The Adviser receives a monthly fee from the Portfolio, at an annual rate based on average daily net assets (the "Investment Advisory Fee"). The Investment Advisory Fee for all classes is charged at an annual rate of 0.25%.

(b) Supervisory and Administrative Fee PIMCO serves as administrator (the "Administrator"), and provides supervisory and administrative services to the Trust for which it receives a monthly supervisory and administrative fee based on each share class's average daily net assets (the "Supervisory and Administrative Fee"). As the Administrator, PIMCO bears the costs of various third-party services, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs. The Supervisory and Administrative Fee for all classes is charged at the annual rate of 0.50%.

(c) Distribution and Servicing Fees PIMCO Investments LLC ("PI"), a wholly-owned subsidiary of PIMCO, serves as the distributor ("Distributor") of the Trust's shares. Prior to February 14, 2011, Allianz Global Investors Distributors LLC, an indirect wholly-owned subsidiary of Allianz Asset Management, was the Distributor of the Trust's shares. The Trust is permitted to reimburse the Distributors on a quarterly basis, out of the Administrative Class assets of the Portfolio in the amount of 0.15% on an annual basis of the

average daily net assets of that class, for payments made to financial intermediaries that provide services in connection with the distribution of shares or administration of plans or programs that use Portfolio shares as their funding medium. The effective rate paid to the Distributors was 0.15% during the current fiscal year.

The Trust has adopted a Distribution Plan for the Advisor Class shares of the Portfolio (the "Plan"). The Plan has been adopted pursuant to Rule 12b-1 under the Act. The Plan permits payments for expenses in connection with the distribution and marketing of Advisor Class shares and/or the provision of shareholder services to Advisor Class shareholders. The Plan permits the Portfolio to make total payments at an annual rate of 0.25% of its average daily net assets attributable to its Advisor Class shares.

(d) Portfolio Expenses The Trust is responsible for the following expenses: (i) salaries and other compensation of any of the Trust's executive officers and employees who are not officers, directors, stockholders or employees of PIMCO or its subsidiaries or affiliates; (ii) taxes and governmental fees; (iii) brokerage fees and commissions and other portfolio transaction expenses; (iv) the costs of borrowing money, including interest expenses and bank overdraft charges; (v) fees and expenses of the Trustees who are not "interested persons" of PIMCO or the Trust, and any counsel retained exclusively for their benefit; (vi) extraordinary expenses, including costs of litigation and indemnification expenses; (vii) organization expenses and (viii) any expenses allocated or allocable to a specific class of shares, which include service fees payable with respect to the Administrative Class Shares, and may include certain other expenses as permitted by the Trust's Multiple Class Plan adopted pursuant to Rule 18f-3 under the Act and subject to review and approval by the Trustees. The ratio of expenses to average net assets per share class, as disclosed on the Financial Highlights, may differ from the annual portfolio operating expenses per share class as disclosed in the Prospectus for the reasons set forth above.

Each Trustee, other than those affiliated with PIMCO or its affiliates, receives an annual retainer of \$30,000, plus \$3,500 for each Board of Trustees meeting attended in person, \$500 (\$750 in the case of the audit committee chair with respect to audit committee meetings) for each committee meeting attended and \$750 for each Board of Trustees meeting attended telephonically, plus reimbursement of related expenses. In addition, the audit committee chair will receive an additional annual retainer of \$4,000 and each other committee chair will receive an additional annual retainer of \$500.

These expenses are allocated on a pro-rata basis to the various portfolios of the Trust according to their respective net assets except PIMCO All Asset Portfolio does not bear any Trustee Fees. The Trust pays no compensation directly to any Trustee or any other officer who is affiliated with the Administrator, all of whom receive remuneration for their services to the Trust from the Administrator or its affiliates.

8. RELATED PARTY TRANSACTIONS

The Adviser, Administrator, and Distributors are related parties. Fees payable to these parties are disclosed in Note 7 and the accrued related party fees amounts are disclosed on the Statement of Assets and Liabilities.

9. GUARANTEES AND INDEMNIFICATIONS

Under the Trust's organizational documents, each Trustee, officer, employee or other agent of the Trust (including the Trust's investment manager) is indemnified, to the extent permitted by the Act, against certain liabilities that may arise out of performance of their duties to the Portfolio. Additionally, in the normal course of business, the Portfolio enters into contracts that contain a variety of indemnification clauses. The Portfolio's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Portfolio that has not yet occurred. However, the Portfolio has not had prior claims or losses pursuant to these contracts.

10. PURCHASES AND SALES OF SECURITIES

The length of time the Portfolio has held a particular security is not generally a consideration in investment decisions. A change in the securities held by the Portfolio is known as "portfolio turnover". The Portfolio may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover (e.g., over 100%) involves correspondingly greater expenses to the Portfolio, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. Such sales may also result in realization of taxable capital gains, including short-term capital gains (which are generally taxed at ordinary income tax rates). The trading costs and tax effects associated with portfolio turnover may adversely affect the Portfolio's performance. The portfolio turnover rates are reported in the Financial Highlights.

