

## PIMCO VARIABLE INSURANCE TRUST

PIMCO Total Return Portfolio



This brochure contains the following documents:

- Recent prospectus supplements relating to the above fund(s)
- The Annual Report dated December 31, 2019 (following the supplement(s))

Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, paper copies of the Portfolio's annual and semi-annual shareholder reports will no longer be sent by mail from the insurance company that offers your contract unless you specifically request paper copies of the reports from the insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a website, and the insurance company will notify you by mail each time a report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the insurance company electronically by following the instructions provided by the insurance company.

You may elect to receive all future reports in paper free of charge from the insurance company. You should contact the insurance company if you wish to continue receiving paper copies of your shareholder reports. Your election to receive reports in paper will apply to all portfolio companies available under your contract at the insurance company.



**PIMCO Variable Insurance Trust**

**Supplement Dated December 11, 2019 to the  
PIMCO Real Return Portfolio Administrative Class Prospectus, PIMCO Real Return Portfolio  
Institutional Class Prospectus, and PIMCO Real Return Portfolio Advisor Class Prospectus,  
each dated April 30, 2019, as supplemented from time to time (the “Prospectuses”)**

**Disclosure Related to the PIMCO Real Return Portfolio (the “Portfolio”)**

*Effective immediately, the Portfolio’s portfolio is jointly and primarily managed by Steve Rodosky and Daniel He. Therefore, effective immediately, the paragraph in the “Investment Adviser/Portfolio Manager” section of the Portfolio’s Portfolio Summary in the Prospectuses is deleted and replaced with the following:*

PIMCO serves as the investment adviser for the Portfolio. The Portfolio’s portfolio is jointly and primarily managed by Steve Rodosky and Daniel He. Mr. Rodosky is a Managing Director of PIMCO, and he has managed the Portfolio since January 2019. Mr. He is a Senior Vice President of PIMCO, and he has managed the Portfolio since December 2019.

*In addition, effective immediately, the table in the “Management of the Portfolio—Individual Portfolio Managers” section of the Prospectuses is deleted and replaced with the following:*

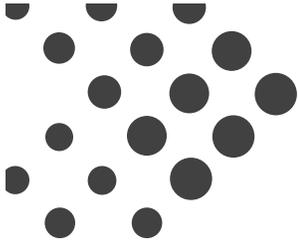
<b>Portfolio</b>	<b>Portfolio Manager</b>	<b>Since</b>	<b>Recent Professional Experience</b>
PIMCO Real Return	Daniel He	12/19	Senior Vice President, PIMCO. Mr. He is a portfolio manager in the Newport Beach office. He is a member of the liquid products group specializing in real return and mortgage-backed securities. Prior to joining PIMCO in 2011, he structured and traded derivative strategies for a global macro hedge fund. He previously developed trading strategies at a hedge fund that focused on foreign exchange volatility. He has investment experience since 2005 and holds an MBA from the University of Chicago Booth School of Business. He also holds a master’s degree in financial engineering and an undergraduate degree in computer science from the National University of Singapore.
PIMCO Real Return	Steve Rodosky	1/19	Managing Director, PIMCO. Mr. Rodosky joined PIMCO in 2001 and specializes in portfolio management of treasuries, agencies and futures.

**Investors Should Retain This Supplement for Future Reference**

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*This supplement is not part of the Annual Report and is not authorized for distribution to prospective investors unless preceded or accompanied by a current prospectus.*

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P I M C O

PIMCO VARIABLE INSURANCE TRUST

# Annual Report

December 31, 2019

PIMCO Total Return Portfolio



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If you already elected to receive shareholder reports electronically, you will not be affected by this change and you need not take any action. You may elect to receive shareholder reports and other communications from the insurance company electronically by following the instructions provided by the insurance company.

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### Dear PIMCO Variable Insurance Trust Shareholder,

Following this letter is the PIMCO Variable Insurance Trust Annual Report, which covers the 12-month reporting period ended December 31, 2019. On the subsequent pages, you will find specific details regarding investment results and discussion of the factors that most affected performance during the reporting period.

### For the 12-month reporting period ended December 31, 2019

The U.S. economy continued to expand during the reporting period. U.S. gross domestic product ("GDP") grew at an annual pace of 3.1% and 2.0% during the first and second quarters of 2019, respectively. For the third quarter of 2019, GDP growth rose to an annual pace of 2.1%. Finally, the Commerce Department's initial reading for fourth quarter 2019 GDP, released after the reporting period ended, showed that the U.S. economy grew at a 2.1% annual pace.

After raising rates four times in 2018, the Federal Reserve (the "Fed") reversed course and had a "dovish pivot." At the Fed's meeting in January 2019, the central bank tapered its expectations for the pace of rate hikes in 2019. Then, after the Fed's meeting in June 2019, Fed Chair Jerome Powell said, "The case for somewhat more accommodative policy has strengthened." Following the Fed's meeting that concluded on July 31, 2019, the Fed lowered the federal funds rate by 0.25% to a range between 2.00% and 2.25%. This represented the Fed's first rate cut since 2008. At the Fed's meeting that ended on September 18, 2019, the Fed again reduced the federal funds rate by 0.25% to a range between 1.75% and 2.00%. Finally, at the Fed's meeting that concluded on October 30, 2019, the Fed lowered the federal funds rate to a range between 1.50% and 1.75%.

Economic activity outside the U.S. continued to expand, but the pace of expansion generally moderated. According to the International Monetary Fund's ("IMF") January 2020 *World Economic Outlook Update*, released after the reporting period ended, global growth is projected to have been 2.9% in 2019, versus 3.6% in 2018. From a regional perspective, the IMF expects the U.S. economy to expand 2.3% in 2019, compared to 2.9% in the prior calendar year. Elsewhere, the IMF anticipates that 2019 GDP growth in the eurozone, U.K. and Japan will be 1.2%, 1.3% and 1.0%, respectively. For comparison purposes, these economies expanded 1.9%, 1.3% and 0.3%, respectively, in 2018.

Against this backdrop, in September 2019, the European Central Bank (the "ECB") cut its deposit rate from -0.4% to -0.5% — a record low — and restarted bond purchases of €20 billion a month in November 2019. Elsewhere, the Bank of Japan largely maintained its highly accommodative monetary policies. The Bank of England kept rates on hold, although there was speculation that it may reduce rates given uncertainties related to Brexit. However, in December 2019, Prime Minister Boris Johnson won the general election, likely paving the way for a faster Brexit resolution.

The U.S. Treasury yield curve steepened as two-year Treasury rates declined more than their 10-year counterparts. In our view, falling rates were partially due to signs of moderating global growth, the Fed's dovish pivot and periods of investor risk aversion. The yield on the benchmark 10-year U.S. Treasury note was 1.92% at the end of the reporting period, versus 2.69% on December 31, 2018. The Bloomberg Barclays Global Treasury Index (USD Hedged), which tracks fixed-rate, local-currency government debt of investment grade countries, including both developed and emerging markets, returned 7.25%. Meanwhile, the Bloomberg Barclays Global Aggregate Credit Index (USD Hedged), a widely used index of global investment grade bonds, returned 11.85%. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, also generated positive results. The ICE BofAML Developed Markets High Yield Constrained Index (USD Hedged), a widely used index of below investment grade bonds, returned 14.53%, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global (USD Hedged), returned 14.42%. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned 13.47%.

Global equities produced positive results and, despite periods of volatility, U.S. equities rose sharply. We believe the increase in U.S. equities was driven by a number of factors, including corporate profits that often exceeded lowered expectations, a more accommodative Fed, and the "Phase 1" trade agreement between the U.S. and China. All told, U.S. equities, as represented by the S&P 500 Index, returned 31.49%. Emerging market equities, as measured by the MSCI Emerging Markets Index, returned 18.42%, whereas global equities, as represented by the MSCI World Index, returned 27.67%. Meanwhile, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned 20.69% and European equities, as represented by the MSCI Europe Index (in EUR), returned 26.05%.

Commodity prices fluctuated, but generally rose during the reporting period. When the reporting period began, Brent crude oil was approximately \$54 a barrel. It rose to roughly \$66 a barrel at the end of the period. Elsewhere, copper and gold prices moved higher.

Finally, there were periods of volatility in the foreign exchange markets, due in part, in our view, to signs of moderating global growth, trade conflicts, and changing central bank monetary policies, along with a number of geopolitical events. The U.S. dollar returned 2.22% versus the euro, but the U.S. dollar fell 0.99% and 3.94% versus the yen and the British pound, respectively.

Thank you for the assets you have placed with us. We deeply value your trust, and we will continue to work diligently to meet your broad investment needs.



Sincerely,

A handwritten signature in black ink, appearing to read "Peter Strelow".

Peter G. Strelow  
Chairman of the Board  
PIMCO Variable Insurance Trust

Past performance is no guarantee of future results. Unless otherwise noted, index returns reflect the reinvestment of income distributions and capital gains, if any, but do not reflect fees, brokerage commissions or other expenses of investing. It is not possible to invest directly in an unmanaged index.

## Important Information About the PIMCO Total Return Portfolio

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PIMCO Variable Insurance Trust (the "Trust") is an open-end management investment company that includes the PIMCO Total 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 and other instruments held by the Portfolio are likely to decrease in value. A wide variety of factors can cause interest rates or yields of U.S. Treasury securities (or yields of other types of bonds) to rise (e.g., central bank monetary policies, inflation rates, general economic conditions, etc.). In addition, changes in interest rates can be sudden and unpredictable, and there is no guarantee that management will anticipate such movement accurately. The Portfolio may lose money as a result of movements in interest rates.

