PIMCO

Semiannual Report

June 30, 2011

Your Global Investment Authority

PIMCO Variable Insurance Trust

Share Class

- Administrative

PIMCO Real Return Portfolio

A company of Allianz Global Investors

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Dear PIMCO Variable Insurance Trust Shareholder,

We are pleased to provide you with the Semiannual Report for the PIMCO Variable Insurance Trust covering the six-month reporting period ended June 30, 2011. On the following pages please find specific details as to each Portfolio's investment performance and a discussion of the factors that affected performance.

Over the reporting period, we witnessed a number of events with significant repercussions for financial markets and the world's general well-being. Particularly, the ongoing social unrest throughout the Middle East/North Africa and the after effects of the devastating earthquake and tsunami in Japan continue to weigh on markets globally. In addition, the sovereign credit quality of a growing number of developed economies continues to deteriorate, which could have significant impacts on the global economy and financial markets. Outside of the reporting period on August 5, 2011, Standard & Poor's (an independent credit rating agency), downgraded its credit rating on U.S. sovereign debt from AAA to AA+, followed by a similar downgrade announced on August 8, 2011, on debt issued by the Federal National Mortgage Association ("Fannie Mae"), the Federal Home Loan Mortgage Corporation ("Freddie Mac"), as well as farm lenders and U.S. government-backed debt issued by certain banks and credit unions. Furthermore, in reaction to the growing sovereign debt crisis in the Eurozone, the European Central Bank announced on August 7, 2011 that it will begin buying debt issued by Italy and Spain to help prevent contagion. As such, these events present investors with heightened allocation challenges amidst market price disruptions.

In this market environment and more generally in all market environments, PIMCO remains highly focused on risk management and on how best to mitigate risks in each of our investment strategies. As investors, the importance of being prepared and vigilant to multiple scenarios is crucial to successful investing, while searching for attractive investment opportunities throughout the global marketplace.

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

- Yields on U.S. Treasury securities ended the period lower, except for 30-year maturities, which ended the period slightly higher. Continued concern over the sovereign debt crisis in the Eurozone resulted in a flight-to-quality towards the latter part of the period, boosting demand for U.S. Treasury securities, which generally outperformed other developed sovereign bond markets on a hedged basis. The Federal Reserve kept the Federal Funds Rate anchored within a range of zero to 0.25%, and the Bank of England held its key lending rate at 0.50%. The European Central Bank raised its main policy rate to 1.50% (which included a 0.25% increase during the reporting period and a further increase of 0.25% outside of the reporting period) in response to concerns over rising inflation despite slower economic activity. The benchmark ten-year U.S. Treasury note yielded 3.16% 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 2.72%.
- U.S. Treasury Inflation-Protected Securities ("TIPS") posted positive returns, as measured by the Barclays Capital U.S. TIPS Index, which returned 5.81%. Longer-term TIPS rallied as economic growth prospects continued to wane; also, strong global demand for long-dated TIPS given relatively high real yields helped to support the sector. Shorter-maturity TIPS rallied significantly in the first quarter as the unstable situation in the Middle East/North Africa and the decline of the U.S. dollar pushed commodity prices up, resulting in lower real yields. And while short-term yields retreated somewhat in the second quarter of 2011, front-end TIPS gained overall during the reporting period. Strong inflation accruals following the commodity rally during the first quarter also underpinned TIPS returns. Furthermore, breakeven inflation levels (or the difference

between nominal and real yields) widened during the reporting period and TIPS outperformed nominal U.S. Treasury securities.

- Agency mortgage-backed securities ("MBS") outperformed like-duration U.S. Treasury securities as muted pre-payment speeds and strong demand from foreign investors, banks and mortgage Real Estate Investments Trusts ("REITs") contributed to Agency MBS outperformance. Despite weaker tones in the broader markets due to sovereign debt concerns and signs of slowing economic growth, non-Agency MBS and Commercial MBS ("CMBS") also outperformed like-duration U.S. Treasury securities due to limited supply and increased demand for higher yielding assets.
- Corporate bonds generally outperformed like-duration U.S. Treasury securities and high yield credits performed especially well given improving fundamentals, despite elevated risk aversion towards the end of the reporting period. Corporate fundamentals remained favorable due to growing revenues and earnings, increasing cash balances, and considerably lower defaults.
- Emerging market ("EM") fixed-income assets outperformed U.S. Treasury securities as EM debt benefited from stronger economic conditions against the back drop of an increasingly uncertain economic outlook in developed countries and the ongoing sovereign debt challenges in Greece and the Eurozone. Despite the volatile period, fundamentals continued to favor EM debt. Approximately $27 billion in net inflows were allocated by investors to EM fixed income during the first half of 2011. Of this total, roughly 65% was directed to vehicles investing in debt issued in EM local markets, benefiting the fastest growing portion of the asset class, which outperformed EM debt denominated in U.S. dollars.
- Equity markets worldwide ended the period with positive returns but generally trended lower towards the latter part of the reporting period due to concerns over the European sovereign debt crisis, continued high U.S. unemployment, and slower economic growth in the wake of the end of the Federal Reserve's quantitative easing program (commonly called "QE2"). U.S. equities, as measured by the S&P 500 Index, returned 6.02%, and global equities, as represented by the MSCI World Index, returned 5.29%.

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
President and Chairman of the Board, PIMCO Variable Insurance Trust

August 8, 2011

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 Real Return Portfolio (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 after 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 Semiannual 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.

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 January 1, 2011 to June 30, 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.

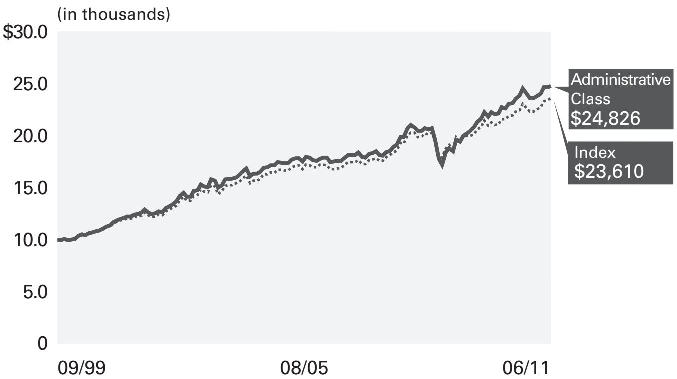
Hypothetical Example for Comparison Purposes

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).

Cumulative Returns Through June 30, 2011



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

Allocation Breakdown‡

U.S. Treasury Obligations	57.4%
Corporate Bonds & Notes	21.0%
Mortgage-Backed Securities	6.0%
Sovereign Issues	4.8%
Short-Term Instruments	1.4%
Other	9.4%

‡ % of Total Investments as of 06/30/11

Average Annual Total Return for the period ended June 30, 2011

		6 Months*	1 Year	5 Years	10 Years	Class Inception (09/30/1999)
—	PIMCO Real Return Portfolio Administrative Class	5.10%	7.70%	7.14%	7.32%	8.05%
·····	Barclays Capital U.S. TIPS Index±	5.81%	7.74%	6.91%	6.95%	7.58%

All Portfolio returns are net of fees and expenses.

* Cumulative return.

Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Investment return and principal value will fluctuate so the Portfolio shares when redeemed, may be worth more or less than their original cost. 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 the performance data quoted. Performance data current to the most recent month-end is available by calling (800) 927-4648. The Portfolio's total annual operating expense ratio as stated in the Portfolio's current prospectus, as supplemented to date, is 0.66% for Administrative Class shares.

± Barclays Capital U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation-Protected Securities rated investment grade (Baa3 or better), have at least one year to final maturity, and at least $250 million par amount outstanding. Performance data for this index prior to October 1997 represents returns of the Barclays Capital Inflation Notes Index. It is not possible to invest directly in an unmanaged index.

Expense Example	Actual Performance	Hypothetical Performance (5% return before expenses)
Beginning Account Value (01/01/11)	$1,000.00	$1,000.00
Ending Account Value (06/30/11)	$1,051.04	$1,021.57
Expenses Paid During Period†	$ 3.31	$ 3.26
Net Annualized Expense Ratio	0.65%	0.65%

† *Expenses are equal to the Portfolio's Administrative Class net annualized expense ratio multiplied by the average account value over the period, multiplied by 181/365 (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.

Portfolio Insights

» The PIMCO Real Return Portfolio seeks maximum real return, consistent with preservation of real capital and prudent investment management, by investing under normal circumstances at least 80% of its net assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities and corporations, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Inflation-indexed bonds are fixed income securities that are structured to provide protection against inflation. Assets not invested in inflation-indexed bonds may be invested in other types of Fixed Income Instruments. "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.

» U.S. Treasury Inflation-Protected Securities ("TIPS") posted positive returns during the first half of 2011 given strong inflation accruals amid higher commodity prices in the first quarter of 2011 and the decrease in longer-term real yields as economic growth prospects continued to wane in the second quarter of 2011.

» An emphasis on nominal duration (or sensitivity to changes in market interest rates) relative to U.S. TIPS duration detracted from returns as breakeven inflation levels widened during the reporting period.

» Exposure to Australian real duration contributed to performance as Australian real yields declined during the reporting period.

» A front-end focus on the U.S. Treasury yield curve benefited performance as short-term interest rates decreased during the reporting period.

» Exposure to a basket of currencies, including select emerging markets currencies and the Australian dollar, added to returns as these currencies appreciated against the U.S. dollar during the reporting period.

» Modest exposure to Italian inflation-linked bonds during the second quarter of 2011 detracted from returns as Italian real yields rose during that period.

Financial Highlights PIMCO Real Return Portfolio

Selected Per Share Data for the Year or Period Ended:	06/30/2011+	12/31/2010	12/31/2009	12/31/2008	12/31/2007	12/31/2006
Administrative Class						
Net asset value beginning of year or period	$ 13.14	$ 12.44	$ 11.26	$ 12.57	$ 11.93	$ 12.69
Net investment income (a)	0.20	0.20	0.40	0.45	0.56	0.53
Net realized/unrealized gain (loss) on investments	0.47	0.81	1.64	(1.30)	0.67	(0.43)
Total income (loss) from investment operations	0.67	1.01	2.04	(0.85)	1.23	0.10
Dividends from net investment income	(0.20)	(0.19)	(0.38)	(0.44)	(0.56)	(0.53)
Distributions from net realized capital gains	0.00	(0.12)	(0.48)	(0.02)	(0.03)	(0.33)
Total distributions	(0.20)	(0.31)	(0.86)	(0.46)	(0.59)	(0.86)
Net asset value end of year or period	$ 13.61	$ 13.14	$ 12.44	$ 11.26	$ 12.57	$ 11.93
Total return	5.10%	8.10%	18.36%	(7.03)%	10.63%	0.71%
Net assets end of year or period (000s)	$ 2,569,707	$ 2,293,424	$ 1,747,803	$ 1,187,217	$ 1,082,777	$ 1,033,666
Ratio of expenses to average net assets	0.65%*	0.66%	0.72%	0.71%	0.65%	0.65%
Ratio of expenses to average net assets excluding interest expense	0.65%*	0.65%	0.65%	0.65%	0.65%	0.65%
Ratio of net investment income to average net assets	3.01%*	1.54%	3.30%	3.62%	4.69%	4.22%
Portfolio turnover rate	153%**	489%**	689%	1,014%	901%	963%

+ Unaudited
* Annualized
** The ratio excludes PIMCO Short-Term Floating NAV Portfolio.
(a) Per share amounts based on average number of shares outstanding during the year or period.