Purchases and sales of securities (excluding short-term investments) for the period ended December 31, 2011, were as follows (amounts in thousands):

U.S. Government/Agency		All Other	
Purchases	Sales	Purchases	Sales
\$ 2,038,108	\$ 2,026,808	\$ 485,882	\$ 565,596

Notes to Financial Statements (Cont.)

11. SHARES OF BENEFICIAL INTEREST

The Portfolio may issue an unlimited number of shares of beneficial interest with a \$0.001 par value. Changes in shares of beneficial interest were as follows (shares and amounts in thousands):

	Year Ended 12/31/2011		Year Ended 12/31/2010	
	Shares	Amount	Shares	Amount
Receipts for shares sold				
Institutional Class	328	\$ 4,668	194	\$ 2,600
Administrative Class	13,186	184,171	15,747	207,813
Advisor Class	1,257	17,654	1,567	20,787
Issued as reinvestment of distributions				
Institutional Class	24	336	17	228
Administrative Class	1,554	21,641	1,863	24,691
Advisor Class	145	2,023	110	1,469
Cost of shares redeemed				
Institutional Class	(173)	(2,456)	(76)	(1,012)
Administrative Class	(18,851)	(264,807)	(23,920)	(311,258)
Advisor Class	(955)	(13,519)	(286)	(3,927)
Net (decrease) resulting from Portfolio share transactions	(3,485)	\$ (50,289)	(4,784)	\$ (58,609)

As of December 31, 2011, two shareholders each owned 10% or more of the total Portfolio's outstanding shares comprising 82% of the Portfolio. Allianz Life Insurance Co. of North America, a direct subsidiary of Allianz of America, Inc. and a related party to the Portfolio, owned 25% or more of the outstanding shares of beneficial interest of the Portfolio and therefore may be presumed to "control" the Portfolio, as that term is defined in the 1940 Act.

12. REGULATORY AND LITIGATION MATTERS

The Trust is not engaged in any material litigation or arbitration proceedings and is not aware of any material litigation or claim pending or threatened by or against it.

13. FEDERAL INCOME TAX MATTERS

The Portfolio intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code (the "Code") and distribute all of

As of December 31, 2011, the components of distributable taxable earnings are as follows (amounts in thousands):

Undistributed Ordinary Income	Undistributed Long-Term Capital Gains	Net Tax Basis Unrealized Appreciation/ (Depreciation) ⁽¹⁾	Other Book-to-Tax Accounting Differences ⁽²⁾	Accumulated Capital Losses	Post-October Deferral	Qualified Late-Year Loss Deferral
\$ 27,464	\$ 7,961	\$ 7,919	\$ (4,011)	\$ —	\$ —	\$ —

⁽¹⁾ Adjusted for open wash sale loss deferrals and the accelerated recognition of unrealized gain or loss on certain futures, options and forward contracts for federal income tax purposes. Also adjusted for differences between book and tax realized and unrealized gain (loss) on swap contracts.

⁽²⁾ Represents differences in income tax regulations and financial accounting principles generally accepted in the United States of America, namely for straddle loss deferrals and distributions payable at fiscal year-end.

As of December 31, 2011, the Portfolio had no accumulated capital losses.

Under the recently enacted Regulated Investment Company Act of 2010, a fund is permitted to carry forward any new capital losses for an unlimited period. Additionally, such capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term under previous law. As of December 31, 2011, the Portfolio had no post-effective capital losses.

As of December 31, 2011, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for federal income tax purposes are as follows (amounts in thousands):

Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation) ⁽³⁾
\$ 481,955	\$ 16,539	\$ (16,189)	\$ 350

⁽³⁾ Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) on investments are attributable to open wash sale loss deferrals, convertible preferred debt instruments, and passive foreign investment companies.

For the fiscal years ended December 31, 2011 and December 31, 2010, respectively, the Portfolio made the following tax basis distributions (amounts in thousands):

Fiscal Year Ended	Ordinary Income Distributions ⁽⁴⁾	Long-Term Capital Gain Distributions	Return of Capital
12/31/2011	\$ 23,467	\$ 561	\$ —
12/31/2010	\$ 24,388	\$ 2,000	\$ —

⁽⁴⁾ Includes short-term capital gains, if any, distributed.

14. SUBSEQUENT EVENTS

The investment adviser has evaluated the possibility of subsequent events and has determined that there are no material events that would require disclosure in the Portfolio's financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of PIMCO Variable Insurance Trust and Administrative Class Shareholders of PIMCO Global Bond Portfolio (Unhedged):

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations and of changes in net assets and the financial highlights for the Administrative Class present fairly, in all material respects, the financial position of PIMCO Global Bond Portfolio (Unhedged) (one of the portfolios constituting PIMCO Variable Insurance Trust, hereinafter referred to as the "Portfolio") at December 31, 2011, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for the Administrative Class for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Portfolio's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2011 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Kansas City, Missouri
February 17, 2012

Counterparty Abbreviations:

BOA	Bank of America N.A.	FBF	Credit Suisse International	MYC	Morgan Stanley Capital Services, Inc.
BPS	BNP Paribas S.A.	FBL	Credit Suisse AG	RYL	Royal Bank of Scotland Group PLC
BRC	Barclays Bank PLC	GST	Goldman Sachs International	UAG	UBS AG Stamford
CBK	Citibank N.A.	HUS	HSBC Bank USA N.A.	WST	Westpac Banking Corp.
DUB	Deutsche Bank AG	JPM	JPMorgan Chase Bank N.A.		