As of the date of this report, interest rates in the United States and many parts of the world, including certain European countries, are at or near historically low levels. Thus, the Portfolio currently faces a heightened level of risk associated with rising interest rates and/or bond yields. This could be driven by a variety of factors, including but not limited to central bank monetary policies, changing inflation or real growth rates, general economic conditions, increasing bond issuances or reduced market demand for low yielding investments. Further, while bond markets have steadily grown over the past three decades, dealer inventories of corporate bonds are near historic lows in relation to market size. As a result, there has been a significant reduction in the ability of dealers to "make markets."

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. All of the factors mentioned above, individually or collectively, could lead to increased volatility and/or lower liquidity in the fixed income markets or negatively impact the Portfolio's performance or cause the Portfolio to incur losses. As a result, the Portfolio may experience increased shareholder redemptions, which, among other things, could further reduce the net assets of the Portfolio.

The Portfolio may be subject to various risks as described in the Portfolio's prospectus and in the Principal Risks in the Notes to Financial Statements.

Classifications of the Portfolio's portfolio holdings in this report are made according to financial reporting standards. The classification of a particular portfolio holding as shown in the Allocation Breakdown and

Schedule of Investments sections of this report may differ from the classification used for the Portfolio's compliance calculations, including those used in the Portfolio's prospectus, investment objectives, regulatory, and other investment limitations and policies, which may be based on different asset class, sector or geographical classifications. The Portfolio is separately monitored for compliance with respect to prospectus and regulatory requirements.

The geographical classification of foreign (non-U.S.) securities in this report, if any, are classified by the country of incorporation of a holding. In certain instances, a security's country of incorporation may be different from its country of economic exposure.

The United States presidential administration's enforcement of tariffs on goods from other countries, with a focus on China, has contributed to international trade tensions and may impact portfolio securities.

The United Kingdom's decision to leave the European Union may impact Portfolio returns. This decision may cause substantial volatility in foreign exchange markets, lead to weakness in the exchange rate of the British pound, result in a sustained period of market uncertainty, and destabilize some or all of the other European Union member countries and/or the Eurozone.

The Portfolio may invest in certain instruments that rely in some fashion upon the London Interbank Offered Rate ("LIBOR"). LIBOR is an average interest rate, determined by the ICE Benchmark Administration, that banks charge one another for the use of short-term money. The United Kingdom's Financial Conduct Authority, which regulates LIBOR, has announced plans to phase out the use of LIBOR by the end of 2021. The transition may result in a reduction in the value of certain instruments held by the Portfolio or a reduction in the effectiveness of related Portfolio transactions such as hedges. There remains uncertainty regarding future utilization of LIBOR and the nature of any replacement rate (e.g., the Secured Overnight Financing Rate, which is intended to replace U.S. dollar LIBOR and measures the cost of overnight borrowings through repurchase agreement transactions collateralized with U.S. Treasury securities), and any potential effects of the transition away from LIBOR on the Portfolio or on certain instruments in which the Portfolio invests are not known and could result in losses to the Portfolio.

Under the direction of the Federal Housing Finance Agency, the Federal National Mortgage Association ("FNMA") and the Federal Home Loan Mortgage Corporation ("FHLMC") have entered into a joint initiative to develop a common securitization platform for the issuance of a uniform mortgage-backed security (the "Single Security Initiative") that aligns the characteristics of FNMA and FHLMC certificates. The Single Security Initiative was implemented on June 3, 2019, and the effects it may have on the market for mortgage-backed securities are uncertain.

On the Portfolio Summary page in this Shareholder Report, the Average Annual Total Return table and Cumulative Returns chart measure

performance assuming that any dividend and capital gain distributions were reinvested. The Cumulative Returns chart reflects only Administrative Class performance. Performance may vary by share class based on each class's expense ratios. The Portfolio measures its performance against at least one broad-based securities market index ("benchmark index"). The benchmark index does not take into account fees, expenses, or taxes. The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future. There is no assurance that the Portfolio, even if the Portfolio has experienced high or unusual performance for one or more periods, will experience similar levels of performance in the future. High performance is defined as a significant increase in either

1) the Portfolio's total return in excess of that of the Portfolio's benchmark between reporting periods or 2) the Portfolio's total return in excess of the Portfolio's historical returns between reporting periods. Unusual performance is defined as a significant change in the Portfolio's performance as compared to one or more previous reporting periods. Historical performance for the Portfolio or a share class thereof may have been positively impacted by fee waivers or expense limitations in place during some or all of the periods shown, if applicable. Future performance (including total return or yield) and distributions may be negatively impacted by the expiration or reduction of any such fee waivers or expense limitations.

The following table discloses the inception dates of the Portfolio and its share classes along with the Portfolio's diversification status as of period end:

Portfolio Name	Portfolio Inception	Institutional Class	Administrative Class	Advisor Class	Diversification Status
PIMCO Total Return Portfolio	12/31/97	04/10/00	12/31/97	02/28/06	Diversified

An investment in the Portfolio is not a bank deposit 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.

The Trustees are responsible generally for overseeing the management of the Trust. The Trustees authorize the Trust to enter into service agreements with the Adviser, the Distributor, the Administrator and other service providers in order to provide, and in some cases authorize service providers to procure through other parties, necessary or desirable services on behalf of the Trust and the Portfolio. Shareholders are not parties to or third-party beneficiaries of such service agreements. Neither this Portfolio's prospectus nor summary prospectus, the Trust's Statement of Additional Information ("SAI"), any contracts filed as exhibits to the Trust's registration statement, nor any other communications, disclosure documents or regulatory filings (including this report) from or on behalf of the Trust or the Portfolio creates a contract between or among any shareholder of the Portfolio, on the one hand, and the Trust, the Portfolio, a service provider to the Trust or the Portfolio, and/or the Trustees or officers of the Trust, on the other hand. The Trustees (or the Trust and its officers, service providers or other delegates acting under authority of the Trustees) may amend the most recent prospectus or use a new prospectus, summary prospectus or SAI with respect to the Portfolio or the Trust, and/or amend, file and/or issue any other communications, disclosure documents or regulatory filings, and may amend or enter into any contracts to which the Trust or the Portfolio is a party, and interpret the investment objective(s), policies, restrictions and contractual provisions applicable to the Portfolio, without shareholder input or approval, except in circumstances in which shareholder approval is specifically

required by law (such as changes to fundamental investment policies) or where a shareholder approval requirement is specifically disclosed in the Trust's then-current prospectus or SAI.

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 (888) 87-PIMCO, on the Portfolio's website at [www.pimco.com/pvit](http://www.pimco.com/pvit), and on the Securities and Exchange Commission's ("SEC") website at [www.sec.gov](http://www.sec.gov).

The Portfolio files portfolio holdings information with the SEC on Form N-PORT within 60 days of the end of each fiscal quarter. The Portfolio's complete schedule of securities holdings as of the end of each fiscal quarter will be made available to the public on the SEC's website at [www.sec.gov](http://www.sec.gov) and on PIMCO's website at [www.pimco.com/pvit](http://www.pimco.com/pvit), and will be made available, upon request, by calling PIMCO at (888) 87-PIMCO. Prior to its use of Form N-PORT, the Portfolio filed its complete schedule of its portfolio holdings with the SEC on Form N-Q, which is available online at [www.sec.gov](http://www.sec.gov).

The SEC adopted a rule that, beginning in 2021, generally will allow shareholder reports to be delivered to investors by providing access to such reports online free of charge and by mailing a notice that the report is electronically available. Pursuant to the rule, investors may still

## Important Information About the PIMCO Total Return Portfolio (Cont.)

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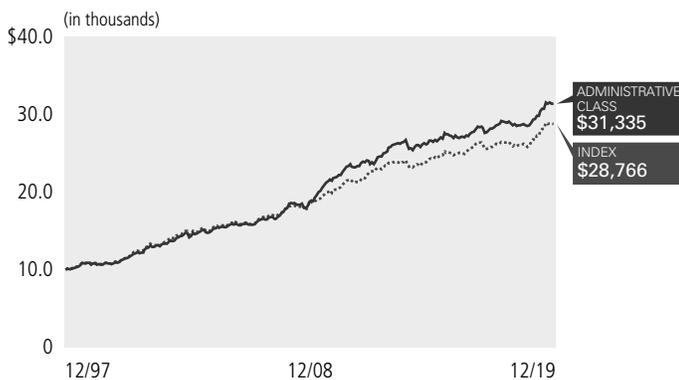
elect to receive a complete shareholder report in the mail. Instructions for electing to receive paper copies of the Portfolio's shareholder reports going forward may be found on the front cover of this report.

The SEC adopted amendments to certain disclosure requirements relating to open-end investment companies' liquidity risk management programs. Effective December 1, 2019, large fund complexes are required to include in their shareholder reports, following the period in which a fund's Board of Trustees reviews the required written report from the liquidity risk management program's administrator regarding such program's operation and effectiveness, a discussion of such program's operations over the past year.

The SEC has issued a proposed rule relating to a registered investment company's use of derivatives and related instruments that, if adopted, could potentially require funds to reduce their use of leverage and/or observe more stringent asset coverage and related requirements than are currently imposed by the Investment Company Act of 1940, as amended, and the rules and regulations thereunder.

# PIMCO Total Return Portfolio

## Cumulative Returns Through December 31, 2019



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

## Allocation Breakdown as of December 31, 2019<sup>§</sup>

U.S. Government Agencies	36.1%
Corporate Bonds & Notes	29.5%
U.S. Treasury Obligations	10.4%
Asset-Backed Securities	7.4%
Non-Agency Mortgage-Backed Securities	6.3%
Short-Term Instruments <sup>†</sup>	6.2%
Sovereign Issues	3.3%
Other	0.8%

<sup>†</sup> % of Investments, at value.

<sup>§</sup> Allocation Breakdown and % of investments exclude securities sold short and financial derivative instruments, if any.

<sup>‡</sup> Includes Central Funds Used for Cash Management Purposes.