Statement of Assets and Liabilities PIMCO Real Return Portfolio

(Unaudited)

(Amounts in thousands, except per share amounts)	June 30, 2011
Assets:	
Investments, at value	$ 4,211,625
Investments in Affiliates, at value	138
Repurchase agreements, at value	5,087
Cash	64
Deposits with counterparty	5
Foreign currency, at value	1,137
Receivable for investments sold	24,648
Receivable for investments sold on a delayed-delivery basis	89,088
Receivable for Portfolio shares sold	7,021
Interest and dividends receivable	22,482
Dividends receivable from Affiliates	1
Variation margin receivable	206
Swap premiums paid	7,642
Unrealized appreciation on foreign currency contracts	4,314
Unrealized appreciation on swap agreements	2,345
	4,375,803
Liabilities:	
Payable for reverse repurchase agreements	$ 29,445
Payable for investments purchased	7,764
Payable for investments in Affiliates purchased	1
Payable for investments purchased on a delayed-delivery basis	1,315,901
Payable for Portfolio shares redeemed	11,253
Written options outstanding	4,541
Deposits from counterparty	5,001
Accrued related party fees	1,536
Variation margin payable	223
Swap premiums received	1,514
Unrealized depreciation on foreign currency contracts	5,413
Unrealized depreciation on swap agreements	3,435
Other liabilities	8,370
	1,394,397
Net Assets	$ 2,981,406
Net Assets Consist of:	
Paid in capital	$ 2,824,525
Undistributed net investment income	22,748
Accumulated undistributed net realized gain	84,023
Net unrealized appreciation	50,110
	$ 2,981,406
Net Assets:	
Institutional Class	$ 109,942
Administrative Class	2,569,707
Advisor Class	301,757
Shares Issued and Outstanding:	
Institutional Class	8,079
Administrative Class	188,839
Advisor Class	22,175
Net Asset Value and Redemption Price Per Share (Net Asset Per Share Outstanding)	
Institutional Class	$ 13.61
Administrative Class	13.61
Advisor Class	13.61
Cost of Investments	$ 4,154,630
Cost of Investments in Affiliates	$ 138
Cost of Repurchase Agreements	$ 5,087
Cost of Foreign Currency Held	$ 1,111
Premiums Received on Written Options	$ 6,718

See Accompanying Notes

Statement of Operations PIMCO Real Return Portfolio

(Amounts in thousands)	Six Months Ended June 30, 2011
Investment Income:	
Interest	$ 49,590
Dividends	30
Dividends from Affiliate investments	69
Miscellaneous income	1
Total Income	49,690
Expenses:	
Investment advisory fees	3,343
Supervisory and administrative fees	3,343
Servicing fees – Administrative Class	1,764
Distribution and/or servicing fees – Advisor Class	277
Trustees' fees	21
Interest expense	10
Miscellaneous expense	2
Total Expenses	8,760
Net Investment Income	40,930
Net Realized and Unrealized Gain (Loss):	
Net realized gain on investments	33,069
Net realized gain on Affiliate investments	31
Net realized gain on futures contracts, written options and swaps	1,609
Net realized (loss) on foreign currency transactions	(4,224)
Net change in unrealized appreciation on investments	63,552
Net change in unrealized appreciation on Affiliate investments	26
Net change in unrealized appreciation on futures contracts, written options and swaps	3,571
Net change in unrealized (depreciation) on translation of assets and liabilities denominated in foreign currencies	(2,929)
Net Gain	94,705
Net Increase in Net Assets Resulting from Operations	$ 135,635

Statements of Changes in Net Assets PIMCO Real Return Portfolio

(Amounts in thousands)	Six Months Ended June 30, 2011 (Unaudited)	Year Ended December 31, 2010
Increase in Net Assets from:		
Operations:		
Net investment income	$ 40,930	$ 34,082
Net realized gain	30,454	140,838
Net realized gain on Affiliate investments	31	104
Net change in unrealized appreciation (depreciation)	64,194	(14,466)
Net change in unrealized appreciation (depreciation) on Affiliate investments	26	(26)
Net increase resulting from operations	135,635	160,532
Distributions to Shareholders:		
From net investment income		
Institutional Class	(1,607)	(1,485)
Administrative Class	(35,948)	(29,202)
Advisor Class	(3,450)	(1,000)
From net realized capital gains		
Institutional Class	0	(892)
Administrative Class	0	(19,672)
Advisor Class	0	(1,435)
Total Distributions	(41,005)	(53,686)
Portfolio Share Transactions:		
Net increase resulting from Portfolio share transactions**	319,039	581,271
Total Increase in Net Assets	413,669	688,117
Net Assets:		
Beginning of period	2,567,737	1,879,620
End of period*	$ 2,981,406	$ 2,567,737
*Including undistributed net investment income of:	$ 22,748	$ 22,823

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

	PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
BANK LOAN OBLIGATIONS 0.5%		
International Lease Finance Corp.		
6.750% due 02/23/2015	$ 1,000	$ 1,004
7.000% due 03/17/2016	5,900	5,940
NRG Energy, Inc.		
3.500% due 07/01/2018	7,000	7,010
Vodafone Group PLC		
6.875% due 08/11/2015	1,200	1,242
6.875% due 08/17/2015	42	44
Total Bank Loan Obligations (Cost $15,009)		15,240
CORPORATE BONDS & NOTES 29.7%		
BANKING & FINANCE 26.9%		
Achmea Hypotheekbank NV		
3.200% due 11/03/2014	5,700	5,985
Ally Financial, Inc.		
3.466% due 02/11/2014	15,400	15,144
3.646% due 06/20/2014	1,400	1,370
6.625% due 05/15/2012	2,000	2,048
6.750% due 12/01/2014	1,600	1,678
6.875% due 09/15/2011	3,100	3,127
8.300% due 02/12/2015	900	1,008
American Express Bank FSB		
0.316% due 05/29/2012	1,480	1,477
American Express Centurion Bank		
0.340% due 06/12/2012	2,100	2,096
American Express Co.		
7.250% due 05/20/2014	5,700	6,521
American Express Credit Corp.		
0.306% due 02/24/2012	2,700	2,698
5.875% due 05/02/2013	300	323
American International Group, Inc.		
5.850% due 01/16/2018	1,300	1,363
8.175% due 05/15/2068	4,900	5,372
8.250% due 08/15/2018	1,600	1,838
ANZ National International Ltd.		
0.700% due 08/19/2014	4,000	4,028
6.200% due 07/19/2013	3,200	3,488
Banco Mercantil del Norte S.A.		
4.375% due 07/19/2015	5,100	5,208
Banco Santander Brasil S.A.		
2.346% due 03/18/2014	7,100	7,142
Bank of Montreal		
2.850% due 06/09/2015	7,900	8,189
Barclays Bank PLC		
6.050% due 12/04/2017	2,300	2,437
7.434% due 09/29/2049	700	719
BBVA Bancomer S.A.		
6.500% due 03/10/2021	5,400	5,535
BPCE S.A.		
2.375% due 10/04/2013	7,900	8,033
Citigroup, Inc.		
1.111% due 02/15/2013	35,100	34,980
1.575% due 03/05/2014	EUR 2,100	2,960
2.262% due 08/13/2013	$ 1,000	1,019
5.250% due 02/27/2012	3,200	3,293
5.300% due 10/17/2012	1,000	1,050
6.000% due 12/13/2013	6,599	7,177
6.400% due 03/27/2013	EUR 5,000	7,642
Commonwealth Bank of Australia		
0.525% due 09/17/2014	$ 4,900	4,908
0.705% due 07/12/2013	26,600	26,601
0.746% due 06/25/2014	7,100	7,157
Countrywide Financial Corp.		
5.800% due 06/07/2012	1,500	1,565
Credit Suisse		
1.241% due 01/14/2014	$ 31,400	$ 31,549
DanFin Funding Ltd.		
0.976% due 07/16/2013	8,300	8,302
Danske Bank A/S		
1.331% due 04/14/2014	13,700	13,711
Dexia Credit Local		
0.652% due 03/05/2013	4,500	4,490
Dexia Credit Local S.A.		
0.753% due 04/29/2014	27,000	26,918
0.896% due 09/23/2011	2,500	2,503
FIH Erhvervsbank A/S		
2.000% due 06/12/2013	1,200	1,227
Ford Motor Credit Co. LLC		
3.033% due 01/13/2012	1,400	1,404
7.000% due 10/01/2013	6,100	6,533
7.250% due 10/25/2011	3,200	3,248
7.500% due 08/01/2012	2,446	2,562
7.800% due 06/01/2012	5,800	6,067
8.000% due 06/01/2014	3,400	3,731
General Electric Capital Corp.		
0.246% due 09/21/2012	30,900	30,944
0.246% due 12/21/2012	54,100	54,168
Goldman Sachs Group, Inc.		
1.720% due 11/15/2014	EUR 8,100	11,407
HCP, Inc.		
6.700% due 01/30/2018	$ 3,000	3,357
HSBC Bank PLC		
1.076% due 01/17/2014	9,500	9,557
HSBC Finance Corp.		
0.528% due 01/15/2014	4,600	4,528
0.625% due 07/19/2012	800	800
1.787% due 04/05/2013	EUR 2,100	3,015
Hyundai Capital Services, Inc.		
4.375% due 07/27/2016	$ 4,900	5,028
ICICI Bank Ltd.		
2.007% due 02/24/2014	3,700	3,680
ING Bank Australia Ltd.		
5.668% due 06/24/2014	AUD 800	864
ING Bank NV		
0.913% due 01/13/2012	$ 13,200	13,225
1.046% due 03/30/2012	22,400	22,492
1.596% due 10/18/2013	6,900	6,962
International Lease Finance Corp.		
5.625% due 09/20/2013	1,600	1,630
6.375% due 03/25/2013	1,000	1,035
6.500% due 09/01/2014	1,400	1,491
6.625% due 11/15/2013	900	936
6.750% due 09/01/2016	1,200	1,284
7.125% due 09/01/2018	2,500	2,688
LeasePlan Corp. NV		
3.000% due 05/07/2012	5,000	5,112
Lehman Brothers Holdings, Inc.		
5.125% due 06/27/2014 (a)	EUR 1,750	615
6.875% due 05/02/2018 (a)	$ 1,900	520
7.000% due 09/27/2027 (a)	100	27
Liberty Mutual Group, Inc.		
5.750% due 03/15/2014	1,000	1,061
Macquarie Bank Ltd.		
2.600% due 01/20/2012	1,300	1,316
4.100% due 12/17/2013	9,000	9,684
Marsh & McLennan Cos., Inc.		
5.750% due 09/15/2015	4,000	4,398
Merrill Lynch & Co., Inc.		
0.482% due 06/05/2012	$ 1,000	998
1.621% due 01/31/2014	EUR 7,100	10,068
1.699% due 08/09/2013	EUR 2,700	$ 3,846
2.276% due 09/27/2012	900	1,280
6.050% due 08/15/2012	$ 14,800	15,583
Metropolitan Life Global Funding I		
1.370% due 09/17/2012	8,900	8,992
Morgan Stanley		
0.590% due 01/09/2014	8,600	8,390
0.758% due 10/15/2015	1,700	1,611
1.638% due 07/20/2012	EUR 800	1,156
1.730% due 11/29/2013	9,100	12,868
1.760% due 03/01/2013	2,600	3,729
2.761% due 05/14/2013	$ 4,200	4,315
NIBC Bank NV		
2.800% due 12/02/2014	21,600	22,496
Nordea Bank AB		
1.181% due 01/14/2014	24,500	24,733
Pricoa Global Funding I		
0.376% due 06/26/2012	15,100	15,030
Prudential Financial, Inc.		
4.630% due 06/10/2013	2,000	2,006
Royal Bank of Scotland Group PLC		
0.514% due 03/30/2012	26,200	26,236
1.174% due 04/23/2012	700	704
1.450% due 10/20/2011	22,200	22,274
1.611% due 01/30/2017	EUR 1,200	1,556
2.678% due 08/23/2013	$ 14,900	15,292
3.000% due 12/09/2011	2,200	2,225
Santander U.S. Debt S.A. Unipersonal		
1.046% due 03/30/2012	19,000	19,006
SLM Corp.		
4.232% due 04/01/2014	480	471
Svenska Handelsbanken AB		
1.248% due 09/14/2012	7,400	7,469
Turkiye Garanti Bankasi A/S		
2.774% due 04/20/2016	1,700	1,696
UBS AG		
2.250% due 08/12/2013	4,200	4,274
Vita Capital III Ltd.		
1.424% due 01/01/2012	700	695
Wachovia Corp.		
1.570% due 02/13/2014	EUR 2,100	2,987
Westpac Banking Corp.		
0.438% due 12/14/2012	$ 34,000	34,025
0.530% due 09/10/2014	1,100	1,102
2.700% due 12/09/2014	5,100	5,315
3.585% due 08/14/2014	6,300	6,712
Westpac Securities NZ Ltd.		
2.500% due 05/25/2012	3,800	3,862
		802,250
INDUSTRIALS 2.7%		
Alcoa, Inc.		
6.750% due 07/15/2018	1,900	2,103
Cadbury Schweppes U.S. Finance LLC		
5.125% due 10/01/2013	1,300	1,409
Cardinal Health, Inc.		
6.000% due 06/15/2017	300	339
DISH DBS Corp.		
7.000% due 10/01/2013	5,000	5,394
Dow Chemical Co.		
2.518% due 08/08/2011	6,500	6,514
4.850% due 08/15/2012	1,700	1,776
Gazprom OAO Via Gaz Capital S.A.		
5.092% due 11/29/2015	2,100	2,200
7.343% due 04/11/2013	500	548