Currency Abbreviations:

AUD	Australian Dollar	IDR	Indonesian Rupiah	PHP	Philippine Peso
BRL	Brazilian Real	INR	Indian Rupee	SEK	Swedish Krona
CAD	Canadian Dollar	JPY	Japanese Yen	SGD	Singapore Dollar
CNY	Chinese Renminbi	KRW	South Korean Won	TWD	Taiwanese Dollar
DKK	Danish Krone	MXN	Mexican Peso	USD	United States Dollar
EUR	Euro	MYR	Malaysian Ringgit	ZAR	South African Rand
GBP	British Pound	NOK	Norwegian Krone		

Exchange Abbreviations:

OTC	Over-the-Counter
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Index Abbreviations:

ABX.HE	Asset-Backed Securities Index - Home Equity	CDX.IG	Credit Derivatives Index - Investment Grade	RPI	Retail Price Index
CDX.HY	Credit Derivatives Index - High Yield	FRCPXTOB	France Consumer Price ex-Tobacco Index		

Municipal Bond or Agency Abbreviations:

AMBAC	American Municipal Bond Assurance Corp.
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Other Abbreviations:

ABS	Asset-Backed Security	CDI	Brazil Interbank Deposit Rate	EURIBOR	Euro Interbank Offered Rate
ALT	Alternate Loan Trust	CDO	Collateralized Debt Obligation	LIBOR	London Interbank Offered Rate
BABs	Build America Bonds				

Federal Income Tax Information

(Unaudited)

As required by the Internal Revenue Code ("Code") and Treasury Regulations, if applicable, shareholders must be notified within 60 days of the Portfolio's fiscal year end regarding the status of qualified dividend income and the dividend received deduction.

Qualified Dividend Income. Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), the following percentage of ordinary dividends paid during the calendar year was designated as "qualified dividend income", as defined in the Act, subject to reduced tax rates in 2011:

0.00%

Dividend Received Deduction. Corporate shareholders are generally entitled to take the dividend received deduction on the portion of a Portfolio's dividend distribution that qualifies under tax law. The percentage of the following Portfolio's calendar year ordinary income dividend that qualifies for the corporate dividend received deduction is set forth below:

0.03%

Shareholders are advised to consult their own tax advisor with respect to the tax consequences of their investment in the Trust. However, income received by tax-exempt recipients need not be reported as taxable income.

Management of the Trust

(Unaudited)

The chart below identifies the Trustees and Officers of the Trust. Each "interested" Trustee as defined by the 1940 Act, is indicated by an asterisk (*). Unless otherwise indicated, the address of all persons below is 840 Newport Center Drive, Newport Beach, CA 92660.

The Portfolio's Statement of Additional Information includes more information about the Trustees and Officers. To request a free copy, call PIMCO at (800) 927-4648 or visit our website at <http://pvit.pimco-funds.com>.

Name, Year of Birth and Position Held with Trust	Term of Office** and Length of Time Served	Principal Occupation(s) During the Past 5 Years	Number of Portfolios in Fund Complex Overseen by Trustee	Other Directorships Held by Trustee
Interested Trustee				
Brent R. Harris* (1959) <i>Chairman of the Board and Trustee</i>	08/1997 to present	Managing Director and member of Executive Committee, PIMCO.	156	Chairman and Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT; Director, StocksPLUS [®] Management, Inc; and member of Board of Governors, Investment Company Institute. Board Member and Owner, Harris Holdings, LLC; Formerly, Chairman and Director, PCM Fund, Inc. Formerly, Chairman and Director, PIMCO Strategic Global Government Fund, Inc.
Douglas M. Hodge* (1957) <i>Trustee</i>	02/2010 to present	Managing Director; Chief Operating Officer (since 7/09); Member of Executive Committee and Head of PIMCO's Asia Pacific region. Member Global Executive Committee, Allianz Asset Management.	150	Trustee, PIMCO Funds and PIMCO ETF Trust.
Independent Trustees				
E. Philip Cannon (1940) <i>Trustee</i>	05/2000 to present	Private Investor; Formerly, President, Houston Zoo.	156	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT; Formerly, Trustee Allianz Funds (formerly, PIMCO Funds: Multi-Manager Series); Formerly, Director, PCM Fund, Inc.
Vern O. Curtis (1934) <i>Trustee</i>	08/1997 to present	Private Investor.	156	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT; Formerly, Director, PCM Fund, Inc.
J. Michael Hagan (1939) <i>Trustee</i>	05/2000 to present	Private Investor and Business Advisor (primarily to manufacturing companies).	150	Trustee, PIMCO Funds and PIMCO ETF Trust; Formerly, Director, Ameron International (manufacturing). Formerly, Director, Fleetwood Enterprises (manufacturer of housing and recreational vehicles); Formerly, Director, PCM Fund, Inc; Formerly, Director, Remedy Temp (staffing).
Ronald C. Parker (1951) <i>Trustee</i>	07/2009 to present	Adjunct Professor, Linfield College; Chairman of the Board, The Ford Family Foundation. Formerly President, Chief Executive Officer, Hampton Affiliates (forestry products)	150	Trustee, PIMCO Funds and PIMCO ETF Trust.
William J. Popejoy (1938) <i>Trustee</i>	08/1997 to present	Private Investor.	150	Trustee, PIMCO Funds and PIMCO ETF Trust; Formerly, Director, PCM Fund, Inc.