## Investment Objective and Strategy Overview

PIMCO Total Return Portfolio seeks maximum total return, consistent with preservation of capital and prudent investment management, by investing under normal circumstances at least 65% of its total assets in a diversified portfolio of Fixed Income Instruments of varying maturities, which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements. "Fixed Income Instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. Portfolio strategies may change from time to time. Please refer to the Portfolio's current prospectus for more information regarding the Portfolio's strategy.

## Portfolio Insights

The following affected performance (on a gross basis) during the reporting period:

- » Overweight exposure to U.S. duration contributed to relative performance as U.S. rates decreased.
- » Overweight exposure to financial credits contributed to relative performance as spreads tightened.
- » Positions in non-Agency mortgage-backed securities and other securitized instruments contributed to relative performance as total returns in these securities were positive over the reporting period.
- » Long exposure to headline eurozone duration — primarily through eurozone swaps — contributed to performance as rates decreased across the swap curve.
- » Short exposure to duration in select developed markets including the U.K., Australia and Japan detracted from relative performance as rates decreased in these markets.
- » Overweight exposure to Agency mortgage-backed securities detracted from relative performance as spreads widened.
- » Short exposure to the Chinese yuan — particularly towards the end of the reporting period — detracted from relative performance as the Chinese yuan appreciated relative to the U.S. dollar.

## Average Annual Total Return for the period ended December 31, 2019

	1 Year	5 Years	10 Years	Inception <sup>≈</sup>
PIMCO Total Return Portfolio Institutional Class	8.52%	3.27%	4.04%	5.59%
— PIMCO Total Return Portfolio Administrative Class	8.36%	3.12%	3.88%	5.33%
PIMCO Total Return Portfolio Advisor Class	8.25%	3.02%	3.78%	4.89%
..... Bloomberg Barclays U.S. Aggregate Index <sup>‡</sup>	8.72%	3.05%	3.75%	4.92% ♦

All Portfolio returns are net of fees and expenses and include applicable fee waivers and/or expense limitations. Absent any applicable fee waivers and/or expense limitations, performance would have been lower and there can be no assurance that any such waivers or limitations will continue in the future.

<sup>≈</sup> For class inception dates please refer to the Important Information.

♦ Average annual total return since 12/31/1997.

<sup>‡</sup> Bloomberg Barclays U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

It is not possible to invest directly in an unmanaged index.

*Performance quoted represents past performance. Past performance is not a guarantee or a reliable indicator of future results. Current performance may be lower or higher than performance shown. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. The Portfolio's performance does not reflect the deduction of additional charges and expenses imposed in connection with investing in Variable Contracts, which will reduce returns. Differences in the Portfolio's performance versus the index and related attribution information with respect to particular categories of securities or individual positions may be attributable, in part, to differences in the prices of individual positions (which may be sourced from different pricing vendors or other sources) used by the Portfolio and the index. For performance current to the most recent month-end, visit [www.pimco.com/pvit](http://www.pimco.com/pvit) or via (888) 87-PIMCO.*

*The Portfolio's total annual operating expense ratio in effect as of period end were 0.76% for Institutional Class shares, 0.91% for Administrative Class shares, and 1.01% for Advisor Class shares. Details regarding any changes to the Portfolio's operating expenses, subsequent to period end, can be found in the Portfolio's current prospectus, as supplemented.*

## Expense Example PIMCO Total Return Portfolio

### Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including investment advisory fees, supervisory and administrative fees, distribution and/or service (12b-1) fees (if applicable), 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 from July 1, 2019 to December 31, 2019 unless noted otherwise in the table and footnotes below.

### Actual Expenses

The information in the table under the heading "Actual" provides information about actual account values and actual expenses. You may use this information, 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 appropriate row for your share class, in the column 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 (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 (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.

Expense ratios may vary period to period because of various factors, such as an increase in expenses that are not covered by the investment advisory fees and supervisory and administrative fees, such as fees and expenses of the independent trustees and their counsel, extraordinary expenses and interest expense.

	Actual			Hypothetical (5% return before expenses)			Net Annualized Expense Ratio
	Beginning Account Value (07/01/19)	Ending Account Value (12/31/19)	Expenses Paid During Period	Beginning Account Value (07/01/19)	Ending Account Value (12/31/19)	Expenses Paid During Period	
Institutional Class	\$ 1,000.00	\$ 1,021.60	\$ 4.20	\$ 1,000.00	\$ 1,021.19	\$ 4.20	0.82%
Administrative Class	1,000.00	1,020.80	4.87	1,000.00	1,020.53	4.86	0.95
Advisor Class	1,000.00	1,020.30	5.38	1,000.00	1,020.02	5.38	1.05

\* Expenses Paid During Period are equal to the net annualized expense ratio for the class, multiplied by the average account value over the period, multiplied by 185/365 (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.

\*\* Net Annualized Expense Ratio is reflective of any applicable contractual fee waivers and/or expense reimbursements or voluntary fee waivers. Details regarding fee waivers, if any, can be found in Note 9, Fees and Expenses, in the Notes to Financial Statements.

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## Financial Highlights PIMCO Total Return Portfolio

	Investment Operations				Less Distributions <sup>(c)</sup>		
	Net Asset Value Beginning of Year <sup>(a)</sup>	Net Investment Income (Loss) <sup>(b)</sup>	Net Realized/Unrealized Gain (Loss)	Total	From Net Investment Income	From Net Realized Capital Gain	Total
Selected Per Share Data for the Year Ended <sup>^</sup> :							
Institutional Class							
12/31/2019	\$ 10.48	\$ 0.34	\$ 0.54	\$ 0.88	\$ (0.34)	\$ 0.00	\$ (0.34)
12/31/2018	10.94	0.30	(0.34)	(0.04)	(0.29)	(0.13)	(0.42)
12/31/2017	10.64	0.26	0.28	0.54	(0.24)	0.00	(0.24)
12/31/2016	10.58	0.29	0.01	0.30	(0.24)	0.00	(0.24)
12/31/2015	11.20	0.30	(0.23)	0.07	(0.57)	(0.12)	(0.69)
Administrative Class							
12/31/2019	10.48	0.32	0.55	0.87	(0.33)	0.00	(0.33)
12/31/2018	10.94	0.28	(0.34)	(0.06)	(0.27)	(0.13)	(0.40)
12/31/2017	10.64	0.25	0.27	0.52	(0.22)	0.00	(0.22)
12/31/2016	10.58	0.28	0.00	0.28	(0.22)	0.00	(0.22)
12/31/2015	11.20	0.30	(0.25)	0.05	(0.55)	(0.12)	(0.67)
Advisor Class							
12/31/2019	10.48	0.31	0.55	0.86	(0.32)	0.00	(0.32)
12/31/2018	10.94	0.27	(0.34)	(0.07)	(0.26)	(0.13)	(0.39)
12/31/2017	10.64	0.24	0.27	0.51	(0.21)	0.00	(0.21)
12/31/2016	10.58	0.26	0.01	0.27	(0.21)	0.00	(0.21)
12/31/2015	11.20	0.29	(0.25)	0.04	(0.54)	(0.12)	(0.66)

<sup>^</sup> A zero balance may reflect actual amounts rounding to less than \$0.01 or 0.01%.

<sup>(a)</sup> Includes adjustments required by U.S. GAAP and may differ from net asset values and performance reported elsewhere by the Portfolio.

<sup>(b)</sup> Per share amounts based on average number of shares outstanding during the year.

<sup>(c)</sup> The tax characterization of distributions is determined in accordance with Federal income tax regulations. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

Ratios/Supplemental Data

Ratios to Average Net Assets

Net Asset Value End of Year <sup>(a)</sup>	Total Return <sup>(a)</sup>	Net Assets End of Year (000s)	Expenses	Expenses Excluding Waivers	Expenses Excluding Interest Expense	Expenses Excluding Interest Expense and Waivers	Net Investment Income (Loss)	Portfolio Turnover Rate
\$ 11.02	8.52%	\$ 129,771	0.71%	0.71%	0.50%	0.50%	3.11%	534%
10.48	(0.38)	83,675	0.76	0.76	0.50	0.50	2.78	631
10.94	5.07	83,041	0.54	0.54	0.50	0.50	2.43	574
10.64	2.83	92,502	0.51	0.51	0.50	0.50	2.71	512
10.58	0.60	80,007	0.51	0.51	0.50	0.50	2.65	462
11.02	8.36	4,031,074	0.86	0.86	0.65	0.65	2.98	534
10.48	(0.53)	3,961,602	0.91	0.91	0.65	0.65	2.62	631
10.94	4.91	4,456,274	0.69	0.69	0.65	0.65	2.28	574
10.64	2.68	4,728,701	0.66	0.66	0.65	0.65	2.56	512
10.58	0.45	5,059,606	0.66	0.66	0.65	0.65	2.68	462
11.02	8.25	2,225,815	0.96	0.96	0.75	0.75	2.88	534
10.48	(0.63)	2,420,067	1.01	1.01	0.75	0.75	2.51	631
10.94	4.81	2,955,716	0.79	0.79	0.75	0.75	2.19	574
10.64	2.57	2,693,074	0.76	0.76	0.75	0.75	2.46	512
10.58	0.35	2,607,844	0.76	0.76	0.75	0.75	2.62	462

# Statement of Assets and Liabilities PIMCO Total Return Portfolio

December 31, 2019

(Amounts in thousands<sup>†</sup>, except per share amounts)