See Accompanying Notes

	PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
Masco Corp.		
6.125% due 10/03/2016	$ 1,500	$ 1,542
NXP BV		
4.077% due 10/15/2013	EUR 7,293	10,549
Petrobras International Finance Co.		
3.875% due 01/27/2016	$ 12,900	13,195
Petroleos Mexicanos		
5.500% due 01/21/2021	1,800	1,896
6.500% due 06/02/2041	2,200	2,243
Rexam PLC		
6.750% due 06/01/2013	1,200	1,304
Starwood Hotels & Resorts Worldwide, Inc.		
6.750% due 05/15/2018	1,000	1,112
UST LLC		
6.625% due 07/15/2012	2,500	2,643
Videotron Ltee		
6.875% due 01/15/2014	1,900	1,931
Volkswagen International Finance NV		
0.757% due 10/01/2012	22,500	22,567
Xstrata Canada Corp.		
7.350% due 06/05/2012	1,000	1,055
		80,320
UTILITIES 0.1%		
AK Transneft OJSC Via TransCapitalInvest Ltd.		
7.700% due 08/07/2013	2,400	2,665
Total Corporate Bonds & Notes (Cost $870,867)		885,235
MUNICIPAL BONDS & NOTES 0.3%		
CALIFORNIA 0.0%		
Golden State, California Tobacco Securitization Corp. Revenue Bonds, Series 2007		
5.750% due 06/01/2047	600	439
NORTH CAROLINA 0.3%		
North Carolina State Education Assistance Authority		
0.785% due 10/26/2020	7,300	7,286
OHIO 0.0%		
Ohio State Buckeye Tobacco Settlement Financing Authority Revenue Bonds, Series 2007		
6.000% due 06/01/2042	900	668
RHODE ISLAND 0.0%		
Rhode Island State Tobacco Settlement Financing Corp. Revenue Bonds, Series 2002		
6.000% due 06/01/2023	265	268
WEST VIRGINIA 0.0%		
West Virginia State Tobacco Settlement Financing Authority Revenue Bonds, Series 2007		
7.467% due 06/01/2047	1,035	768
Total Municipal Bonds & Notes (Cost $9,962)		9,429
U.S. GOVERNMENT AGENCIES 6.2%		
Fannie Mae		
0.246% due 12/25/2036	148	146
0.336% due 08/25/2034	176	170
0.536% due 05/25/2042	189	189
0.626% due 05/25/2036	172	173
0.750% due 12/18/2013	30,300	30,307
0.866% due 02/25/2041	11,664	11,766
0.986% due 02/25/2036	720	721

	PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
1.250% due 03/14/2014	$ 10,100	$ 10,214
1.495% due 06/01/2043 - 09/01/2044	1,333	1,333
2.445% due 11/01/2024	14	14
2.534% due 05/25/2035	1,149	1,197
2.680% due 11/01/2034	2,221	2,342
4.500% due 04/01/2023 - 04/01/2024	12,510	13,298
4.558% due 12/01/2036	2,497	2,612
5.287% due 10/01/2035	794	852
5.375% due 04/11/2022	1,600	1,656
5.950% due 02/25/2044	214	216
6.000% due 03/09/2020	9,500	9,599
6.280% due 06/15/2027	1,000	1,024
Freddie Mac		
0.146% due 03/21/2013	44,600	44,595
0.337% due 10/15/2020	2,325	2,322
0.417% due 02/15/2019	336	337
0.446% due 08/25/2031	95	92
0.537% due 12/15/2030	80	80
0.637% due 08/15/2033	11,923	11,969
1.484% due 10/25/2044	5,922	5,948
1.495% due 02/25/2045	1,809	1,787
2.489% due 01/01/2034	210	220
5.372% due 12/01/2035	556	598
Ginnie Mae		
0.486% due 03/20/2037	12,246	12,204
NCUA Guaranteed Notes		
0.640% due 10/07/2020	5,712	5,723
0.750% due 12/08/2020	6,577	6,616
Small Business Administration		
5.902% due 02/10/2018	699	782
6.020% due 08/01/2028	2,329	2,615
Total U.S. Government Agencies (Cost $182,353)		183,717
U.S. TREASURY OBLIGATIONS 81.2%		
Treasury Inflation Protected Securities (c)		
0.125% due 04/15/2016	16,910	17,291
0.625% due 04/15/2013	10,426	10,738
1.125% due 01/15/2021	31,762	32,976
1.250% due 04/15/2014	45,793	48,594
1.250% due 07/15/2020	10,311	10,904
1.375% due 01/15/2020	114,031	122,262
1.625% due 01/15/2015	43,689	47,393
1.625% due 01/15/2018	22,647	24,914
1.750% due 01/15/2028 (e)(g)(h)	124,767	130,693
1.875% due 07/15/2013	59,868	63,633
1.875% due 07/15/2015	52,838	58,275
1.875% due 07/15/2019	34,331	38,392
2.000% due 04/15/2012	143,447	146,618
2.000% due 01/15/2014	63,061	67,972
2.000% due 07/15/2014 (e)(h)	103,442	112,865
2.000% due 01/15/2016	96,849	107,646
2.000% due 01/15/2026	114,990	125,744
2.125% due 01/15/2019	16,338	18,563
2.125% due 02/15/2040	10,091	10,976
2.125% due 02/15/2041 (h)	83,728	90,910
2.375% due 01/15/2017	51,575	58,848
2.375% due 01/15/2025	119,130	137,000
2.375% due 01/15/2027 (e)(h)	96,044	109,558
2.500% due 07/15/2016	56,956	65,197
2.500% due 01/15/2029	53,208	61,888
2.625% due 07/15/2017	91,872	106,880
3.000% due 07/15/2012 (h)	91,753	95,767
3.375% due 01/15/2012	155,367	158,802
3.375% due 04/15/2032	1,267	1,677
3.625% due 04/15/2028 (h)	112,974	148,879
3.875% due 04/15/2029 (h)	137,157	188,076
Total U.S. Treasury Obligations (Cost $2,383,035)		2,419,931

	PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
MORTGAGE-BACKED SECURITIES 8.5%		
American General Mortgage Loan Trust		
5.150% due 03/25/2058	$ 5,705	$ 5,885
American Home Mortgage Investment Trust		
1.896% due 09/25/2045	724	596
Arran Residential Mortgages Funding PLC		
2.620% due 05/16/2047	EUR 1,052	1,525
2.624% due 11/19/2047	13,700	19,878
2.874% due 11/19/2047	26,700	38,711
Banc of America Commercial Mortgage, Inc.		
0.360% due 06/10/2049	$ 480	464
5.492% due 02/10/2051	420	450
5.802% due 06/10/2049	480	495
Banc of America Funding Corp.		
2.785% due 02/20/2036	1,790	1,653
5.775% due 01/20/2047	865	577
Banc of America Large Loan, Inc.		
0.697% due 08/15/2029	3,089	2,851
1.937% due 11/15/2015	9,461	8,785
5.672% due 02/17/2051	1,000	1,094
5.691% due 06/24/2050	1,600	1,757
Banc of America Mortgage Securities, Inc.		
2.867% due 06/25/2035	356	304
2.881% due 02/25/2036	1,404	1,128
5.060% due 11/25/2034	259	235
6.500% due 09/25/2033	61	64
BCAP LLC Trust		
5.250% due 08/26/2037	10,000	9,916
5.923% due 05/25/2037	2,400	1,880
Bear Stearns Adjustable Rate Mortgage Trust		
2.340% due 08/25/2035	744	703
2.400% due 08/25/2035	572	531
2.560% due 10/25/2035	2,338	2,054
2.710% due 03/25/2035	1,022	962
2.731% due 03/25/2035	316	297
2.769% due 03/25/2035	981	767
3.113% due 01/25/2035	4,022	3,606
4.845% due 01/25/2035	1,044	939
Bear Stearns Alt-A Trust		
2.897% due 03/25/2036	1,090	560
2.916% due 09/25/2035	3,450	2,515
Bear Stearns Structured Products, Inc.		
3.190% due 01/26/2036	3,154	2,026
Chase Mortgage Finance Corp.		
2.787% due 02/25/2037	206	186
Chaseflex Trust		
6.000% due 02/25/2037	977	750
Citigroup Commercial Mortgage Trust		
5.886% due 12/10/2049	91	99
Citigroup Mortgage Loan Trust, Inc.		
2.100% due 08/25/2035	87	82
2.370% due 08/25/2035	430	410
2.450% due 08/25/2035	445	388
2.660% due 12/25/2035	106	95
2.670% due 12/25/2035	2,246	2,088
5.661% due 09/25/2037	2,279	1,535
Citigroup/Deutsche Bank Commercial Mortgage Trust		
5.886% due 11/15/2044	200	218
Commercial Mortgage Pass-Through Certificates		
3.156% due 07/10/2046	2,370	2,388
Countrywide Alternative Loan Trust		
0.356% due 05/25/2047	12,172	8,059
0.366% due 02/20/2047	990	519
0.366% due 05/25/2047	321	176
0.376% due 09/25/2046	11,427	6,275
0.466% due 12/25/2035	59	40