* Mr. Harris and Mr. Hodge are "interested persons" of the Trust (as that term is defined in the 1940 Act) because of their affiliation with PIMCO.

** Trustees serve until their successors are duly elected and qualified

Name, Year of Birth and Position Held with Trust	Term of Office*** and Length of Time Served	Principal Occupation(s) During Past 5 Years
Officers		
Brent R. Harris (1959) <i>President</i>	03/2009 to present	Managing Director and member of Executive Committee, PIMCO.
David C. Flattum (1964) <i>Chief Legal Officer</i>	11/2006 to present	Managing Director and General Counsel, PIMCO. Formerly, Executive Vice President, PIMCO, Managing Director, Chief Operating Officer and General Counsel, Allianz Asset Management of America L.P. and Partner at Latham & Watkins LLP.
Jennifer E. Durham (1970) <i>Chief Compliance Officer</i>	07/2004 to present	Executive Vice President, PIMCO. Formerly, Senior Vice President, Vice President and Legal/Compliance Manager, PIMCO.
William H. Gross (1944) <i>Senior Vice President</i>	08/1997 to present	Managing Director and Co-Chief Investment Officer, PIMCO.
Mohamed El-Erian (1958) <i>Senior Vice President</i>	05/2008 to present	Managing Director, Co-Chief Investment Officer and Co-Chief Executive Officer, PIMCO. Formerly, President and CEO of Harvard Management Company. Formerly, Managing Director, PIMCO.
Douglas M. Hodge (1957) <i>Senior Vice President</i>	05/2010 to present	Managing Director; Chief Operating Officer (since 7/09); Member of Executive Committee and Head of PIMCO's Asia Pacific region. Member Global Executive Committee, Allianz Asset Management.
J. Stephen King (1962) <i>Vice President - Senior Counsel and Secretary</i>	05/2005 to present	Senior Vice President and Attorney, PIMCO. Formerly, Vice President, PIMCO; and Associate, Dechert LLP.
Eric D. Johnson (1970) <i>Vice President</i>	05/2011 to present	Senior Vice President, PIMCO. Formerly, Vice President, PIMCO.
Henrik P. Larsen (1970) <i>Vice President</i>	02/1999 to present	Senior Vice President, PIMCO. Formerly, Vice President, PIMCO.
Peter G. Strelow (1970) <i>Vice President</i>	05/2008 to present	Executive Vice President, PIMCO. Formerly, Senior Vice President and Vice President, PIMCO
Greggory S. Wolf (1970) <i>Vice President</i>	05/2011 to present	Senior Vice President, PIMCO. Formerly, Vice President and Manager, PIMCO.
John P. Hardaway (1957) <i>Treasurer</i>	08/1997 to present	Executive Vice President, PIMCO. Formerly, Senior Vice President, PIMCO.
Stacie D. Anctil (1969) <i>Assistant Treasurer</i>	11/2003 to present	Senior Vice President, PIMCO. Formerly, Vice President and Specialist, PIMCO.
Erik C. Brown (1967) <i>Assistant Treasurer</i>	02/2001 to present	Senior Vice President, PIMCO. Formerly, Vice President, PIMCO.
Trent W. Walker (1974) <i>Assistant Treasurer</i>	05/2007 to present	Senior Vice President, PIMCO. Formerly, Vice President, PIMCO.

*** The Officers of the Trust are re-appointed annually by the Board of Trustees.

The Portfolio considers customer privacy to be a fundamental aspect of its relationships with shareholders and is committed to maintaining the confidentiality, integrity and security of its current, prospective and former shareholders' personal information. To ensure its shareholders' privacy, the Portfolio has developed policies that are designed to protect this confidentiality, while allowing shareholder needs to be served.

Obtaining Personal Information

In the course of providing shareholders with products and services, the Portfolio and certain service providers to the Portfolio, such as the Portfolio's investment adviser ("Adviser"), may obtain non-public personal information about shareholders, which may come from sources such as account applications and other forms, from other written, electronic or verbal correspondence, from shareholder transactions, from a shareholder's brokerage or financial advisory firm, financial adviser or consultant, and/or from information captured on the Portfolio's internet websites.

Respecting Your Privacy

As a matter of policy, the Portfolio does not disclose any personal or account information provided by shareholders or gathered by the Portfolio to non-affiliated third parties, except as required or permitted by law or as necessary for such third parties to perform their agreements with respect to the Portfolio. As is common in the industry, non-affiliated companies may from time to time be used to provide certain services, such as preparing and mailing prospectuses, reports, account statements and other information, conducting research on shareholder satisfaction and gathering shareholder proxies. The Portfolio's Distributor may also retain non-affiliated companies to market the Portfolio's shares or products which use the Portfolio's shares and enter into joint marketing agreements with other companies. These companies may have access to a shareholder's personal and account information, but are permitted to use this information solely to provide the specific service or as otherwise permitted by law. In most cases, the shareholders will be clients of a third party, but the Portfolio may also provide a shareholder's personal and account information to the shareholder's respective brokerage or financial advisory firm.