<b>Assets:</b>	
<i>Investments, at value</i>	
Investments in securities*	\$ 9,302,833
Investments in Affiliates	574,453
<i>Financial Derivative Instruments</i>	
Exchange-traded or centrally cleared	6,475
Over the counter	12,404
Deposits with counterparty	26,807
Foreign currency, at value	16,398
Receivable for investments sold	17,632
Receivable for TBA investments sold	1,412,276
Receivable for Portfolio shares sold	6,002
Interest and/or dividends receivable	37,630
Dividends receivable from Affiliates	837
<b>Total Assets</b>	<b>11,413,747</b>
<b>Liabilities:</b>	
<i>Borrowings &amp; Other Financing Transactions</i>	
Payable for reverse repurchase agreements	\$ 1,165,304
Payable for short sales	414,691
<i>Financial Derivative Instruments</i>	
Exchange-traded or centrally cleared	9,247
Over the counter	44,521
Payable for investments purchased	25
Payable for investments in Affiliates purchased	897
Payable for TBA investments purchased	3,381,315
Deposits from counterparty	5,279
Payable for Portfolio shares redeemed	1,814
Overdraft due to custodian	310
Accrued investment advisory fees	1,351
Accrued supervisory and administrative fees	1,351
Accrued distribution fees	470
Accrued servicing fees	512
<b>Total Liabilities</b>	<b>5,027,087</b>
<b>Net Assets</b>	<b>\$ 6,386,660</b>
<b>Net Assets Consist of:</b>	
Paid in capital	\$ 6,172,380
Distributable earnings (accumulated loss)	214,280
<b>Net Assets</b>	<b>\$ 6,386,660</b>
<b>Net Assets:</b>	
Institutional Class	\$ 129,771
Administrative Class	4,031,074
Advisor Class	2,225,815
<b>Shares Issued and Outstanding:</b>	
Institutional Class	11,771
Administrative Class	365,642
Advisor Class	201,894
<b>Net Asset Value Per Share Outstanding<sup>(a)</sup>:</b>	
Institutional Class	\$ 11.02
Administrative Class	11.02
Advisor Class	11.02
Cost of investments in securities	\$ 9,162,899
Cost of investments in Affiliates	\$ 576,470
Cost of foreign currency held	\$ 16,280
Proceeds received on short sales	\$ 414,019
Cost or premiums of financial derivative instruments, net	\$ (946)
* Includes repurchase agreements of:	\$ 10,785

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

<sup>(a)</sup> Includes adjustments required by U.S. GAAP and may differ from net asset values and performance reported elsewhere by the Portfolio.

## Statement of Operations PIMCO Total Return Portfolio

(Amounts in thousands <sup>†</sup> )	Year Ended December 31, 2019
<b>Investment Income:</b>	
Interest	\$ 236,648
Dividends from Investments in Affiliates	14,092
Total Income	250,740
<b>Expenses:</b>	
Investment advisory fees	16,316
Supervisory and administrative fees	16,316
Distribution and/or servicing fees - Advisor Class	6,014
Servicing fees - Administrative Class	6,030
Trustee fees	155
Interest expense	13,694
Miscellaneous expense	29
Total Expenses	58,554
<b>Net Investment Income (Loss)</b>	<b>192,186</b>
<b>Net Realized Gain (Loss):</b>	
Investments in securities	124,358
Investments in Affiliates	165
Exchange-traded or centrally cleared financial derivative instruments	120,037
Over the counter financial derivative instruments	28,290
Short sales	(10)
Foreign currency	2,823
<b>Net Realized Gain (Loss)</b>	<b>275,663</b>
<b>Net Change in Unrealized Appreciation (Depreciation):</b>	
Investments in securities	131,167
Investments in Affiliates	1,274
Exchange-traded or centrally cleared financial derivative instruments	(27,143)
Over the counter financial derivative instruments	(42,278)
Foreign currency assets and liabilities	(2,104)
<b>Net Change in Unrealized Appreciation (Depreciation)</b>	<b>60,916</b>
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>\$ 528,765</b>

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

## Statements of Changes in Net Assets PIMCO Total Return Portfolio

(Amounts in thousands <sup>†</sup> )	Year Ended December 31, 2019	Year Ended December 31, 2018
<b>Increase (Decrease) in Net Assets from:</b>		
<b>Operations:</b>		
Net investment income (loss)	\$ 192,186	\$ 180,609
Net realized gain (loss)	275,663	(135,250)
Net change in unrealized appreciation (depreciation)	60,916	(99,774)
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>528,765</b>	<b>(54,415)</b>
<b>Distributions to Shareholders:</b>		
From net investment income and/or net realized capital gains		
Institutional Class	(3,163)	(3,171)
Administrative Class	(121,139)	(154,859)
Advisor Class	(70,175)	(95,177)
<b>Total Distributions<sup>(a)</sup></b>	<b>(194,477)</b>	<b>(253,207)</b>
<b>Portfolio Share Transactions:</b>		
Net increase (decrease) resulting from Portfolio share transactions*	(412,972)	(722,065)
<b>Total Increase (Decrease) in Net Assets</b>	<b>(78,684)</b>	<b>(1,029,687)</b>
<b>Net Assets:</b>		
Beginning of year	6,465,344	7,495,031
End of year	<b>\$ 6,386,660</b>	<b>\$ 6,465,344</b>

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

\* See Note 13, Shares of Beneficial Interest, in the Notes to Financial Statements.

<sup>(a)</sup> The tax characterization of distributions is determined in accordance with Federal income tax regulations. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.