See Accompanying Notes

		PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
1.278% due 12/25/2035	$	276	$ 172
6.000% due 01/25/2037		567	365
Countrywide Home Loan Mortgage Pass-Through Trust			
0.526% due 06/25/2035		352	319
2.903% due 11/19/2033		83	82
5.471% due 05/20/2036		324	219
5.500% due 08/25/2035		1,412	1,346
Credit Suisse Mortgage Capital Certificates			
5.467% due 09/18/2039		3,100	3,361
Deutsche ALT-A Securities, Inc.			
0.286% due 10/25/2036		40	17
Deutsche Mortgage Securities, Inc.			
1.441% due 06/28/2047		919	918
First Horizon Alternative Mortgage Securities			
2.343% due 06/25/2034		554	498
First Horizon Asset Securities, Inc.			
2.848% due 08/25/2035		1,285	1,080
Fosse Master Issuer PLC			
1.619% due 10/18/2054		11,800	11,784
Granite Master Issuer PLC			
0.226% due 12/20/2054		1,632	1,547
0.276% due 12/20/2054		343	325
0.286% due 12/20/2054		441	418
Granite Mortgages PLC			
1.015% due 09/20/2044	GBP	647	999
Greenpoint Mortgage Funding Trust			
0.266% due 10/25/2046	$	80	74
0.266% due 01/25/2047 (a)		591	556
0.406% due 06/25/2045		544	362
0.456% due 11/25/2045		298	184
GS Mortgage Securities Corp. II			
1.142% due 03/06/2020		174	173
1.317% due 03/06/2020		1,500	1,473
4.592% due 08/10/2043		6,000	6,037
GSR Mortgage Loan Trust			
2.790% due 09/25/2035		1,317	1,261
3.042% due 01/25/2035		737	658
Harborview Mortgage Loan Trust			
0.406% due 05/19/2035		164	109
0.466% due 02/19/2036		327	193
Holmes Master Issuer PLC			
2.677% due 10/15/2054	EUR	14,200	20,674
Indymac INDA Mortgage Loan Trust			
5.067% due 11/25/2035	$	2,180	1,836
Indymac Index Mortgage Loan Trust			
2.664% due 12/25/2034		361	270
JPMorgan Chase Commercial Mortgage Securities Corp.			
5.429% due 12/12/2043		310	335
5.794% due 02/12/2051		1,300	1,412
JPMorgan Mortgage Trust			
2.842% due 07/25/2035		1,679	1,622
2.968% due 07/25/2035		718	684
3.079% due 08/25/2035		796	648
3.141% due 08/25/2035		858	722
5.015% due 02/25/2035		1,751	1,743
5.433% due 09/25/2035		421	394
5.456% due 07/27/2037		1,741	1,464
LB-UBS Commercial Mortgage Trust			
5.424% due 02/15/2040		225	243
MASTR Adjustable Rate Mortgages Trust			
2.836% due 11/21/2034		700	672
Mellon Residential Funding Corp.			
0.627% due 12/15/2030		439	406
0.887% due 11/15/2031		541	500

		PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
Merrill Lynch Countrywide Commercial Mortgage Trust			
5.700% due 09/12/2049	$	200	$ 216
Merrill Lynch Floating Trust			
0.257% due 06/15/2022		30	30
Merrill Lynch Mortgage Investors, Inc.			
0.396% due 02/25/2036		1,868	1,375
5.426% due 12/25/2035		851	741
MLCC Mortgage Investors, Inc.			
0.436% due 11/25/2035		757	653
1.191% due 10/25/2035		449	370
1.653% due 10/25/2035		2,290	2,052
Morgan Stanley Capital I			
0.247% due 10/15/2020		154	150
6.074% due 06/11/2049		600	656
Morgan Stanley Mortgage Loan Trust			
2.301% due 06/25/2036		1,289	1,215
Opteum Mortgage Acceptance Corp.			
0.446% due 07/25/2035		121	113
Permanent Master Issuer PLC			
2.617% due 07/15/2042	EUR	1,400	2,034
RBSCF Trust			
6.213% due 12/16/2049	$	2,500	2,736
Residential Accredit Loans, Inc.			
0.486% due 08/25/2035		224	136
Securitized Asset Sales, Inc.			
2.565% due 11/26/2023		5	5
Sequoia Mortgage Trust			
0.386% due 07/20/2036		2,694	2,129
0.536% due 10/19/2026		173	155
Structured Adjustable Rate Mortgage Loan Trust			
0.426% due 06/25/2035		146	121
1.695% due 01/25/2035		222	142
2.580% due 02/25/2034		388	362
2.638% due 08/25/2035		320	251
5.500% due 12/25/2034		1,735	1,608
Structured Asset Mortgage Investments, Inc.			
0.376% due 06/25/2036		173	109
0.396% due 04/25/2036		717	440
0.436% due 07/19/2035		2,352	2,057
0.516% due 10/19/2034		159	142
Structured Asset Securities Corp.			
0.236% due 05/25/2036		2	2
2.756% due 10/25/2035		193	156
Swan Trust			
6.190% due 04/25/2041	AUD	709	766
Thornburg Mortgage Securities Trust			
0.296% due 11/25/2046	$	3,398	3,356
0.306% due 10/25/2046		962	957
Vornado DP LLC			
4.004% due 09/13/2028		6,500	6,337
Wachovia Bank Commercial Mortgage Trust			
0.267% due 06/15/2020		2,602	2,361
0.277% due 09/15/2021		4,945	4,771
5.088% due 08/15/2041		1,400	1,498
5.418% due 01/15/2045		410	445
WaMu Mortgage Pass-Through Certificates			
0.446% due 11/25/2045		332	277
0.476% due 10/25/2045		2,018	1,665
1.008% due 01/25/2047		1,302	813
1.048% due 05/25/2047		741	498
1.088% due 12/25/2046		175	122
1.278% due 02/25/2046		267	202
1.478% due 11/25/2042		38	33
1.778% due 11/25/2046		189	140
2.859% due 07/25/2046		1,234	902
5.184% due 12/25/2035		489	456

		PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
5.523% due 08/25/2035	$	787	$ 690
5.936% due 10/25/2036		1,372	1,278
Wells Fargo Mortgage-Backed Securities Trust			
2.832% due 09/25/2034		252	251
Total Mortgage-Backed Securities (Cost $258,514)			252,645

ASSET-BACKED SECURITIES 6.2%

		PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
Access Group, Inc.			
1.574% due 10/27/2025		11,658	11,786
ACE Securities Corp.			
0.236% due 12/25/2036		28	27
AMMC CDO			
0.482% due 05/03/2018		500	489
Aquilae CLO PLC			
1.469% due 01/17/2023	EUR	3,407	4,630
ARES CLO Funds			
0.477% due 03/12/2018	$	2,044	1,996
Asset-Backed Funding Certificates			
0.246% due 01/25/2037		19	19
0.536% due 06/25/2034		1,480	1,180
Babson CLO Ltd.			
0.581% due 11/15/2016		2,024	1,977
Bear Stearns Asset-Backed Securities Trust			
0.236% due 11/25/2036		13	13
0.516% due 01/25/2036		2	2
0.846% due 10/25/2032		25	23
Carrington Mortgage Loan Trust			
0.236% due 01/25/2037		122	120
Citibank Omni Master Trust			
2.287% due 05/16/2016		10,400	10,527
2.937% due 08/15/2018		6,500	6,839
Citigroup Mortgage Loan Trust, Inc.			
0.266% due 01/25/2037		383	279
College Loan Corp. Trust			
0.524% due 01/25/2024		800	804
Conseco Finance Securitizations Corp.			
6.681% due 12/01/2033		112	120
Countrywide Asset-Backed Certificates			
0.236% due 06/25/2047		104	103
0.256% due 06/25/2047		149	148
0.366% due 07/25/2036		4,978	4,280
0.436% due 04/25/2036		376	332
Credit-Based Asset Servicing & Securitization LLC			
0.246% due 11/25/2036		203	162
Cumberland CLO Ltd.			
0.517% due 11/10/2019		4,519	4,343
Duane Street CLO			
0.518% due 11/08/2017		1,456	1,407
Equity One ABS, Inc.			
0.486% due 04/25/2034		93	71
First CLO Ltd.			
0.558% due 12/14/2016		1,364	1,330
First Franklin Mortgage Loan Asset-Backed Certificates			
0.236% due 11/25/2036		52	51
0.526% due 11/25/2035		23,749	20,587
0.566% due 09/25/2035		14,835	13,840
Ford Credit Auto Owner Trust			
1.607% due 06/15/2012		521	522
GSAMP Trust			
0.256% due 12/25/2036		171	118
Harbourmaster CLO Ltd.			
1.731% due 06/15/2020	EUR	714	984

See Accompanying Notes

		PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
Harvest CLO S.A.			
2.003% due 03/29/2017	EUR	544	$ 753
HSBC Home Equity Loan Trust			
0.336% due 03/20/2036	$	2,419	2,225
HSI Asset Securitization Corp. Trust			
0.236% due 10/25/2036		19	14
0.236% due 12/25/2036		83	80
Illinois Student Assistance Commission			
0.754% due 04/25/2017		1,668	1,668
JPMorgan Mortgage Acquisition Corp.			
0.236% due 10/25/2036		210	206
Katonah Ltd.			
0.566% due 09/20/2016		3,878	3,783
Landmark CDO Ltd.			
0.554% due 06/01/2017		6,407	6,192
Magi Funding PLC			
1.835% due 04/11/2021	EUR	2,231	3,025
Magnolia Funding Ltd.			
3.000% due 04/20/2017		958	1,400
Merrill Lynch Mortgage Investors, Inc.			
0.256% due 07/25/2037	$	16	15
0.266% due 09/25/2037		31	8
0.306% due 02/25/2037		618	332
Morgan Stanley IXIS Real Estate Capital Trust			
0.236% due 11/25/2036		16	5
Nationstar Home Equity Loan Trust			
0.306% due 04/25/2037		125	123
Nautique Funding Ltd.			
0.528% due 04/15/2020		962	900
Navigare Funding CLO Ltd.			
0.520% due 05/20/2019		700	681
Navigator CDO Ltd.			
1.111% due 11/15/2015		339	330
Nelnet Student Loan Trust			
0.974% due 07/25/2018		1,365	1,372
NYLIM Flatiron CLO Ltd.			
0.488% due 08/08/2020		600	567
Pacifica CDO Ltd.			
0.611% due 02/15/2017		9,069	8,874
Park Place Securities, Inc.			
0.446% due 09/25/2035		31	28
Penta CLO S.A.			
1.934% due 06/04/2024	EUR	3,970	5,263
Racers			
0.476% due 07/25/2017	$	1,388	1,360
Renaissance Home Equity Loan Trust			
0.946% due 12/25/2032		65	47
Securitized Asset-Backed Receivables LLC Trust			
0.246% due 12/25/2036		428	137
SLM Student Loan Trust			
0.314% due 04/25/2019		8,800	8,527
0.384% due 04/25/2017		192	192
0.724% due 01/25/2017		1,500	1,503
1.429% due 10/25/2023	EUR	3,900	5,305
1.774% due 04/25/2023	$	18,604	19,226
1.837% due 12/15/2017		2,752	2,771
2.350% due 04/15/2039	$	5,729	$ 5,744
4.500% due 11/16/2043		8,829	8,517
Soundview Home Equity Loan Trust			
0.246% due 11/25/2036		69	22
0.986% due 10/25/2037		57	56
Structured Asset Securities Corp.			
0.236% due 10/25/2036		16	16
1.694% due 04/25/2035		800	644
Symphony CLO Ltd.			
0.501% due 05/15/2019		3,100	2,936
WaMu Asset-Backed Certificates			
0.236% due 01/25/2037		42	41
Wind River CLO Ltd.			
0.576% due 12/19/2016		769	743
Wood Street CLO BV			
1.763% due 03/29/2021	EUR	788	1,089
Total Asset-Backed Securities (Cost $182,637)			185,829