Sharing Information with Third Parties

The Portfolio reserves the right to disclose or report personal information to non-affiliated third parties, in limited circumstances, where the Portfolio believes in good faith that disclosure is required under law to cooperate with regulators or law enforcement authorities, to protect its rights or property or upon reasonable request by the Portfolio in which a shareholder has chosen to invest. In addition, the Portfolio may disclose information about a shareholder's accounts to a non-affiliated third party with the consent of the shareholder.

Sharing Information with Affiliates

The Portfolio may share shareholder information with its affiliates in connection with servicing its shareholders' accounts, and subject to applicable law may provide shareholders with information about products and services that the Portfolio or its Adviser, principal underwriters or their affiliates ("Service Affiliates") believe may be of interest to such shareholders. The information that the Portfolio shares may include, for example, a shareholder's participation in the Portfolio or in other investment programs sponsored by a Service Affiliate, a shareholder's ownership of certain types of accounts (such as IRAs), or other data about a shareholder's accounts, subject to applicable law. The Portfolio's Service Affiliates, in turn, are not permitted to share shareholder information with non-affiliated entities, except as required or permitted by law.

Procedures to Safeguard Private Information

The Portfolio takes seriously the obligation to safeguard shareholder non-public personal information. In addition to this policy, the Portfolio has also implemented procedures that are designed to restrict access to a shareholder's non-public personal information only to internal personnel who need to know that information in order to provide products or services to such shareholders. In order to guard a shareholder's non-public personal information, physical, electronic and procedural safeguards are in place.

Approval of Renewal of the Amended and Restated Investment Advisory Contract, Asset Allocation Sub-Advisory Agreements, and Supervision and Administration Agreement

On August 15-16, 2011, the Board of Trustees (the "Board") of PIMCO Variable Insurance Trust (the "Trust"), including all of the independent Trustees, approved the Trust's Amended and Restated Investment Advisory Contract with Pacific Investment Management Company LLC ("PIMCO"), on behalf of each of the Trust's portfolios (the "Portfolios"), for an additional one-year term through August 31, 2012. The Board also considered and approved for an additional one-year term through August 31, 2012, the Supervision and Administration Agreement (together with the Amended and Restated Investment Advisory Contract, the "Agreements") with PIMCO, on behalf of the Portfolios. The Board also considered and approved the renewal of the Asset Allocation Sub-Advisory Agreements (the "Asset Allocation Agreements") with Research Affiliates, LLC ("RALLC"), on behalf of the PIMCO All Asset Portfolio and PIMCO All Asset All Authority Portfolio, each a series of the Trust, for an additional one-year term through August 31, 2012.

The information, material factors and conclusions that formed the basis for the Board's approvals of the Agreements and the Asset Allocation Agreements are described below.

1. Information Received

A. Materials Reviewed

During the course of each year, the Trustees receive a wide variety of materials relating to the services provided by PIMCO and RALLC. At each of its quarterly meetings, the Board reviews the Portfolios' investment performance and a significant amount of information relating to Portfolio operations, including the Portfolios' compliance program, shareholder services, valuation, custody, distribution, and other information relating to the nature, extent and quality of services provided by PIMCO and RALLC to the Trust. In considering whether to approve the renewal of the Agreements and Asset Allocation Agreements, the Board also reviewed supplementary information, including, but not limited to, comparative industry data with regard to investment performance, advisory and supervisory and administrative fees and expenses, financial and profitability information regarding PIMCO and RALLC, information about the personnel providing investment management services and supervisory and administrative services to the Portfolios and, if available, information about the fees charged and services provided by PIMCO to other clients with similar investment mandates as the Portfolios. The Board also reviewed material provided by counsel to the Trust and the independent Trustees, which included, among other things, a memorandum outlining legal duties of the Board in considering the continuation of the Agreements.

B. Review Process

In connection with the approval of the renewal of the Agreements and the Asset Allocation Agreements, the Board reviewed written materials prepared by PIMCO and RALLC in response to requests from counsel to the Trust. The Board also requested and received assistance and advice regarding applicable legal standards from Trust counsel, and reviewed comparative fee and performance data prepared at the Board's request by Lipper, Inc. ("Lipper"), an independent provider of investment company performance and fee and expense data. The Board also heard oral presentations on matters related to the Agreements and Asset Allocation Agreements and met both as a full Board and as the independent Trustees, without management present, at the August 15-16, 2011 meeting. The independent Trustees also met with counsel to the Trust on August 4, 2011 to discuss the materials presented.

The approval determinations were made on the basis of each Trustee's business judgment after consideration of all the information presented. Individual Trustees may have given different weights to certain factors and assigned various degrees of materiality to information received in connection with the approval process. In deciding to approve the renewal of the Agreements and Asset Allocation Agreements, the Board did not identify any single factor or particular information that, in

isolation, was controlling. This summary describes the most important, but not all, of the factors considered by the Board.