	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
4.057% due 05/25/2023	\$ 11,100	\$ 11,707						
<b>KLA Corp.</b>								
4.125% due 11/01/2021	1,400	1,448						
<b>Kraft Heinz Foods Co.</b>								
2.471% (US0003M + 0.570%) due 02/10/2021 ~	5,027	5,035						
2.800% due 07/02/2020	895	896						
<b>Marathon Oil Corp.</b>								
2.800% due 11/01/2022	8,689	8,834						
<b>Marriott International, Inc.</b>								
4.150% due 12/01/2023	16,800	18,027						
<b>McDonald's Corp.</b>								
2.366% (US0003M + 0.430%) due 10/28/2021 ~	3,800	3,813						
<b>Melco Resorts Finance Ltd.</b>								
4.875% due 06/06/2025	2,000	2,058						
<b>Microchip Technology, Inc.</b>								
3.922% due 06/01/2021	10,105	10,335						
<b>Micron Technology, Inc.</b>								
4.640% due 02/06/2024	3,200	3,472						
<b>MPLX LP</b>								
2.785% (US0003M + 0.900%) due 09/09/2021 ~	5,300	5,317						
4.000% due 03/15/2028	6,900	7,144						
<b>Mylan NV</b>								
3.150% due 06/15/2021	5,000	5,066						
<b>NetApp, Inc.</b>								
3.375% due 06/15/2021	3,000	3,050						
<b>Newcrest Finance Pty. Ltd.</b>								
4.450% due 11/15/2021	2,300	2,383						
<b>NXP BV</b>								
3.875% due 09/01/2022	10,500	10,896						
4.125% due 06/01/2021	2,500	2,563						
4.625% due 06/15/2022	3,900	4,111						
4.875% due 03/01/2024	6,700	7,309						
<b>Occidental Petroleum Corp.</b>								
3.360% (US0003M + 1.450%) due 08/15/2022 ~	16,700	16,791						
<b>Odebrecht Oil &amp; Gas Finance Ltd.</b>								
0.000% due 01/30/2020 (d)(f)	299	3						
0.000% due 01/31/2020 (d)(f)	4,702	47						
<b>PayPal Holdings, Inc.</b>								
2.400% due 10/01/2024	16,700	16,874						
<b>Penske Truck Leasing Co. LP</b>								
4.250% due 01/17/2023	2,200	2,319						
<b>Pernod Ricard S.A.</b>								
4.250% due 07/15/2022	300	316						
4.450% due 01/15/2022	2,600	2,720						
5.750% due 04/07/2021	1,400	1,465						
<b>Philip Morris International, Inc.</b>								
2.375% due 08/17/2022	10,200	10,308						
<b>Platin 1426 GmbH</b>								
6.875% due 06/15/2023	EUR 11,400	13,123						
<b>Reckitt Benckiser Treasury Services PLC</b>								
2.375% due 06/24/2022	\$ 9,600	9,670						
<b>Reliance Holding USA, Inc.</b>								
4.500% due 10/19/2020	4,600	4,671						
<b>Ryder System, Inc.</b>								
2.875% due 06/01/2022	11,700	11,878						
<b>Sabine Pass Liquefaction LLC</b>								
5.625% due 02/01/2021	15,480	15,912						
<b>Saudi Arabian Oil Co.</b>								
2.750% due 04/16/2022	3,000	3,033						
<b>Seven &amp; I Holdings Co. Ltd.</b>								
3.350% due 09/17/2021	13,000	13,261						
<b>Shire Acquisitions Investments Ireland DAC</b>								
2.400% due 09/23/2021	5,500	5,531						
<b>Southern Co.</b>								
2.350% due 07/01/2021	14,500	14,572						
<b>Sprint Spectrum Co. LLC</b>								
3.360% due 03/20/2023	613	619						
4.738% due 09/20/2029	13,800	14,654						
5.152% due 09/20/2029	10,700	11,693						
<b>Syngenta Finance NV</b>								
3.933% due 04/23/2021	\$ 12,100	\$ 12,307						
<b>Takeda Pharmaceutical Co. Ltd.</b>								
4.000% due 11/26/2021	19,600	20,272						
<b>Teva Pharmaceutical Finance Netherlands BV</b>								
1.250% due 03/31/2023	EUR 2,290	2,400						
4.500% due 03/01/2025	11,400	12,759						
<b>Toyota Industries Corp.</b>								
3.110% due 03/12/2022	\$ 5,000	5,091						
<b>TWDC Enterprises 18 Corp.</b>								
2.125% due 09/13/2022	5,000	5,006						
<b>United Technologies Corp.</b>								
2.554% (US0003M + 0.650%) due 08/16/2021 ~	5,000	5,001						
<b>VMware, Inc.</b>								
2.950% due 08/21/2022	19,933	20,319						
<b>Volkswagen Group of America Finance LLC</b>								
2.795% (US0003M + 0.860%) due 09/24/2021 ~	5,575	5,615						
3.200% due 09/26/2026	16,700	17,134						
3.875% due 11/13/2020	14,415	14,652						
4.000% due 11/12/2021	12,189	12,607						
4.625% due 11/13/2025	6,400	7,084						
4.750% due 11/13/2028	16,300	18,365						
<b>Westinghouse Air Brake Technologies Corp.</b>								
3.194% (US0003M + 1.050%) due 09/15/2021 ~	7,390	7,391						
<b>Wynn Las Vegas LLC</b>								
5.500% due 03/01/2025	18,000	19,327						
<b>Zimmer Biomet Holdings, Inc.</b>								
2.700% due 04/01/2020	700	700						
<b>Zoetis, Inc.</b>								
2.339% (US0003M + 0.440%) due 08/20/2021 ~	7,500	7,509						
								1,032,131
<b>SPECIALTY FINANCE 0.0%</b>								
<b>Lloyds Banking Group PLC</b>								
3.870% due 09/02/2020 (h)	1,400	1,404						
3.870% due 09/02/2021 (h)	1,400	1,409						
								2,813
<b>UTILITIES 3.6%</b>								
<b>AEP Texas, Inc.</b>								
2.400% due 10/01/2022	2,200	2,220						
<b>AT&amp;T, Inc.</b>								
2.657% (US0003M + 0.750%) due 06/01/2021 ~	19,800	19,922						
2.951% (US0003M + 0.950%) due 07/15/2021 ~	15,510	15,662						
3.067% (US0003M + 1.180%) due 06/12/2024 ~	12,300	12,521						
3.400% due 05/15/2025	11,300	11,845						
<b>British Telecommunications PLC</b>								
4.500% due 12/04/2023	400	430						
<b>Duke Energy Corp.</b>								
2.400% due 08/15/2022	3,460	3,495						
3.050% due 08/15/2022	1,300	1,330						
<b>Duke Energy Ohio, Inc.</b>								
3.650% due 02/01/2029	5,600	6,083						
<b>Edison International</b>								
3.125% due 11/15/2022	5,000	5,079						
<b>Enel Finance International NV</b>								
2.875% due 05/25/2022	10,120	10,249						
4.250% due 09/14/2023	17,500	18,529						
<b>Eergy, Inc.</b>								
2.450% due 09/15/2024	17,000	17,104						
<b>NextEra Energy Capital Holdings, Inc.</b>								
2.630% (US0003M + 0.720%) due 02/25/2022 ~	16,200	16,341						
3.200% due 02/25/2022	13,200	13,538						
<b>NiSource, Inc.</b>								
2.650% due 11/17/2022	4,600	4,657						
<b>Odebrecht Drilling Norbe Ltd.</b>								
6.350% due 12/01/2021 ^	\$ 2,533	\$ 2,528						
<b>Odebrecht Drilling Norbe Ltd. (6.350% Cash and 1.000% PIK)</b>								
7.350% due 12/01/2026 ^ (b)	8,635	4,730						
<b>Odebrecht Offshore Drilling Finance Ltd.</b>								
6.720% due 12/01/2022 ^	963	949						
<b>Odebrecht Offshore Drilling Finance Ltd. (6.720% Cash and 1.000% PIK)</b>								
7.720% due 12/01/2026 ^ (b)	4,275	1,069						
<b>PacifiCorp</b>								
3.350% due 07/01/2025	1,525	1,594						
<b>Petrobras Global Finance BV</b>								
6.125% due 01/17/2022	4,347	4,651						
<b>Plains All American Pipeline LP</b>								
5.000% due 02/01/2021	1,700	1,739						
<b>Sempra Energy</b>								
2.344% (US0003M + 0.450%) due 03/15/2021 ~	21,300	21,312						
<b>Verizon Communications, Inc.</b>								
3.376% due 02/15/2025	27,614	29,240						
								226,817
<b>Total Corporate Bonds &amp; Notes (Cost \$2,835,478)</b>								<b>2,911,929</b>
<b>MUNICIPAL BONDS &amp; NOTES 0.1%</b>								
<b>ILLINOIS 0.1%</b>								
<b>Chicago, Illinois General Obligation Bonds, Series 2015</b>								
7.750% due 01/01/2042	1,367	1,549						
<b>Chicago, Illinois General Obligation Notes, Series 2015</b>								
5.633% due 01/01/2020	2,100	2,100						
								3,649
<b>IOWA 0.0%</b>								
<b>Iowa Tobacco Settlement Authority Revenue Bonds, Series 2005</b>								
6.500% due 06/01/2023	865	878						
<b>TEXAS 0.0%</b>								
<								

# Schedule of Investments PIMCO Total Return Portfolio (Cont.)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
4.234% due 05/25/2035 ~	\$ 66	\$ 70	4.500% due 08/01/2023 -			3.963% due 11/25/2034 ~	\$ 982	\$ 978
4.347% due 09/01/2039 •	16	16	11/01/2048	\$ 26,113	\$ 27,867	4.086% due 01/25/2035 ~	94	97
4.402% due 05/01/2038 •	6,333	6,642	5.000% due 06/01/2025 -			4.120% due 02/25/2033 ~	11	10
4.700% due 01/01/2025 •	1	1	08/01/2044	5,088	5,558	4.153% due 01/25/2034 ~	189	198
5.000% due 04/25/2033	377	415	5.500% due 05/01/2022 -			4.342% due 01/25/2035 ~	229	233
5.094% due 09/01/2034 •	58	62	07/01/2041	13,043	14,569	4.344% due 07/25/2034 ~	293	286
7.000% due 04/25/2023 -			6.000% due 09/01/2021 -			4.544% due 02/25/2033 ~	5	5
06/01/2032	148	162	01/01/2039	4,160	4,709	4.564% due 04/25/2034 ~	417	428
<b>Freddie Mac</b>			6.500% due 11/01/2034	23	26	4.880% due 04/25/2033 ~	42	44
1.241% due 08/25/2022 ~(a)	49,596	1,383	<b>Uniform Mortgage-Backed Security, TBA</b>			<b>Bear Stearns ALT-A Trust</b>		
2.190% due 11/15/2030 •	2	2	3.000% due 02/01/2050	430,600	436,183	4.103% due 09/25/2035 ^~	636	528
2.240% due 09/15/2030 •	4	3	3.500% due 01/01/2035 -			4.276% due 05/25/2036 ^~	1,890	1,340
2.460% due 05/15/2037 •	435	441	02/01/2050	568,995	585,447	4.413% due 05/25/2035 ~	1,058	1,073
3.378% due 02/25/2045 •	117	119	4.000% due 01/01/2050	123,900	128,847	<b>Bear Stearns Structured Products, Inc. Trust</b>		
3.500% due 02/01/2048 -			5.500% due 01/01/2050	13,000	13,998	3.649% due 12/26/2046 ^~	972	839
10/01/2048	59,309	61,287	6.000% due 01/01/2050	5,000	5,512	4.001% due 01/26/2036 ^~	1,390	1,246
4.000% due 04/01/2029 -			<b>Total U.S. Government Agencies</b>			<b>Business Mortgage Finance PLC</b>		
12/01/2048	70,963	74,046	<b>(Cost \$3,546,474)</b>		<b>3,562,885</b>	2.787% due 02/15/2041 •	GBP 2,451	3,233
4.500% due 03/01/2029 -						<b>CFCRE Commercial Mortgage Trust</b>		
09/01/2041	1,620	1,725				3.644% due 12/10/2054	\$ 7,037	7,396
5.500% due 10/01/2034 -						<b>Chase Mortgage Finance Trust</b>		
07/01/2038	1,490	1,676				3.835% due 01/25/2036 ^~	1,819	1,690
6.000% due 02/01/2033 -						<b>Citigroup Mortgage Loan Trust</b>		
05/01/2040	2,750	3,152				3.258% due 04/25/2066 ~	6,213	6,234
6.500% due 04/15/2029 -						4.380% due 10/25/2035 •	98	101
10/01/2037	26	29				5.500% due 12/25/2035	3,097	2,487
7.000% due 06/15/2023	74	78				<b>Citigroup Mortgage Loan Trust, Inc.</b>		
7.500% due 07/15/2030 -						4.229% due 05/25/2035 ~	451	452
03/01/2032	30	35				4.550% due 09/25/2035 •	4,886	4,916
8.500% due 08/01/2024	1	2				<b>Countrywide Alternative Loan Trust</b>		
<b>Ginnie Mae</b>						1.955% due 09/20/2046 •	5,338	4,710
2.009% due 10/20/2043 •	11,012	10,972				1.982% due 09/25/2046 ^•	13,830	13,134
2.224% due 08/20/2066 •	416	416				1.992% due 05/25/2036 •	1,128	1,019
2.374% due 07/20/2065 -						2.792% due 08/25/2035 ^•	3,337	2,080
08/20/2065 •	24,395	24,369				6.000% due 03/25/2035	13,554	12,930
2.424% due 07/20/2063 •	3,062	3,064				6.000% due 02/25/2037 ^	7,408	5,133
2.544% due 10/20/2066 •	10,542	10,598				<b>Countrywide Home Loan Mortgage Pass-Through Trust</b>		
2.574% due 06/20/2066 •	5,806	5,843				3.711% due 02/20/2036 ^•	188	167
2.604% due 08/20/2066 •	16,150	16,273				3.832% due 02/20/2035 ~	545	551
2.774% due 01/20/2066 •	4,064	4,121				3.841% due 11/25/2034 ~	807	813
3.000% due 03/15/2045 -						<b>Credit Suisse First Boston Mortgage Securities Corp.</b>		
08/15/2045	7,731	7,958				5.331% due 06/25/2032 ~	14	15
3.250% due 07/20/2030 •	2	2				<b>Deutsche ALT-A Securities, Inc. Mortgage Loan Trust</b>		
3.487% due 06/20/2067 •	592	599				1.942% due 03/25/2037 ^•	4,273	4,082
3.629% due 04/20/2067 •	12,090	12,247				2.292% due 02/25/2035 •	228	222
3.875% (H15T1Y + 1.500%)						<b>Eurosail PLC</b>		
due 04/20/2026 ~	14	15				0.929% due 03/13/2045 •	GBP 1,444	1,875
3.875% due 05/20/2030 •	1	1				0.939% due 03/13/2045 •	4,436	5,806
4.000% due 02/20/2027 -						<b>First Horizon Alternative Mortgage Securities Trust</b>		
02/20/2032 •	88	91				3.836% due 08/25/2035 ^~	\$ 2,372	2,173
4.000% due 10/20/2044 -						<b>First Horizon Mortgage Pass-Through Trust</b>		
06/20/2049	72,986	76,092				4.100% due 10/25/2035 ^~	1,721	1,682
4.000% due 07/20/2049 (j)	58,943	61,108				<b>Great Hall Mortgages PLC</b>		
4.125% due 10/20/2029 -						2.029% due 06/18/2039 •	3,113	3,036
11/20/2029 •	33	34				<b>GS Mortgage Securities Corp. Trust</b>		
4.500% due 04/20/2048 -						2.856% due 05/10/2034	10,700	10,671
06/20/2049	147,494	154,806				3.203% due 02/10/2029	5,500	5,532
4.500% due 06/20/2048 (j)	36,885	38,871				3.980% due 02/10/2029	17,150	17,326
5.000% due 08/20/2048 -						<b>GS Mortgage Securities Trust</b>		
07/20/2049	75,123	79,629				3.120% due 05/10/2050	13,200	13,500
5.061% due 09/20/2066 ~	19,504	21,370				3.602% due 10/10/2049 ~	3,037	3,054
6.000% due 12/15/2038 -						<b>GSR Mortgage Loan Trust</b>		
11/15/2039	20	23				4.133% due 11/25/2035 ~	314	322
<b>Ginnie Mae, TBA</b>						4.269% due 09/25/2035 ~	1,147	1,180
3.000% due 02/01/2050	48,600	49,846				<b>HarborView Mortgage Loan Trust</b>		
3.500% due 01/01/2050	230,700	237,740				2.204% due 05/19/2035 •	266	258
4.000% due 01/01/2050	648,000	670,856				3.264% due 10/19/2035 •	2,254	1,959
4.500% due 02/01/2050	79,800	83,594				3.808% due 12/19/2035 ^~	2,297	1,701
5.000% due 01/01/2050	161,000	169,712				4.343% due 07/19/2035 ^~	885	837
<b>Small Business Administration</b>						<b>Hawksmoor Mortgages</b>		
5.130% due 09/01/2023	3	3				1.761% due 05/25/2053 •	GBP 61,156	81,210
6.290% due 01/01/2021	3	3				<b>Hilton USA Trust</b>		
<b>Uniform Mortgage-Backed Security</b>						2.828% due 11/05/2035	\$ 14,400	14,404
3.000% due 09/01/2020 -						<b>IndyMac Adjustable Rate Mortgage Trust</b>		
06/01/2030	42,993	44,521				3.642% due 01/25/2032 ~	1	1
3.500% due 04/01/2045 -								
03/01/2048	13,274	13,910						
4.000% due 01/01/2026 -								
03/01/2049	317,648	331,257						