SOVEREIGN ISSUES 6.8%

		PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
Australia Government CPI Linked Bond			
2.500% due 09/20/2030 (c)	AUD	2,200	2,393
3.000% due 09/20/2025 (c)		11,400	13,631
4.000% due 08/20/2020 (c)		4,500	8,084
Canada Government Bond			
2.750% due 09/01/2016	CAD	9,600	10,129
Colombia Government International Bond			
10.000% due 01/23/2012	$	350	367
Export-Import Bank of Korea			
0.523% due 10/04/2011		1,600	1,600
Instituto de Credito Oficial			
3.276% due 03/25/2014	EUR	18,900	27,252
Italy Buoni Poliennali Del Tesoro Inflation Linked Bond			
2.100% due 09/15/2016 (c)		11,116	15,981
2.100% due 09/15/2021 (c)		39,583	53,718
2.350% due 09/15/2019 (c)		10,324	14,642
2.600% due 09/15/2023 (c)		3,622	5,100
Italy Certificati Di Credito Del Tesoro/CCTS-eu			
2.426% due 10/15/2017		13,700	19,120
New South Wales Treasury Corp.			
2.750% due 11/20/2025 (c)	AUD	8,800	10,172
Societe Financement de l'Economie Francaise			
0.476% due 07/16/2012	$	19,200	19,263
2.125% due 01/30/2012		700	707
Total Sovereign Issues (Cost $195,440)			202,159

CONVERTIBLE PREFERRED SECURITIES 0.0%

BANKING & FINANCE 0.0%

	SHARES	MARKET VALUE (000s)
Wells Fargo & Co.		
7.500% due 12/31/2049	800	848
Total Convertible Preferred Securities (Cost $800)		848

SHORT-TERM INSTRUMENTS 2.0%

CERTIFICATES OF DEPOSIT 1.7%

	PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
Banco Bradesco S.A.		
0.000% due 03/23/2012	$ 13,400	$ 13,345
Banco Do Brasil S.A.		
0.000% due 11/15/2011	3,500	3,513
Barclays Bank PLC		
1.345% due 12/16/2011	20,800	20,895
Itau Unibanco S.A.		
0.000% due 09/26/2011	13,400	13,364
		51,117

REPURCHASE AGREEMENTS 0.2%

	PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
Morgan Stanley & Co., Inc.		
0.010% due 07/01/2011	1,000	1,000
(Dated 06/30/2011. Collateralized by U.S. Treasury Notes 0.625% due 02/28/2013 valued at $1,023. Repurchase proceeds are $1,000.)		
State Street Bank and Trust Co.		
0.010% due 07/01/2011	4,087	4,087
(Dated 06/30/2011. Collateralized by U.S. Treasury Bills 0.000% due 07/21/2011 valued at $4,170. Repurchase proceeds are $4,087.)		
		5,087

SHORT-TERM NOTES 0.0%

	PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
Banco Santander Brasil S.A.		
2.596% due 12/28/2011	800	793

U.S. TREASURY BILLS 0.1%

	PRINCIPAL AMOUNT (000s)	MARKET VALUE (000s)
0.044% due 07/28/2011 - 10/20/2011 (b)(e)(f)	3,710	3,710

PIMCO SHORT-TERM FLOATING NAV PORTFOLIO (d) 0.0%

	SHARES	MARKET VALUE (000s)
	13,740	138
Total Short-Term Instruments (Cost $60,591)		60,845

PURCHASED OPTIONS (j) 0.0%

(Cost $647)		972
Total Investments 141.4% (Cost $4,159,855)	$	**4,216,850**
Written Options (k) (0.1%) (Premiums $6,718)		**(4,541)**
Other Assets and Liabilities (Net) (41.3%)		**(1,230,903)**
Net Assets 100.0%	$	**2,981,406**

See Accompanying Notes

Notes to Schedule of Investments (amounts in thousands*, except number of contracts):

* A zero balance may reflect actual amounts rounding to less than one thousand.

(a) Security is in default.

(b) Coupon represents a weighted average yield to maturity.

(c) Principal amount of security is adjusted for inflation.

See Accompanying Notes

(d) Affiliated to the Portfolio.

(e) Securities with an aggregate market value of $3,576 have been pledged as collateral as of June 30, 2011 for swap, swaption and foreign currency contracts as governed by International Swaps and Derivatives Association, Inc. Master Agreements.

(f) Securities with an aggregate market value of $1,150 have been pledged as collateral for delayed-delivery securities as governed by Master Securities Forward Transaction Agreements as of June 30, 2011.

(g) The average amount of borrowings while outstanding during the period ended June 30, 2011 was $9,663 at a weighted average interest rate of -0.214%. On June 30, 2011, securities valued at $29,468 were pledged as collateral for reverse repurchase agreements.

(h) Securities with an aggregate market value of $2,245 and cash of $5 have been pledged as collateral for the following open futures contracts on June 30, 2011:

Description	Type	Expiration Month	# of Contracts	Unrealized Appreciation/ (Depreciation)
90-Day Euribor December Futures	Long	12/2012	67	$ 98
90-Day Euribor June Futures	Long	06/2012	100	97
90-Day Euribor March Futures	Long	03/2013	67	101
90-Day Euribor September Futures	Long	09/2012	67	89
90-Day Eurodollar December Futures	Long	12/2011	289	106
90-Day Eurodollar December Futures	Long	12/2012	237	(16)
90-Day Eurodollar June Futures	Long	06/2012	241	180
90-Day Eurodollar March Futures	Long	03/2012	801	632
90-Day Eurodollar March Futures	Long	03/2013	185	(105)
90-Day Eurodollar September Futures	Long	09/2011	576	126
90-Day Eurodollar September Futures	Long	09/2012	226	124
Euro-Bobl September Futures	Long	09/2011	45	23
				$ 1,455

(i) Swap agreements outstanding on June 30, 2011:

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

Reference Entity	Counterparty	Fixed Deal (Pay) Rate	Maturity Date	Implied Credit Spread at June 30, 2011 [(3)]	Notional Amount [(4)]	Market Value	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)
Cadbury Holdings Ltd.	BOA	(0.460%)	12/20/2013	0.243%	$ 1,300	$ (7)	$ 0	$ (7)
Cardinal Health, Inc.	DUB	(0.590%)	06/20/2017	0.813%	300	4	0	4
DISH DBS Corp.	BOA	(3.650%)	12/20/2013	1.801%	3,500	(161)	0	(161)
DISH DBS Corp.	CITI	(3.650%)	12/20/2013	1.801%	1,500	(69)	0	(69)
HCP, Inc.	GSC	(2.910%)	03/20/2018	1.378%	3,000	(281)	0	(281)
International Lease Finance Corp.	BOA	(5.000%)	09/20/2013	2.771%	400	(20)	(13)	(7)
International Lease Finance Corp.	DUB	(1.600%)	12/20/2013	3.019%	900	30	0	30
Liberty Mutual Group, Inc.	BOA	(1.390%)	03/20/2014	1.388%	1,000	(1)	0	(1)
Marsh & McLennan Cos., Inc.	BOA	(0.830%)	09/20/2015	0.814%	2,000	(2)	0	(2)
Marsh & McLennan Cos., Inc.	DUB	(0.600%)	09/20/2015	0.814%	2,000	17	0	17
Masco Corp.	CITI	(1.910%)	12/20/2016	3.016%	1,500	79	0	79
Rexam PLC	BCLY	(1.450%)	06/20/2013	0.456%	1,200	(24)	0	(24)
Starwood Hotels & Resorts Worldwide, Inc.	BOA	(1.490%)	06/20/2018	1.853%	1,000	22	0	22
UST LLC	BOA	(0.340%)	09/20/2012	0.114%	2,500	(7)	0	(7)
Xstrata Canada Corp.	BOA	(0.910%)	06/20/2012	0.226%	1,000	(7)	0	(7)
						$ (427)	$ (13)	$ (414)

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

Reference Entity	Counterparty	Fixed Deal Receive Rate	Maturity Date	Implied Credit Spread at June 30, 2011 [(3)]	Notional Amount [(4)]	Market Value	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)
Alcoa, Inc.	JPM	1.000%	03/20/2018	2.190%	$ 1,100	$ (77)	$ (62)	$ (15)
Brazil Government International Bond	BCLY	1.000%	06/20/2015	0.938%	2,600	7	(31)	38
Brazil Government International Bond	DUB	1.000%	06/20/2020	1.469%	6,000	(215)	(199)	(16)
Brazil Government International Bond	HSBC	1.000%	06/20/2015	0.938%	1,000	3	(14)	17
Brazil Government International Bond	JPM	1.000%	06/20/2015	0.938%	600	1	(7)	8
Brazil Government International Bond	RBS	1.000%	06/20/2015	0.938%	1,000	3	(19)	22
France Government Bond	BCLY	0.250%	12/20/2015	0.700%	500	(10)	(10)	0
France Government Bond	BOA	0.250%	12/20/2015	0.700%	6,500	(126)	(161)	35
France Government Bond	CITI	0.250%	06/20/2015	0.624%	2,900	(42)	(69)	27
France Government Bond	CITI	0.250%	12/20/2015	0.700%	2,600	(51)	(72)	21
France Government Bond	DUB	0.250%	06/20/2015	0.624%	2,700	(40)	(89)	49
France Government Bond	JPM	0.250%	06/20/2015	0.624%	2,400	(35)	(85)	50
France Government Bond	JPM	0.250%	12/20/2015	0.700%	2,600	(50)	(52)	2
France Government Bond	RBS	0.250%	12/20/2015	0.700%	1,500	(29)	(29)	0
Japan Government International Bond	BOA	1.000%	12/20/2015	0.792%	5,500	51	123	(72)
Japan Government International Bond	DUB	1.000%	12/20/2015	0.792%	400	3	8	(5)
Japan Government International Bond	GSC	1.000%	12/20/2015	0.792%	3,300	31	69	(38)
Japan Government International Bond	HSBC	1.000%	06/20/2016	0.867%	13,300	89	(6)	95
Japan Government International Bond	JPM	1.000%	12/20/2015	0.792%	2,300	21	47	(26)

Credit Default Swaps on Corporate and Sovereign Issues - Sell Protection [(2)] (Cont.)