2. Nature, Extent and Quality of Services

A. PIMCO, RALLC, their Personnel, and Resources

The Board considered the depth and quality of PIMCO's investment management process, including: the experience, capability and integrity of its senior management and other personnel; the low turnover rates of its key personnel; the overall financial strength and stability of its organization; and the ability of its organizational structure to address the recent growth in assets under management. The Board also considered that PIMCO makes available to its investment professionals a variety of resources and systems relating to investment management, compliance, trading, performance and portfolio accounting. The Board considered PIMCO's commitment to investing in information technology supporting investment management and compliance, as well as PIMCO's continuing efforts to attract and retain qualified personnel and to maintain and enhance its resources and systems. The Board considered PIMCO's policies, procedures and systems to assure compliance with applicable laws and regulations and its commitment to these programs; its efforts to keep the Trustees informed about matters relevant to the Portfolios and their shareholders; and its attention to matters that may involve conflicts of interest.

The Trustees considered the steps that PIMCO has taken in recent years with respect to active management of counterparty risk, such as implementing procedures requiring daily collateral adjustments and frequent communication between credit analysts and the counterparty risk committee. The Trustees considered that, over the last year, PIMCO has continued to strengthen the process it uses to assess the financial stability of broker-dealers with which the Portfolios do business, to manage collateral and to protect portfolios from an unforeseen deterioration in the creditworthiness of trading counterparties. The Trustees considered that PIMCO continued to invest in automated documentation management systems to better track trade documentation with broker-dealers.

The Trustees also considered new services and service enhancements that PIMCO has implemented since the Agreements were last renewed in 2010, including, but not limited to, undertaking significant technology initiatives; broadening the PIMCO Retail Oversight ("PRO") group to include oversight of institutional classes; implementing a quality management system for processes/activities; converting to a prospectus content management system; developing a "Pricing Portal" to streamline and automate certain pricing functions; continuing to implement fair valuation level assignments per FAS 157; planning to outsource net asset value delivery to another service provider to accelerate delivery timing to intermediaries; improving the review of Boston Financial Data Services' large trade processing; implementing new cost basis reporting obligations; and creating the PIMCO Risk Committee, which is the global risk oversight committee at PIMCO.

Similarly, the Board considered the asset-allocation services provided by RALLC to the PIMCO All Asset Portfolio. The Board noted that the PIMCO All Asset All Authority Portfolio had not commenced offering shares as of the date of the meeting. The Board considered the depth and quality of RALLC's investment management and research capabilities, the experience and capabilities of its portfolio management personnel, and in particular the experience and capabilities of Robert Arnott, RALLC's principal, and the overall financial strength of the organization.

Ultimately, the Board concluded that the nature, extent and quality of services proposed to be provided by PIMCO under the Agreements and by RALLC under the Asset Allocation Agreements are likely to benefit the Portfolios and their shareholders.

B. Other Services

The Board considered PIMCO's policies, procedures and systems to assure compliance with applicable laws and regulations and its commitment to these programs; its efforts to keep the Trustees informed about matters relevant to each Portfolio and its shareholders; and its attention to matters that may involve conflicts of interest. The Board also considered the nature, extent, quality and cost of supervisory and administrative services provided by PIMCO to the Portfolios under the Supervision and Administration Agreement. The Board noted that the Supervision and Administration Agreement was approved at the August 2008 Board meeting to replace the Trust's previous Administration Agreement. The purpose of the change was to reflect the increased scope and complexity of supervisory and administrative services that PIMCO had been providing to the Trust. The Board considered the terms of the Trust's Supervision and Administration Agreement, under which the Trust pays for the supervisory and administrative services it requires under what is essentially an all-in fee structure (the "unified fee"). In return, PIMCO provides or procures supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs. The Board noted that the scope and complexity of the supervisory and administrative services provided by PIMCO under the Supervision and Administration Agreement continue to increase. The Board considered PIMCO's provision of these services and supervision of the Trust's third party service providers to assure that these service providers continue to provide a high level of service relative to alternatives in the market.

Ultimately, the Board concluded that the nature, extent and quality of the services provided by PIMCO has benefited and will likely continue to benefit the Portfolios and their shareholders.

3. Investment Performance

The Board received and examined information from PIMCO concerning the Portfolios' one-, three-, five- and ten-year performance, as available, for the periods ended May 31, 2011 and other performance data, as available, for the periods ended June 30, 2011 (the "PIMCO Report") and from Lipper concerning the Portfolios' one-, three-, five-, and ten-year performance, as available, for the periods ended May 31, 2011 (the "Lipper Report"). The Board considered information regarding both the short-term and long-term investment performance of each Portfolio relative to its peer group and relevant benchmark index as provided to the Board in advance of each of its quarterly meetings throughout the year, including the PIMCO Report and the Lipper Report, which were provided in advance of the August 15-16, 2011 meeting.

The Board noted that, for periods ending May 31, 2011, the Administrative Class of 71%, 92% and 92% of the Portfolios outperformed their Lipper category median in the one-year, three-year and five-year periods. The Board considered that other classes of each Portfolio would have substantially similar performance to that of the Administrative Class of the relevant Portfolio on a relative basis because all of the classes are invested in the same portfolio of securities and that differences in performance among classes could principally be attributed to differences in the distribution and servicing expenses of each class. The Board also considered that the investment objectives of certain of the Portfolios may not always be identical to those of the other funds in their respective peer groups and that the Lipper categories do not separate funds based upon maturity or duration, do not account for the Portfolios' hedging strategies, do not distinguish between enhanced index and actively managed equity strategies, do not include as many subsets as the Portfolios offer (*i.e.*, Portfolios may be placed in a "catch-all" category to which they do not properly belong) and do not account for certain fee waivers. The Board noted that, due to these differences, performance comparisons between certain of the Portfolios and their so-called peers may be inexact.