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>ASSET-BACKED SECURITIES 11.4%</b>								
<b>IndyMac Mortgage Loan Trust</b>								
1.962% due 01/25/2037 ^•	\$ 2,344	\$ 2,281						
3.622% due 06/25/2036 ~	6,131	5,377						
<b>JPMorgan Chase Commercial Mortgage Securities Trust</b>								
2.740% due 06/15/2032 •	18,151	18,167						
<b>JPMorgan Mortgage Trust</b>								
4.051% due 06/25/2035 ~	203	211						
4.097% due 10/25/2036 ^~	2,609	2,359						
4.160% due 08/25/2034 ~	1,717	1,732						
5.750% due 01/25/2036 ^	456	349						
<b>Landmark Mortgage Securities PLC</b>								
1.073% due 04/17/2044 • GBP	18,144	22,628						
<b>MASTR Adjustable Rate Mortgages Trust</b>								
2.979% due 01/25/2047 ^•	\$ 2,549	3,755						
<b>Merrill Lynch Mortgage Investors Trust</b>								
4.005% due 04/25/2035 ~	1,886	1,871						
<b>Morgan Stanley Bank of America Merrill Lynch Trust</b>								
3.069% due 02/15/2048	3,100	3,164						
3.557% due 12/15/2047	7,200	7,485						
<b>Morgan Stanley Mortgage Loan Trust</b>								
3.985% due 07/25/2035 ^~	2,319	2,175						
<b>MortgageIT Trust</b>								
2.412% due 12/25/2035 •	2,038	2,034						
<b>MSSG Trust</b>								
3.397% due 09/13/2039	17,400	18,216						
<b>Prime Mortgage Trust</b>								
2.192% due 02/25/2034 •	57	54						
2.292% due 02/25/2035 •	2,648	2,546						
<b>RBSSP Resecuritization Trust</b>								
3.646% due 12/25/2035 ~	7,042	7,098						
<b>Residential Accredit Loans, Inc. Trust</b>								
1.892% due 05/25/2037 •	7,854	7,391						
3.192% due 08/25/2036 ^•	2,326	2,206						
4.628% due 12/25/2035 ^~	374	344						
6.000% due 09/25/2036	810	730						
6.500% due 09/25/2036 ^	5,460	4,069						
<b>Residential Asset Securitization Trust</b>								
2.242% due 10/25/2035 •	1,458	1,204						
<b>Residential Funding Mortgage Securities, Inc. Trust</b>								
6.000% due 06/25/2037 ^	2,083	2,040						
<b>Structured Adjustable Rate Mortgage Loan Trust</b>								
1.992% due 04/25/2047 •	1,630	1,524						
<b>Structured Asset Mortgage Investments Trust</b>								
2.014% due 07/19/2035 •	1,156	1,152						
2.424% due 09/19/2032 •	14	14						
<b>SunTrust Adjustable Rate Mortgage Loan Trust</b>								
4.311% due 02/25/2037 ^~	1,775	1,694						
<b>Tharaldson Hotel Portfolio Trust</b>								
2.460% due 11/11/2034 •	7,939	7,938						
<b>Thornburg Mortgage Securities Trust</b>								
3.252% due 06/25/2047 ^•	8,599	8,042						
3.302% due 03/25/2037 ^•	1,169	1,087						
<b>Towd Point Mortgage Funding</b>								
0.000% due 07/20/2045 • GBP	58,000	76,825						
<b>Towd Point Mortgage Funding PLC</b>								
1.820% due 10/20/2051 •	34,668	46,189						
<b>Towd Point Mortgage Trust</b>								
2.900% due 10/25/2059 ~	\$ 41,847	42,114						
<b>Wachovia Mortgage Loan Trust LLC</b>								
4.180% due 05/20/2036 ^~	1,703	1,687						
<b>WaMu Mortgage Pass-Through Certificates Trust</b>								
2.082% due 10/25/2045 •	244	241						
2.292% due 02/25/2045 •	8,987	8,964						
3.444% due 05/25/2037 ^~	3,160	2,688						
3.522% due 12/25/2036 ^~	283	273						
3.995% due 07/25/2037 ^~	2,150	2,036						
<b>Warwick Finance Residential Mortgages PLC</b>								
0.000% due 12/21/2049 (d) GBP	0	1,653						
1.600% due 12/21/2049 •	19,715	26,132						
2.300% due 12/21/2049 •	2,259	2,999						
2.800% due 12/21/2049 •	1,179	1,572						
3.300% due 12/21/2049 •	674	901						
3.800% due 12/21/2049 •	674	890						
<b>Total Non-Agency Mortgage-Backed Securities (Cost \$611,104)</b>		<b>624,564</b>						
<b>Accredited Mortgage Loan Trust</b>								
2.052% due 09/25/2036 •	\$ 6,588	\$ 6,470						
<b>Allegro CLO Ltd.</b>								
3.156% due 01/30/2026 •	1,193	1,194						
<b>Ally Master Owner Trust</b>								
2.060% due 07/15/2022 •	19,600	19,613						
<b>Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates</b>								
2.262% due 11/25/2035 •	8,600	8,547						
<b>Argent Securities Trust</b>								
1.942% due 07/25/2036 •	18,237	7,932						
1.982% due 03/25/2036 •	6,233	3,878						
<b>Atrium Corp.</b>								
2.783% due 04/22/2027 •	16,000	15,992						
<b>Avery Point CLO Ltd.</b>								
3.040% due 04/25/2026 •	5,643	5,645						
<b>Bear Stearns Asset-Backed Securities Trust</b>								
1.942% due 11/25/2036 •	8,277	8,126						
1.952% due 08/25/2036 •	1,116	1,377						
2.917% due 02/25/2035 •	6,128	6,171						
<b>California Street CLO Ltd.</b>								
3.031% due 10/15/2025 •	10,361	10,364						
<b>CARDS Trust</b>								
3.047% due 04/17/2023	16,900	16,941						
<b>Cent CLO Ltd.</b>								
3.071% due 10/15/2026 •	16,800	16,779						
<b>Chase Issuance Trust</b>								
2.040% due 01/15/2022 •	14,300	14,320						
<b>Chesapeake Funding LLC</b>								
3.230% due 08/15/2030	9,927	10,070						
<b>Citigroup Mortgage Loan Trust</b>								
2.412% due 12/25/2035 •	198	198						
6.750% due 05/25/2036 b	3,843	2,781						
<b>Countrywide Asset-Backed Certificates</b>								
1.932% due 06/25/2047 ^•	2,960	2,717						
1.942% due 07/25/2036 ^•	782	784						
1.942% due 01/25/2037 •	250	250						
1.962% due 06/25/2037 •	1,067	1,069						
2.022% due 05/25/2037 •	7,400	7,028						
2.192% due 06/25/2036 •	6,600	6,558						
2.542% due 05/25/2034 •	1,640	1,643						
<b>Countrywide Asset-Backed Certificates Trust</b>								
2.592% due 08/25/2047 •	1,296	1,293						
<b>Credit-Based Asset Servicing &amp; Securitization Trust</b>								
1.852% due 11/25/2036 •	380	232						
<b>EMC Mortgage Loan Trust</b>								
2.532% due 05/25/2040 •	109	108						
<b>Evergreen Credit Card Trust</b>								
1.900% due 09/15/2024	20,300	20,214						
<b>Figuroa CLO Ltd.</b>								
2.758% due 06/20/2027 •	11,332	11,332						
2.901% due 01/15/2027 •	10,412	10,409						
<b>First Franklin Mortgage Loan Trust</b>								
2.527% due 09/25/2035 •	435	438						
<b>Ford Credit Floorplan Master Owner Trust</b>								
2.020% due 05/15/2023 •	28,800	28,788						
2.840% due 03/15/2024	16,200	16,438						
<b>Fremont Home Loan Trust</b>								
1.852% due 01/25/2037 •	72	41						
2.202% due 11/25/2035 •	8,100	7,677						
<b>GSAA Home Equity Trust</b>								
5.995% due 03/25/2046 ^~	8,530	5,383						
<b>GSAMP Trust</b>								
1.882% due 06/25/2036 •	4,011	2,667						
<b>Halcyon Loan Advisors Funding Ltd.</b>								
3.053% due 10/22/2025 •	9,355	9,359						
<b>Home Equity Loan Trust</b>								
2.022% due 04/25/2037 •	18,455	17,539						
<b>Jamestown CLO Ltd.</b>								
2.770% due 07/25/2027 •	5,988	5,987						
<b>JMP Credit Advisors CLO Ltd.</b>								
2.852% due 01/17/2028 •	20,800	20,721						
<b>JPMorgan Mortgage Acquisition Corp.</b>								
2.182% due 05/25/2035 •	\$ 4,500	\$ 4,500						
2.202% due 10/25/2035 ^•	7,200	7,049						
<b>JPMorgan Mortgage Acquisition Trust</b>								
2.052% due 03/25/2037 •	1,900	1,865						
<b>Lehman XS Trust</b>								
1.972% due 06/25/2036 •	2,100	1,843						
<b>LMREC, Inc.</b>								
2.760% due 02/22/2032 •	2,522	2,518						
<b>LoanCore Issuer Ltd.</b>								
2.870% due 05/15/2028 •	16,700	16,700						
<b>Long Beach Mortgage Loan Trust</b>								
4.792% due 11/25/2032 •	6	6						
<b>LP Credit Card ABS Master Trust</b>								
3.822% due 08/20/2024 •	17,352	17,177						