Reference Entity	Counterparty	Fixed Deal Receive Rate	Maturity Date	Implied Credit Spread at June 30, 2011 [(3)]	Notional Amount [(4)]	Market Value	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)
Japan Government International Bond	RBS	1.000%	12/20/2015	0.792%	$ 2,300	$ 22	$ 52	$ (30)
Petrobras International Finance Co.	DUB	1.000%	09/20/2012	0.688%	700	3	(9)	12
Spain Government International Bond	GSC	1.000%	03/20/2016	2.571%	1,200	(79)	(68)	(11)
United Kingdom Gilt	BNP	1.000%	06/20/2016	0.590%	4,600	92	104	(12)
United Kingdom Gilt	CITI	1.000%	06/20/2015	0.478%	3,600	74	29	45
United Kingdom Gilt	CSFB	1.000%	12/20/2015	0.534%	5,100	105	120	(15)
United Kingdom Gilt	DUB	1.000%	06/20/2015	0.478%	1,600	33	8	25
United Kingdom Gilt	DUB	1.000%	12/20/2015	0.534%	2,500	52	58	(6)
						$ (164)	$ (364)	$ 200

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 Appreciation/ (Depreciation)
CDX.EM-14 5-Year Index	CITI	5.000%	12/20/2015	$ 16,600	$ 2,044	$ 2,205	$ (161)
CDX.EM-14 5-Year Index	DUB	5.000%	12/20/2015	3,100	382	460	(78)
CDX.EM-14 5-Year Index	JPM	5.000%	12/20/2015	9,200	1,133	1,288	(155)
CDX.EM-14 5-Year Index	MSC	5.000%	12/20/2015	7,200	887	1,015	(128)
CDX.EM-14 5-Year Index	RBS	5.000%	12/20/2015	2,000	246	275	(29)
CDX.EM-14 5-Year Index	UBS	5.000%	12/20/2015	3,900	480	550	(70)
CDX.EM-15 5-Year Index	BCLY	5.000%	06/20/2016	2,400	318	324	(6)
CDX.IG-16 5-Year Index	GSC	1.000%	06/20/2016	5,100	20	10	10
					$ 5,510	$ 6,127	$ (617)

(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 (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.

(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 issues and sovereign issues of an emerging country 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.

(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 quoted market 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 Floating Rate	Floating Rate Index	Fixed Rate	Maturity Date	Counterparty	Notional Amount	Market Value	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)
Pay	1-Year BRL-CDI	10.115%	01/02/2012	MSC	BRL 12,500	$ (305)	$ (222)	$ (83)
Pay	1-Year BRL-CDI	10.575%	01/02/2012	UBS	18,400	(209)	(5)	(204)
Pay	1-Year BRL-CDI	10.680%	01/02/2012	BCLY	14,400	(126)	(125)	(1)
Pay	1-Year BRL-CDI	11.250%	01/02/2012	JPM	9,000	(27)	0	(27)
Pay	1-Year BRL-CDI	11.290%	01/02/2012	MSC	32,900	(87)	(23)	(64)
Pay	1-Year BRL-CDI	11.360%	01/02/2012	HSBC	56,900	525	77	448
Pay	1-Year BRL-CDI	11.630%	01/02/2012	MSC	19,000	76	(14)	90
Pay	1-Year BRL-CDI	11.670%	01/02/2012	HSBC	2,400	45	20	25
Pay	1-Year BRL-CDI	12.540%	01/02/2012	MLP	8,500	278	(35)	313
Pay	1-Year BRL-CDI	12.540%	01/02/2012	MSC	5,200	170	(15)	185
Pay	1-Year BRL-CDI	14.765%	01/02/2012	HSBC	400	27	3	24
Pay	1-Year BRL-CDI	14.765%	01/02/2012	MLP	2,200	147	4	143
Pay	1-Year BRL-CDI	11.880%	01/02/2013	BNP	9,900	34	(47)	81
Pay	1-Year BRL-CDI	11.890%	01/02/2013	GSC	37,100	150	19	131
Pay	1-Year BRL-CDI	11.890%	01/02/2013	HSBC	11,500	46	16	30
Pay	1-Year BRL-CDI	11.980%	01/02/2013	MSC	9,600	49	0	49
Pay	1-Year BRL-CDI	12.070%	01/02/2013	UBS	10,900	73	(29)	102
Pay	1-Year BRL-CDI	12.170%	01/02/2013	JPM	3,600	29	15	14
Pay	1-Year BRL-CDI	12.285%	01/02/2013	BCLY	16,700	167	65	102
Receive	3-Month USD-LIBOR	4.250%	06/15/2041	BCLY	$ 10,400	(348)	62	(410)
Receive	3-Month USD-LIBOR	4.250%	06/15/2041	GSC	17,800	(595)	612	(1,207)
						$ 119	$ 378	$ (259)

(j) Purchased options outstanding on June 30, 2011:

Interest Rate Swaptions

Description	Counterparty	Floating Rate Index	Pay/Receive Floating Rate	Exercise Rate	Expiration Date	Notional Amount	Cost	Market Value
Call - OTC 1-Year Interest Rate Swap	GSC	3-Month USD-LIBOR	Pay	1.250%	04/30/2012	$ 61,100	$ 207	$ 320
Put - OTC 1-Year Interest Rate Swap	GSC	3-Month USD-LIBOR	Receive	2.000%	11/19/2012	37,500	91	91
Call - OTC 1-Year Interest Rate Swap	RBS	3-Month USD-LIBOR	Pay	1.250%	04/30/2012	106,900	349	561
							$ 647	$ 972

(k) Written options outstanding on June 30, 2011:

Options on Exchange-Traded Futures Contracts

Description	Exercise Price	Expiration Date	# of Contracts	Premium	Market Value
Put - CBOT U.S. Treasury 5-Year Note August Futures	$ 118.000	07/22/2011	120	$ 26	$ (27)
Call - CBOT U.S. Treasury 5-Year Note August Futures	120.000	07/22/2011	87	30	(19)
Put - CBOT U.S. Treasury 10-Year Note August Futures	121.000	07/22/2011	57	19	(24)
Call - CBOT U.S. Treasury 10-Year Note August Futures	125.000	07/22/2011	57	26	(5)
Put - CME 90-Day Eurodollar September Futures	99.375	09/19/2011	113	73	(8)
Call - CME 90-Day Eurodollar September Futures	99.375	09/19/2011	113	53	(88)
				$ 227	$ (171)

Interest Rate Swaptions

Description	Counterparty	Floating Rate Index	Pay/Receive Floating Rate	Exercise Rate	Expiration Date	Notional Amount	Premium	Market Value
Put - OTC 1-Year Interest Rate Swap	GSC	3-Month USD-LIBOR	Pay	2.000%	04/30/2012	$ 122,200	$ 217	$ (71)
Put - OTC 1-Year Interest Rate Swap	GSC	3-Month USD-LIBOR	Pay	1.000%	11/19/2012	37,500	214	(222)
Put - OTC 1-Year Interest Rate Swap	RBS	3-Month USD-LIBOR	Pay	2.000%	04/30/2012	213,800	362	(125)
Put - OTC 2-Year Interest Rate Swap	BOA	3-Month USD-LIBOR	Pay	2.250%	09/24/2012	8,600	59	(45)
Put - OTC 2-Year Interest Rate Swap	MSC	3-Month USD-LIBOR	Pay	2.250%	09/24/2012	4,100	26	(22)
Put - OTC 2-Year Interest Rate Swap	RBS	3-Month USD-LIBOR	Pay	2.250%	09/24/2012	172,100	1,381	(906)
Put - OTC 3-Year Interest Rate Swap	BCLY	3-Month USD-LIBOR	Pay	3.000%	06/18/2012	4,600	40	(18)
Put - OTC 3-Year Interest Rate Swap	BOA	3-Month USD-LIBOR	Pay	3.000%	06/18/2012	29,400	295	(112)
Put - OTC 3-Year Interest Rate Swap	CITI	3-Month USD-LIBOR	Pay	3.000%	06/18/2012	24,800	282	(95)
Put - OTC 3-Year Interest Rate Swap	DUB	3-Month USD-LIBOR	Pay	3.000%	06/18/2012	15,000	168	(57)
Put - OTC 3-Year Interest Rate Swap	JPM	3-Month USD-LIBOR	Pay	3.000%	06/18/2012	19,600	180	(75)
Put - OTC 3-Year Interest Rate Swap	RBS	3-Month USD-LIBOR	Pay	3.000%	06/18/2012	29,200	324	(112)
Call - OTC 5-Year Interest Rate Swap	RBS	3-Month USD-LIBOR	Receive	1.800%	08/24/2011	11,900	23	(18)
Put - OTC 5-Year Interest Rate Swap	RBS	3-Month USD-LIBOR	Pay	2.500%	08/24/2011	11,900	49	(28)
Call - OTC 10-Year Interest Rate Swap	CSFB	3-Month USD-LIBOR	Receive	3.000%	08/24/2011	22,400	124	(76)
Put - OTC 10-Year Interest Rate Swap	CSFB	3-Month USD-LIBOR	Pay	3.750%	08/24/2011	22,400	124	(72)
Call - OTC 10-Year Interest Rate Swap	MSC	3-Month USD-LIBOR	Receive	3.000%	10/11/2011	41,400	286	(249)
Put - OTC 10-Year Interest Rate Swap	MSC	3-Month USD-LIBOR	Pay	3.750%	10/11/2011	41,400	468	(362)
Put - OTC 10-Year Interest Rate Swap	MSC	3-Month USD-LIBOR	Pay	10.000%	07/10/2012	3,700	24	0
Put - OTC 10-Year Interest Rate Swap	RBS	3-Month USD-LIBOR	Pay	10.000%	07/10/2012	6,300	43	0
							$ 4,689	$ (2,665)

Credit Default Swaptions on Credit Indices

Description	Counterparty	Buy/Sell Protection	Exercise Rate	Expiration Date	Notional Amount	Premium	Market Value
Call - OTC CDX.IG-15 5-Year Index	BNP	Buy	0.800%	09/21/2011	$ 9,100	$ 20	$ (20)
Put - OTC CDX.IG-15 5-Year Index	BNP	Sell	1.200%	09/21/2011	9,100	37	(5)
Call - OTC CDX.IG-15 5-Year Index	CSFB	Buy	0.800%	09/21/2011	2,100	8	(5)
Put - OTC CDX.IG-15 5-Year Index	CSFB	Sell	1.200%	09/21/2011	2,100	10	(1)
Put - OTC CDX.IG-15 5-Year Index	UBS	Sell	1.200%	09/21/2011	1,500	8	(1)
Put - OTC CDX.IG-16 5-Year Index	MSC	Sell	1.300%	09/21/2011	4,500	20	(5)
						$ 103	$ (37)

Foreign Currency Options

Description	Counterparty	Exercise Price	Expiration Date	Notional Amount	Premium	Market Value
Put - OTC AUD versus USD	UBS	$ 0.998	08/18/2011	AUD 16,400	$ 149	$ (47)

Straddle Options

Description	Counterparty	Exercise Level [6]	Expiration Date	Notional Amount	Premium [6]	Market Value
Call & Put - OTC 1-Year vs. 1-Year Forward Volatility Agreement	GSC	0.000%	10/11/2011	$ 16,800	$ 89	$ (109)
Call & Put - OTC 1-Year vs. 1-Year Forward Volatility Agreement	JPM	0.000%	10/11/2011	16,400	83	(106)
Call & Put - OTC 1-Year vs. 2-Year Forward Volatility Agreement	MSC	0.000%	10/11/2011	35,200	391	(571)
Call & Put - OTC 1-Year vs. 2-Year Forward Volatility Agreement	MSC	0.000%	11/14/2011	40,400	439	(662)
					$ 1,002	$ (1,448)

(6) Exercise level and final premium determined on a future date, based upon implied volatility parameters.