The Board noted that 92% or more of the assets of the Trust had outperformed their respective benchmarks on a net-of-fees basis over the three-year, five-year

and ten-year periods ending May 31, 2011 (based on the performance of the Administrative Class). The Board also noted that ten of 12 Portfolios, representing 94% of the total assets of the Trust, had outperformed their respective benchmark index over the five-year period ending May 31, 2011. The Board discussed actions that have been taken by PIMCO to improve performance and took note of PIMCO's plans to monitor performance going forward. The Board also considered that the Trust has experienced an increase in net assets, with assets managed within the Trust exceeding \$18.5 billion as of June 30, 2011.

The Board considered the intensive nature of managing bond funds, noting that it requires a number of factors, including, varying maturities, prepayments, collateral management, counter-party management, pay-downs, credit events, workouts, derivatives and net new issuance in the bond market. Despite these challenges, the Board noted that PIMCO has generated "alpha" (*i.e.*, non-market correlated excess performance) for its clients, including the Trust.

The Board ultimately determined, within the context of all of its considerations in connection with the Agreements, that the Trust's overall investment performance was strong, and concluded that PIMCO's performance record and process in managing the Portfolios indicates that its continued management is likely to benefit the Portfolios and their shareholders, and merits the approval of the continuation of the Agreements.

4. Advisory Fees, Supervisory and Administrative Fees and Total Expenses

The Board considered that PIMCO strives to price funds with total expense ratios at or below the respective Lipper median, while providing premium investment offerings. PIMCO reported to the Board that, in proposing fees for any Portfolio or class of shares, it considers a number of factors, including the type and complexity of the services provided, the cost of providing services, the risk assumed by PIMCO in the provision of services, the impact on potential returns from different levels of fees, the competitive marketplace for financial products, and the attractiveness of potential Portfolio returns to current and potential investors. Fees charged to or proposed for different Portfolios for advisory services and supervisory and administrative services may vary in light of these various factors. The Board also noted that PIMCO reviews the Portfolios' fee levels and carefully considers reductions where appropriate.

The Board reviewed the advisory fees, supervisory and administrative fees and total expenses of the Portfolios (each as a percentage of average net assets) and compared such amounts with the average and median fee and expense levels of other similar funds. With respect to advisory fees, the Board reviewed data from Lipper that compared the average and median advisory fees of other funds in an "Expense Group" of comparable funds, as well as the universe of other similar funds. The Board noted that most Portfolios have total expense ratios that fall below the median expenses of their Lipper universe.

The Board also reviewed data comparing the Portfolios' advisory fees to the standard fee rate PIMCO charges to separate accounts and other investment companies with a similar investment strategy, and found them to be comparable. The Trustees noted that the advisory fees for the Portfolios were the same or lower than PIMCO separate account fees in nine out of 14 strategies. In cases where the fees for other clients were lower than those charged to the Portfolios, the Trustees noted that the differences in fees were attributable to various factors, including differences in the services provided by PIMCO to the Portfolios, the manner in which similar portfolios may be managed, different requirements with respect to liquidity management and the implementation of other regulatory requirements, and the fact that separate accounts may have other contractual arrangements that justify different levels of fees.

The Board also considered the Portfolios' supervisory and administrative fees, comparing them to similar funds in the report supplied by Lipper. The Board considered that as the Portfolios' business has become increasingly complex, PIMCO has provided an increasingly broad array of fund supervisory and

administrative functions. The Board considered the Trust's unified fee structure, under which each Portfolio pays for the supervisory and administrative services it requires for one set fee, and in return, PIMCO provides or procures supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs. The Board noted that many other funds pay for these services separately, and thus it is difficult to directly compare the Portfolios' unified supervisory and administrative fees with the fees paid by other funds for administrative services alone. The Board considered that the unified supervisory and administrative fee leads to fund fees that are fixed, rather than variable, and that the fixed fees were viewed by many in the industry as a positive attribute of the Portfolios. The Board concluded that the Portfolios' supervisory and administrative fees were reasonable in relation to the value of the services provided, including the services provided to different classes of shareholders, and that the expenses assumed contractually by PIMCO under the Supervision and Administration Agreement represent, in effect, a cap on overall fund expenses which is beneficial to the Portfolios and their shareholders.

With respect to overall levels of Portfolio expenses, the Board observed that bond funds are more fee- and expense-ratio sensitive than equity funds, given the tangible impact of fees and expenses on yield, and that investors appear to be satisfied with the Portfolios' performance, as evidenced by the continued growth in Portfolio assets. The Board noted that the total expenses for the Administrative Class shares of most of the Portfolios falls below the median total expense of their respective Lipper Expense Group. The Board discussed with PIMCO those Portfolios and/or classes of Portfolios that have above median expenses. The Board noted that several Portfolios launched in recent years have been unique products that have few, if any peers, and cannot easily be grouped with comparable funds. Upon comparing the Portfolios' total expenses to other funds in the Expense Groups provided by Lipper, the Board found the Portfolios' total expenses to be reasonable.