## Schedule of Investments PIMCO Total Return Portfolio (Cont.)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
<b>Specialty Underwriting &amp; Residential Finance Trust</b>								
1.942% due 11/25/2037 •	\$ 16,232	\$ 11,502						
<b>Starwood Commercial Mortgage Trust</b>								
2.820% due 07/15/2038 •	14,500	14,498						
<b>Structured Asset Securities Corp. Mortgage Loan Trust</b>								
2.242% due 05/25/2037 •	6,600	6,387						
<b>Sudbury Mill CLO Ltd.</b>								
3.152% due 01/17/2026 •	5,830	5,833						
3.172% due 01/17/2026 •	5,830	5,832						
<b>Telos CLO Ltd.</b>								
3.272% due 01/17/2027 •	8,048	8,050						
<b>Tralee CLO Ltd.</b>								
3.076% due 10/20/2028 •	15,100	15,031						
<b>VB-S1 Issuer LLC</b>								
6.901% due 06/15/2046	2,400	2,451						
<b>Venture CLO Ltd.</b>								
2.821% due 04/15/2027 •	10,948	10,932						
2.851% due 01/15/2028 •	9,700	9,683						
<b>Volkswagen Auto Loan Enhanced Trust</b>								
3.050% due 08/20/2021	7,377	7,397						
<b>Voya CLO Ltd.</b>								
2.660% due 07/25/2026 •	4,139	4,135						
<b>WaMu Asset-Backed Certificates WaMu Trust</b>								
2.042% due 04/25/2037 •	6,250	3,280						
<b>Wells Fargo Home Equity Asset-Backed Securities Trust</b>								
2.677% due 11/25/2035 •	663	664						
<b>Westlake Automobile Receivables Trust</b>								
2.980% due 01/18/2022	3,496	3,502						
<b>Zais CLO Ltd.</b>								
3.151% due 04/15/2028 •	17,700	17,706						
<b>Total Asset-Backed Securities</b>								
<b>(Cost \$702,587)</b>								<b>727,068</b>
<b>SOVEREIGN ISSUES 5.2%</b>								
<b>Argentina Government International Bond</b>								
56.589% (ARLLMONP) due 06/21/2020 ~-(a)	ARS 1,860	17						
<b>Autonomous Community of Catalonia</b>								
4.950% due 02/11/2020	EUR 9,600	10,827						
<b>Brazil Letras do Tesouro Nacional</b>								
0.000% due 04/01/2020 (d)	BRL 683,700	168,191						
<b>Ivory Coast Government International Bond</b>								
5.875% due 10/17/2031	EUR 6,200	7,242						
<b>Korea International Bond</b>								
2.000% due 06/19/2024	\$ 1,200	\$ 1,199						
<b>Provincia de Buenos Aires</b>								
52.270% (BADLARPP + 3.750%) due 04/12/2025 ~-(a)	ARS 35,575	270						
<b>Qatar Government International Bond</b>								
3.375% due 03/14/2024	\$ 12,500	13,100						
3.875% due 04/23/2023	18,100	19,136						
4.000% due 03/14/2029	4,000	4,472						
<b>Spain Government International Bond</b>								
0.600% due 10/31/2029 (j)	EUR 34,300	38,993						
1.400% due 07/30/2028 (j)	6,800	8,301						
1.450% due 04/30/2029 (j)	31,300	38,385						
1.850% due 07/30/2035 (j)	4,800	6,162						
2.700% due 10/31/2048 (j)	10,300	15,367						
<b>Total Sovereign Issues (Cost \$324,606)</b>								<b>331,662</b>
SHARES								
<b>PREFERRED SECURITIES 0.4%</b>								
<b>BANKING &amp; FINANCE 0.4%</b>								
<b>Banco Bilbao Vizcaya Argentaria S.A.</b>								
8.875% due 04/14/2021 •(f)(g)	2,800,000	3,450						
<b>Wells Fargo &amp; Co.</b>								
5.664% (US0003M + 3.770%) due 03/15/2020 ~-(f)	19,568,000	19,837						
<b>Total Preferred Securities (Cost \$22,923)</b>								<b>23,287</b>
PRINCIPAL AMOUNT (000S)								
<b>SHORT-TERM INSTRUMENTS 0.6%</b>								
<b>CERTIFICATES OF DEPOSIT 0.2%</b>								
<b>Lloyds Bank Corporate Markets PLC</b>								
2.435% (US0003M + 0.500%) due 09/24/2020 ~-	\$ 16,500	16,538						
<b>REPURCHASE AGREEMENTS (j) 0.2%</b>								
								10,785
<b>SHORT-TERM NOTES 0.0%</b>								
<b>Bristol-Myers Squibb Co.</b>								
2.875% due 08/15/2020	\$ 2,287	\$ 2,300						
<b>ARGENTINA TREASURY BILLS 0.0%</b>								
293.003% due 02/26/2020 - 05/13/2020 (c)(d)	ARS 18,870	204						
<b>U.S. TREASURY BILLS 0.2%</b>								
1.561% due 01/07/2020 - 03/26/2020 (c)(d)(l)(n)	\$ 10,398	10,373						
<b>Total Short-Term Instruments</b>								<b>40,200</b>
<b>(Cost \$40,177)</b>								
<b>Total Investments in Securities</b>								<b>9,302,833</b>
<b>(Cost \$9,162,899)</b>								
SHARES								
<b>INVESTMENTS IN AFFILIATES 9.0%</b>								
<b>SHORT-TERM INSTRUMENTS 9.0%</b>								
<b>CENTRAL FUNDS USED FOR CASH MANAGEMENT PURPOSES 9.0%</b>								
PIMCO Short Asset Portfolio	38,662,209	384,921						
PIMCO Short-Term Floating NAV Portfolio III	19,158,182	189,532						
<b>Total Short-Term Instruments</b>								<b>574,453</b>
<b>(Cost \$576,470)</b>								
<b>Total Investments in Affiliates</b>								<b>574,453</b>
<b>(Cost \$576,470)</b>								
<b>Total Investments 154.7%</b>								<b>9,877,286</b>
<b>(Cost \$9,739,369)</b>								
<b>Financial Derivative Instruments (k)(m) (0.5%)</b>								
<b>(Cost or Premiums, net \$(946))</b>								
								<b>(34,889)</b>
<b>Other Assets and Liabilities, net (54.2)%</b>								<b>(3,455,737)</b>
<b>Net Assets 100.0%</b>								<b>\$ 6,386,660</b>

### NOTES TO SCHEDULE OF INVESTMENTS:

- \* A zero balance may reflect actual amounts rounding to less than one thousand.
- ^ Security is in default.
- « Security valued using significant unobservable inputs (Level 3).
- ~ Variable or Floating rate security. Rate shown is the rate in effect as of period end. Certain variable rate securities are not based on a published reference rate and spread, rather are determined by the issuer or agent and are based on current market conditions. Reference rate is as of reset date, which may vary by security. These securities may not indicate a reference rate and/or spread in their description.
- Rate shown is the rate in effect as of period end. The rate may be based on a fixed rate, a capped rate or a floor rate and may convert to a variable or floating rate in the future. These securities do not indicate a reference rate and spread in their description.
- þ Coupon represents a rate which changes periodically based on a predetermined schedule or event. Rate shown is the rate in effect as of period end.
- (a) Interest only security.
- (b) Payment in-kind security.
- (c) Coupon represents a weighted average yield to maturity.
- (d) Zero coupon security.
- (e) Principal amount of security is adjusted for inflation.
- (f) Perpetual maturity; date shown, if applicable, represents next contractual call date.
- (g) Contingent convertible security.