Inflation Floor Options

Description	Counterparty	Strike Index	Exercise Index	Expiration Date	Notional Amount	Premium	Market Value
Floor - OTC CPURNSA Index	CITI	215.949	Maximum of $((1 + 0.000\%)^{10}$ - Inflation Adjustment) or 0	03/12/2020	$ 18,900	$ 160	$ (51)
Floor - OTC CPURNSA Index	CITI	216.687	Maximum of $((1 + 0.000\%)^{10}$ - Inflation Adjustment) or 0	04/07/2020	33,400	298	(93)
Floor - OTC CPURNSA Index	CITI	217.965	Maximum of $((1 + 0.000\%)^{10}$ - Inflation Adjustment) or 0	09/29/2020	4,400	57	(13)
Floor - OTC CPURNSA Index	DUB	215.949	Maximum of $((1 + 0.000\%)^{10}$ - Inflation Adjustment) or 0	03/10/2020	4,400	33	(16)
						$ 548	$ (173)

Transactions in written call and put options for the period ended June 30, 2011:

	# of Contracts	Notional Amount in $	Notional Amount in AUD	Notional Amount in EUR	Premium
Balance at 12/31/2010	2,468	$ 560,100	AUD 0	EUR 16,600	$ 5,979
Sales	1,664	666,500	16,400	0	3,097
Closing Buys	(3,585)	(176,800)	0	(16,600)	(2,307)
Expirations	0	0	0	0	0
Exercised	0	(9,200)	0	0	(51)
Balance at 06/30/2011	547	$ 1,040,600	AUD 16,400	EUR 0	$ 6,718

(l) Foreign currency contracts outstanding on June 30, 2011:

Type	Currency	Principal Amount Covered by Contract	Settlement Month	Counterparty	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation)
Sell	AUD	7,934	07/2011	DUB	$ 0	$ (216)	$ (216)
Sell	BRL	22,579	08/2011	BCLY	0	(252)	(252)
Buy		22,579	08/2011	UBS	406	0	406
Buy		22,579	09/2011	BCLY	247	0	247
Buy	CAD	9,307	09/2011	DUB	184	0	184
Buy		3,802	09/2011	RBC	79	0	79
Buy	CNY	10,465	11/2011	BCLY	11	(1)	10
Buy		9,336	11/2011	JPM	0	(3)	(3)
Buy		7,103	11/2011	RBS	5	0	5
Buy		12,000	02/2012	DUB	17	0	17
Buy		33,446	02/2012	JPM	75	0	75
Sell	EUR	4,550	07/2011	JPM	0	(17)	(17)
Sell		50	07/2011	UBS	0	0	0
Sell		242,713	09/2011	BNP	0	(4,499)	(4,499)
Sell	GBP	732	09/2011	UBS	28	0	28
Buy	IDR	42,917,600	10/2011	CITI	308	0	308
Buy		19,055,000	10/2011	GSC	137	0	137
Buy		14,251,200	01/2012	CITI	54	0	54
Buy	INR	66,911	08/2011	BCLY	13	0	13
Buy		137,000	08/2011	DUB	126	0	126
Buy		353,000	08/2011	HSBC	302	0	302
Buy		213,252	08/2011	JPM	129	0	129
Buy		540,738	08/2011	RBS	427	0	427
Sell	JPY	675,822	07/2011	JPM	0	(327)	(327)
Buy	KRW	17,135,942	08/2011	CITI	284	0	284
Buy		18,000,000	08/2011	JPM	477	0	477
Buy	MXN	43,652	07/2011	CITI	28	0	28
Buy		80,889	07/2011	HSBC	167	0	167
Buy		44,605	07/2011	MSC	119	0	119
Sell		169,146	07/2011	MSC	0	(58)	(58)
Buy		169,146	11/2011	MSC	69	0	69
Buy	MYR	11,757	08/2011	BCLY	96	0	96
Buy		10,870	08/2011	CITI	81	0	81
Buy		3,099	08/2011	HSBC	21	0	21
Buy		1,800	08/2011	JPM	13	0	13

Type	Currency	Principal Amount Covered by Contract	Settlement Month	Counterparty	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation)
Buy	MYR	2,886	11/2011	CITI	$ 0	$ (15)	$ (15)
Buy	PHP	258,978	11/2011	BCLY	117	0	117
Buy		82,700	11/2011	CITI	36	0	36
Buy		94,700	03/2012	CITI	0	(9)	(9)
Buy		307,798	03/2012	JPM	0	(16)	(16)
Buy	SGD	600	09/2011	BCLY	19	0	19
Buy		1,300	09/2011	CITI	42	0	42
Buy		5,400	09/2011	DUB	32	0	32
Buy		2,000	09/2011	GSC	4	0	4
Buy		3,734	09/2011	JPM	57	0	57
Buy		4,400	09/2011	RBS	75	0	75
Buy		1,400	09/2011	UBS	0	0	0
Buy		1,386	12/2011	CITI	29	0	29
					$ 4,314	$ (5,413)	$ (1,099)

(m) Fair Value Measurements [1]

The following is a summary of the fair valuations according to the inputs used as of June 30, 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 06/30/2011
Investments, at value				
Bank Loan Obligations	$ 0	$ 15,240	$ 0	$ 15,240
Corporate Bonds & Notes				
Banking & Finance	0	801,555	695	802,250
Industrials	0	80,320	0	80,320
Utilities	0	2,665	0	2,665
Municipal Bonds & Notes				
California	0	439	0	439
North Carolina	0	7,286	0	7,286
Ohio	0	668	0	668
Rhode Island	0	268	0	268
West Virginia	0	768	0	768
U.S. Government Agencies	0	171,378	12,339	183,717
U.S. Treasury Obligations	0	2,419,931	0	2,419,931
Mortgage-Backed Securities	0	240,849	11,796	252,645
Asset-Backed Securities	0	180,215	5,614	185,829
Sovereign Issues	0	202,159	0	202,159
Convertible Preferred Securities				
Banking & Finance	848	0	0	848
Short-Term Instruments				
Certificates of Deposit	0	51,117	0	51,117
Repurchase Agreements	0	5,087	0	5,087
Short-Term Notes	0	793	0	793
U.S. Treasury Bills	0	3,710	0	3,710
PIMCO Short-Term Floating NAV Portfolio	$ 138	$ 0	$ 0	$ 138
Purchased Options				
Interest Rate Contracts	0	972	0	972
	$ 986	$ 4,185,420	$ 30,444	$ 4,216,850
Financial Derivative Instruments [7] - Assets				
Credit Contracts	0	608	0	608
Foreign Exchange Contracts	0	4,314	0	4,314
Interest Rate Contracts	1,576	1,737	0	3,313
	$ 1,576	$ 6,659	$ 0	$ 8,235
Financial Derivative Instruments [7] - Liabilities				
Credit Contracts	0	(1,476)	0	(1,476)
Foreign Exchange Contracts	0	(5,460)	0	(5,460)
Interest Rate Contracts	(121)	(4,832)	(1,621)	(6,574)
	$ (121)	$ (11,768)	$ (1,621)	$ (13,510)
Totals	$ 2,441	$ 4,180,311	$ 28,823	$ 4,211,575

The following is a reconciliation of the fair valuations using significant unobservable inputs (Level 3) for the Portfolio during the period ended June 30, 2011:

Category and Subcategory [3]	Beginning Balance at 12/31/2010	Net Purchases [8]	Net Sales [8]	Accrued Discounts/ (Premiums)	Realized Gain/(Loss)	Net Change in Unrealized Appreciation/ (Depreciation) [9]	Transfers into Level 3	Transfers out of Level 3	Ending Balance at 06/30/2011	Net Change in Unrealized Appreciation/ (Depreciation) on Investments Held at 06/30/2011 [9]
Investments, at value										
Corporate Bonds & Notes										
Banking & Finance	$ 696	$ 0	$ 0	$ 0	$ 0	$ (1)	$ 0	$ 0	$ 695	$ (1)
U.S. Government Agencies	25,676	(12,596)	(821)	0	0	80	0	0	12,339	76
Mortgage-Backed Securities	4,969	11,718	(3,300)	0	17	134	0	(1,742)	11,796	78
Asset-Backed Securities	21,415	2,994	(1,496)	80	32	1,171	0	(18,582)	5,614	56
Short-Term Instruments										
Short-Term Notes	780	0	0	10	0	3	0	(793)	0	0
	$ 53,536	$ 2,116	$ (5,617)	$ 90	$ 49	$ 1,387	$ 0	$ (21,117)	$ 30,444	$ 209
Financial Derivative Instruments [7] - Liabilities										
Interest Rate Contracts	$ (2,148)	$ 0	$ 0	$ 0	$ 0	$ 527	$ 0	$ 0	$ (1,621)	$ 527
Totals	$ 51,388	$ 2,116	$ (5,617)	$ 90	$ 49	$ 1,914	$ 0	$ (21,117)	$ 28,823	$ 736

(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 June 30, 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] Net Purchases and Sales for Financial Derivative Instruments may include payments made or received upon entering into swap agreements to compensate for differences between the stated terms of the swap agreement and prevailing market conditions.
[9] Any difference between Net Change in Unrealized Appreciation/(Depreciation) and Net Change in Unrealized Appreciation/(Depreciation) on Investments Held at 06/30/2011 may be due to an investment no longer held or categorized as level 3 at period end.