The Trustees also considered the advisory fees charged to the Portfolios that operate as funds of funds (the "Funds of Funds") and the advisory services provided in exchange for such fees. The Trustees determined that such services were in addition to the advisory services provided to the underlying series in which the Funds of Funds may invest and, therefore, such services were not duplicative of the advisory services provided to the underlying series. The Board also considered the various fee waiver agreements in place for the Funds of Funds.

The Board noted that, with few exceptions, PIMCO has maintained Portfolio fees at the same guaranteed level as implemented when the unified fee was adopted, and has reduced fees on a number of Portfolios in prior years. The Board further noted that, although the unified fee structure does not have break points, it implicitly reflects economies of scale by fixing the absolute level of Portfolio fees at competitive levels even if the Portfolios' operating costs rise when assets remain flat or decrease over time.

Based on the information presented by PIMCO, RALLC and Lipper, members of the Board then determined, in the exercise of their business judgment, that the level of the advisory fees and supervisory and administrative fees charged by PIMCO under the Agreements, as well as the total expenses of the Portfolios, are reasonable and renewal of the Agreements and the Asset Allocation Agreements will likely benefit the Portfolios and their shareholders.

5. Adviser Costs, Level of Profits and Economies of Scale

The Board reviewed information regarding PIMCO's costs of providing services to the Portfolios as a whole, as well as the resulting level of profits to PIMCO, noting that those results were similar to the previous year, and within the ranges, but above the median of publicly held investment management companies reported by Lipper and Strategic Insight. The Board noted that it had

also received information regarding the structure and manner in which PIMCO's investment professionals were compensated, and PIMCO's view of the relationship of such compensation to the attraction and retention of quality personnel. The Board considered PIMCO's need to invest in technology, infrastructure and staff to reinforce and offer new services and to accommodate changing regulatory requirements.

With respect to potential economies of scale, the Board found that because the unified fee protects shareholders against unanticipated increases in expense ratios due to redemptions, declines in asset values, or increases in the costs of services provided or procured by PIMCO, economies of scale are implicitly recognized in the level of the unified fee (which, together with the advisory fee, serves as a proxy for each Portfolio's overall expense ratio). The Board noted that PIMCO may share the benefits of economies of scale with the Portfolios and their shareholders in a number of ways, including through fee reductions or waivers, the pricing of funds to scale from inception and the enhancement of services provided in return for fees paid. The Trustees also considered that the unified fee has provided inherent economies of scale by maintaining fixed fees even if a particular Portfolio's operating costs rise. The Board reviewed the history of the Portfolios' fee structure, noting that the unified supervisory and administrative services fee was an extension of the initial "expense guarantee" under which PIMCO had agreed to maintain the expense ratio of each Portfolio at specified levels for a period of time to make the Portfolios attractive to an institutional shareholder base. The Board noted that additional Portfolios and share classes have been "built" on that institutional platform, which has meant that, overall, the Portfolios have traditionally had lower fees than many competitors. The Board noted that, in general, fee rates for the Portfolios had been set competitively, had been reduced for some Portfolios over time, had been held steady for most Portfolios as assets grew and continued to be competitive compared with peers. Finally, the Board considered that during the recent market downturn the Portfolios' unified fee has protected shareholders against an increase in expenses that may accompany declines in assets.

The Board concluded that the Portfolios' cost structure was reasonable and that the unified fee structure inherently involves the sharing of economies of scale between PIMCO and the Portfolios, to the benefit of Portfolio shareholders.

6. Ancillary Benefits

The Board considered other benefits received by PIMCO and its affiliates as a result of PIMCO's relationship with the Trust, including possible ancillary benefits to PIMCO's institutional investment management business due to the reputation and market penetration of the Portfolios. The Board also considered that affiliates of PIMCO provide distribution and shareholder services to the Portfolios and their shareholders, for which they may be compensated under the unified fee, or through distribution fees paid pursuant to the Portfolios' Rule 12b-1 plans. The Board reviewed PIMCO's soft dollar policies and procedures, noting that while PIMCO has the authority to receive the benefit of research provided by broker-dealers executing portfolio transactions on behalf of the Portfolios, it has adopted a policy not to enter into contractual soft dollar arrangements.

7. Conclusions

Based on its review, including its consideration of each of the factors referred to above, the Board concluded that the nature, extent and quality of the services rendered to the Portfolios by PIMCO and RALLC continued to be excellent and favored the renewal of the Agreements and the Asset Allocation Agreements. The Board concluded that the Agreements and the Asset Allocation Agreements continued to be fair and reasonable to the Portfolios and their shareholders, that the Portfolios' shareholders received reasonable value in return for the fees paid to PIMCO by the Portfolios under the Agreements, and the fees paid to RALLC by PIMCO under the Asset Allocation Agreements, and that the renewal of the Agreements and the Asset Allocation Agreements was in the best interests of the Portfolios and their shareholders.

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This report is submitted for the general information of the shareholders of the PIMCO Variable Insurance Trust.

pvit.pimco-funds.com

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