(n) Fair Value of Financial Derivative Instruments [1]

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

Fair Values of Financial Derivative Instruments on the Statements of Assets and Liabilities as of June 30, 2011:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Assets:						
Investments, at value (purchased options)	$ 0	$ 0	$ 0	$ 0	$ 972	$ 972
Variation margin receivable[2]	0	0	0	0	206	206
Unrealized appreciation on foreign currency contracts	0	0	0	4,314	0	4,314
Unrealized appreciation on swap agreements	0	608	0	0	1,737	2,345
	$ 0	$ 608	$ 0	$ 4,314	$ 2,915	$ 7,837
Liabilities:						
Written options outstanding	$ 0	$ 37	$ 0	$ 47	$ 4,457	$ 4,541
Variation margin payable[2]	0	0	0	0	223	223
Unrealized depreciation on foreign currency contracts	0	0	0	5,413	0	5,413
Unrealized depreciation on swap agreements	0	1,439	0	0	1,996	3,435
	$ 0	$ 1,476	$ 0	$ 5,460	$ 6,676	$ 13,612

The Effect of Financial Derivative Instruments on the Statements of Operations for the Period Ended June 30, 2011:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Realized Gain (Loss) on Derivatives Recognized as a Result from Operations:						
Net realized gain on futures contracts, written options and swaps	$ 0	$ 1,425	$ 0	$ 0	$ 184	$ 1,609
Net realized (loss) on foreign currency transactions	0	0	0	(4,815)	0	(4,815)
	$ 0	$ 1,425	$ 0	$ (4,815)	$ 184	$ (3,206)
Net Change in Unrealized Appreciation (Depreciation) on Derivatives Recognized as a Result from Operations:						
Net change in unrealized appreciation on investments (purchased options)	$ 0	$ 0	$ 0	$ 0	$ 172	$ 172
Net change in unrealized appreciation (depreciation) on futures contracts, written options and swaps	0	(575)	0	102	4,044	3,571
Net change in unrealized (depreciation) on translation of assets and liabilities denominated in foreign currencies	0	0	0	(2,960)	0	(2,960)
	$ 0	$ (575)	$ 0	$ (2,858)	$ 4,216	$ 783

[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 of $1,455 as reported in the Notes to Schedule of Investments.

See Accompanying Notes

(o) 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 June 30, 2011:

Counterparty	Total Market Value of OTC Derivatives	Collateral (Received)/Pledged	Net Exposures [1]
BCLY	$ 216	$ 0	$ 216
BNP	(4,398)	1,760	(2,638)
BOA	(415)	460	45
CITI	2,621	(2,300)	321
CSFB	(49)	0	(49)
DUB	339	(300)	39
GSC	(604)	800	196
HSBC	1,225	(1,090)	135
JPM	1,202	(1,030)	172
MLP	425	(250)	175
MSC	(951)	557	(394)
RBC	79	(30)	49
RBS	121	(300)	(179)
UBS	730	(420)	310

[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 risk.

1. ORGANIZATION

The PIMCO Real Return Portfolio (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. Paydown gains and losses on mortgage-related and other asset-backed securities are recorded as components of interest income on the Statement of Operations. Income or short-term capital gain distributions received from underlying funds are recorded as dividend income. Long-term capital gain distributions received from underlying funds are recorded as realized gains.

(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, 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.

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 considers 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 market value hierarchy. Investments in unregistered open-end management investment companies will be calculated based upon the NAV of such investments and are considered Level 1 provided that the NAV is observable, calculated daily and is 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 market value hierarchy. Investments in privately held investment fund where the NAV is unobservable will be calculated based upon the NAVs of such investments and are categorized as Level 3 of the fair market 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 swaps 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 pricing service providers. Depending on the product and the terms of the transaction, the value of the financial derivative contracts 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.

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 a 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.

(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 is 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- 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 quality of 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 transactions. 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 in 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) U.S. Government Agencies or Government-Sponsored Enterprises The Portfolio may invest in 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"); 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 in 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.

Inflation-Capped Options The Portfolio may write or purchase inflation-capped options. When the Portfolio writes an inflation-capped option, 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. When the Portfolio purchases an inflation-capped option, 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. For a Portfolio with income linked to inflation, writing inflation-capped options provides additional income and hedging opportunities. The purpose of purchasing inflation-capped options is to protect the Portfolio from inflation erosion above a certain rate on a given notional exposure. A floor can be used to give downside protection to investments in inflation-linked products. These liabilities are reflected as written options outstanding on the Statement of Assets and Liabilities.

Options on Exchange-Traded Futures Contracts The Portfolio may write or purchase options on exchange traded futures contracts ("Futures Option"). A Futures Option is an option contract in which the underlying is a single futures contract. The Portfolio may write a Futures Option for income purposes or to hedge an existing position or future investment. The Portfolio may purchase Futures Options for speculative purposes or to manage exposure to market movements.

Credit Default Swaptions The Portfolio may write or purchase credit default swaption agreements. A credit default swaption is an option to sell or buy credit protection to a specific reference by entering into a pre-defined swap agreement by some specified date in the future. The Portfolio may enter into credit default swaption agreements to earn income on the premiums or to hedge exposure to the credit risk of an investment without making a commitment to the underlying contract.

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 buyer.

Foreign Currency Options The Portfolio may write or purchase foreign currency options. These options may be used as a short or long hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies. A foreign currency option will specify the amount of currency and a rate of exchange that may be exercised by a specified date.

Straddle Options The Portfolio may enter into differing forms of straddle options. A straddle is an investment strategy that uses combinations of options that allow the Portfolio to profit based on the future price movements of the underlying security, regardless of the direction of those movements. A short straddle involves simultaneously writing a call option and a put option on the same security with the same strike price and expiration date. The short straddle profits when the underlying security price has little volatility before the expiration date. A long straddle involves simultaneously purchasing a call option and a put option on the same security with the same strike price and expiration date. The long straddle profits when the underlying security price has high volatility, regardless of direction, before the expiration date.

(d) Swap Agreements The Portfolio may invest in swap agreements. Swap agreements are privately 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. 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 and inflation risk. In connection with these agreements, securities or cash may be identified as collateral 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 or quotations from market makers to the extent available and the change in value, if any, is recorded as an unrealized gain or loss on the Statement of Assets and Liabilities. 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.

Payments received or made at the beginning of the measurement period are reflected as such on the Statement of Assets and Liabilities and represent payments made 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). Premiums paid or received 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 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 issues or sovereign issues of an emerging country 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 issues or sovereign issues of an emerging country 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 issues, sovereign issues of an emerging country or U.S. municipal 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 agreements outstanding as of June 30, 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 of their respective commitments to pay or receive interest with respect to 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 those 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 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 in 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 Global Investors of America L.P. ("AGI"), 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 0.25%.

(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 AGI, 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. 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 in the Statements of Assets and Liabilities.

The Portfolio may invest in the PIMCO Short-Term Floating NAV Portfolio to the extent permitted by the Act and rules thereunder. The PIMCO Short-Term Floating NAV Portfolio is a registered investment company created for use solely by the series of the Trust and series of the PIMCO Funds in connection with their cash management activities. The main investments of the PIMCO Short-Term Floating NAV Portfolio are money market instruments and short maturity fixed income instruments. The PIMCO Short-Term Floating NAV Portfolio may incur expenses related to its investment activities, but does not pay Investment Advisory or Supervisory and Administrative Fees to PIMCO. The PIMCO Short-Term Floating NAV Portfolio is considered to be affiliated with the Portfolio. The table below shows the Portfolio's transactions in and earnings from investments in the PIMCO Short-Term Floating NAV Portfolio for the period ended June 30, 2011 (amounts in thousands):

Market Value 12/31/2010	Purchases at Cost	Proceeds from Sales	Net Capital and Realized Gain	Change in Unrealized Appreciation	Market Value 06/30/2011	Dividend Income
$ 433,411	$ 517,669	$ (951,000)	$ 31	$ 27	$ 138	$ 69

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 June 30, 2011, were as follows (amounts in thousands):

U.S. Government/Agency		All Other	
Purchases	Sales	Purchases	Sales
$ 6,159,336	$ 6,010,142	$ 702,882	$ 202,484

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):

	Six Months Ended 06/30/2011		Year Ended 12/31/2010	
	Shares	Amount	Shares	Amount
Receipts for shares sold				
Institutional Class	1,336	$ 17,835	2,296	$ 29,878
Administrative Class	31,673	424,605	67,379	876,739
Advisor Class	9,682	129,853	11,997	158,364
Issued as reinvestment of distributions				
Institutional Class	119	1,608	182	2,377
Administrative Class	2,661	35,948	3,747	48,874
Advisor Class	255	3,450	186	2,435
Cost of shares redeemed				
Institutional Class	(932)	(12,330)	(3,026)	(38,475)
Administrative Class	(20,037)	(267,556)	(37,099)	(481,277)
Advisor Class	(1,082)	(14,374)	(1,356)	(17,644)
Net increase resulting from Portfolio share transactions	23,675	$ 319,039	44,306	$ 581,271

As of June 30, 2011, the number of shareholders each owning 5% or more of the total shares outstanding of each share class of the Portfolio is summarized in the following table:

	Number of Shareholders	% of Portfolio Held
Institutional Class	4	95
Administrative Class	5	65
Advisor Class	3	82

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 sub-chapter M of the Internal Revenue Code (the "Code") and distribute all of its taxable income and net realized gains, if applicable, to shareholders. Accordingly, no provision for Federal income taxes has been made.

In accordance with provisions set forth under U.S. GAAP, the Investment Adviser has reviewed the Portfolio's tax positions for all open tax years. As of June 30, 2011, the Portfolio has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions it has taken or expects to take in future tax returns.

As of June 30, 2011, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for federal income tax purposes are as follows (amounts in thousands):

Aggregate Gross Unrealized Appreciation	Aggregate Gross Unrealized (Depreciation)	Net Unrealized Appreciation
$ 73,695	$ (16,700)	$ 56,995

14. SUBSEQUENT EVENTS

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

GLOSSARY: (abbreviations that may be used in the preceding statements)

Counterparty Abbreviations:

BCLY	Barclays Bank PLC	**DUB**	Deutsche Bank AG	**MSC**	Morgan Stanley
BNP	BNP Paribas Bank	**GSC**	Goldman Sachs & Co.	**RBC**	Royal Bank of Canada
BOA	Bank of America	**HSBC**	HSBC Bank USA	**RBS**	Royal Bank of Scotland Group PLC
CITI	Citigroup, Inc.	**JPM**	JPMorgan Chase & Co.	**UBS**	UBS Warburg LLC
CSFB	Credit Suisse First Boston	**MLP**	Merrill Lynch & Co., Inc.		

Currency Abbreviations:

AUD	Australian Dollar	**GBP**	British Pound	**MXN**	Mexican Peso
BRL	Brazilian Real	**IDR**	Indonesian Rupiah	**MYR**	Malaysian Ringgit
CAD	Canadian Dollar	**INR**	Indian Rupee	**PHP**	Philippine Peso
CNY	Chinese Renminbi	**JPY**	Japanese Yen	**SGD**	Singapore Dollar
EUR	Euro	**KRW**	South Korean Won	**USD**	United States Dollar

Exchange Abbreviations:

CBOT	Chicago Board of Trade	**CME**	Chicago Mercantile Exchange	**OTC**	Over-the-Counter

Index Abbreviations:

CDX.EM	Credit Derivatives Index - Emerging Markets	**CDX.IG**	Credit Derivatives Index - Investment Grade	**CPURNSA**	Consumer Price All Urban Non-Seasonally Adjusted Index

Other Abbreviations:

ABS	Asset-Backed Security	**CDO**	Collateralized Debt Obligation	**LIBOR**	London Interbank Offered Rate
ALT	Alternate Loan Trust	**CLO**	Collateralized Loan Obligation	**NCUA**	National Credit Union Administration
CDI	Brazil Interbank Deposit Rate	**EURIBOR**	Euro Interbank Offered Rate		

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General Information

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