**(h) RESTRICTED SECURITIES:**

Issuer Description	Coupon	Maturity Date	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
Lloyds Banking Group PLC	3.870%	09/02/2021	05/22/2018	\$ 1,400	\$ 1,409	0.02%
Lloyds Banking Group PLC	3.870	09/02/2020	05/22/2018	1,400	1,404	0.02
				\$ 2,800	\$ 2,813	0.04%

**BORROWINGS AND OTHER FINANCING TRANSACTIONS****(i) REPURCHASE AGREEMENTS:**

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>
FICC	1.250%	12/31/2019	01/02/2020	\$ 5,498	U.S. Treasury Inflation Protected Securities 0.125% due 04/15/2020	\$ (5,609)	\$ 5,498	\$ 5,498
MSC	(0.150)	12/10/2019	01/06/2020	JPY 574,497	Japan Government International Bond 0.300% due 06/20/2039	(5,265)	5,287	5,287
<b>Total Repurchase Agreements</b>						<b>\$ (10,874)</b>	<b>\$ 10,785</b>	<b>\$ 10,785</b>

**REVERSE REPURCHASE AGREEMENTS:**

Counterparty	Borrowing Rate <sup>(2)</sup>	Settlement Date	Maturity Date	Amount Borrowed <sup>(2)</sup>	Payable for Reverse Repurchase Agreements
BCY	0.850%	11/22/2019	TBD <sup>(3)</sup>	\$ (913)	\$ (914)
BOM	1.910	11/21/2019	02/21/2020	(39,557)	(39,645)
	1.990	10/08/2019	01/07/2020	(210,140)	(211,139)
BOS	1.970	11/13/2019	01/14/2020	(2,986)	(2,994)
	2.020	11/20/2019	01/21/2020	(43,894)	(44,000)
BRC	1.700	11/01/2019	TBD <sup>(3)</sup>	(2,782)	(2,790)
BSN	1.790	11/01/2019	01/10/2020	(124,123)	(124,506)
	1.790	11/04/2019	01/13/2020	(132,266)	(132,654)
CIB	1.880	11/06/2019	01/06/2020	(148,349)	(148,791)
	1.890	11/12/2019	01/13/2020	(63,429)	(63,599)
	2.000	12/06/2019	01/06/2020	(82,335)	(82,458)
CSN	1.920	11/13/2019	02/11/2020	(31,847)	(31,932)
GRE	1.890	11/08/2019	02/07/2020	(6,755)	(6,775)
	1.930	11/04/2019	01/02/2020	(60,410)	(60,601)
	1.930	11/18/2019	01/02/2020	(9,872)	(9,896)
	1.990	11/20/2019	02/20/2020	(58,789)	(58,928)
	2.000	12/10/2019	02/04/2020	(15,029)	(15,048)
MSC	(0.050)	12/03/2019	01/06/2020	JPY (562,446)	(5,176)
MYI	(0.200)	11/13/2019	02/27/2020	EUR (61,252)	(68,688)
RCY	1.910	11/07/2019	01/16/2020	\$ (3,677)	(3,688)
RDR	1.850	11/01/2019	TBD <sup>(3)</sup>	(11,970)	(12,007)
RYL	(0.200)	11/13/2019	02/27/2020	EUR (34,845)	(39,075)
<b>Total Reverse Repurchase Agreements</b>					<b>\$ (1,165,304)</b>

**SHORT SALES:**

Description	Coupon	Maturity Date	Principal Amount	Proceeds	Payable for Short Sales
U.S. Government Agencies (6.5)%					
Uniform Mortgage-Backed Security, TBA	4.000%	01/01/2050	\$ 149,900	\$ (155,619)	\$ (155,885)
Uniform Mortgage-Backed Security, TBA	4.000	02/01/2050	130,600	(135,616)	(135,871)
Uniform Mortgage-Backed Security, TBA	4.500	02/01/2050	116,700	(122,784)	(122,935)
<b>Total Short Sales (6.5)%</b>				<b>\$ (414,019)</b>	<b>\$ (414,691)</b>

## Schedule of Investments PIMCO Total Return Portfolio (Cont.)

### BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral pledged/(received) as of December 31, 2019:

Counterparty	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral Pledged/(Received)	Net Exposure <sup>(4)</sup>
Global/Master Repurchase Agreement						
BCY	\$ 0	\$ (914)	\$ 0	\$ (914)	\$ 952	\$ 38
BOM	0	(250,784)	0	(250,784)	246,942	(3,842)
BOS	0	(46,994)	0	(46,994)	48,468	1,474
BRC	0	(2,790)	0	(2,790)	2,774	(16)
BSN	0	(257,160)	0	(257,160)	255,656	(1,504)
CIB	0	(294,848)	0	(294,848)	292,852	(1,996)
CSN	0	(31,932)	0	(31,932)	32,746	814
FICC	5,498	0	0	5,498	(5,609)	(111)
GRE	0	(151,248)	0	(151,248)	150,407	(841)
MSC	5,287	(5,176)	0	111	2,233	2,344
MYI	0	(68,688)	0	(68,688)	68,216	(472)
RCY	0	(3,688)	0	(3,688)	3,698	10
RDR	0	(12,007)	0	(12,007)	12,399	392
RYL	0	(39,075)	0	(39,075)	38,993	(82)
<b>Total Borrowings and Other Financing Transactions</b>	<b>\$ 10,785</b>	<b>\$ (1,165,304)</b>	<b>\$ 0</b>			

### CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS

#### Remaining Contractual Maturity of the Agreements

	Overnight and Continuous	Up to 30 days	31-90 days	Greater Than 90 days	Total
<b>Reverse Repurchase Agreements</b>					
Corporate Bonds & Notes	\$ 0	\$ 0	\$ 0	\$ (15,711)	\$ (15,711)
U.S. Government Agencies	0	(46,994)	(31,932)	0	(78,926)
U.S. Treasury Obligations	0	(837,331)	(120,397)	0	(957,728)
Sovereign Issues	0	(5,176)	(107,763)	0	(112,939)
<b>Total Borrowings</b>	<b>\$ 0</b>	<b>\$ (889,501)</b>	<b>\$ (260,092)</b>	<b>\$ (15,711)</b>	<b>\$ (1,165,304)</b>
<b>Payable for reverse repurchase agreements</b>					<b>\$ (1,165,304)</b>

(j) Securities with an aggregate market value of \$1,161,913 and cash of \$1,090 have been pledged as collateral under the terms of the above master agreements as of December 31, 2019.

<sup>(1)</sup> Includes accrued interest.

<sup>(2)</sup> The average amount of borrowings outstanding during the period ended December 31, 2019 was \$(580,485) at a weighted average interest rate of 2.165%. Average borrowings may include reverse repurchase agreements and sale-buyback transactions, if held during the period.

<sup>(3)</sup> Open maturity reverse repurchase agreement.

<sup>(4)</sup> Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from borrowings and other financing transactions can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information.

### (k) FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED

#### PURCHASED OPTIONS:

##### OPTIONS ON EXCHANGE-TRADED FUTURES CONTRACTS

Description	Strike Price	Expiration Date	# of Contracts	Notional Amount	Cost	Market Value
Put - CBOT U.S. Treasury 2-Year Note March 2020 Futures	\$ 105.125	02/21/2020	27	\$ 54	\$ 0	\$ 0
Put - CBOT U.S. Treasury 5-Year Note March 2020 Futures	110.000	02/21/2020	4,197	4,197	36	4
Put - CBOT U.S. Treasury 5-Year Note March 2020 Futures	110.750	02/21/2020	4,046	4,046	35	4
Put - CBOT U.S. Treasury 5-Year Note March 2020 Futures	111.000	02/21/2020	5,354	5,354	46	6
Put - CBOT U.S. Treasury 5-Year Note March 2020 Futures	113.500	02/21/2020	155	155	2	0
Put - CBOT U.S. Treasury 10-Year Note March 2020 Futures	117.500	02/21/2020	1,230	1,230	11	1
Put - CBOT U.S. Treasury 10-Year Note March 2020 Futures	121.000	02/21/2020	124	124	1	0
Call - CBOT U.S. Treasury 30-Year Bond March 2020 Futures	195.000	02/21/2020	385	385	3	1
Call - CBOT U.S. Treasury 30-Year Bond March 2020 Futures	197.000	02/21/2020	251	251	2	0
Call - CBOT U.S. Treasury 30-Year Bond March 2020 Futures	198.000	02/21/2020	137	137	1	0
Put - CBOT U.S. Treasury Ultra Long-Term Bond March 2020 Futures	120.000	02/21/2020	722	722	6	1
<b>Total Purchased Options</b>					<b>\$ 143</b>	<b>\$ 17</b>

**WRITTEN OPTIONS:****OPTIONS ON EXCHANGE-TRADED FUTURES CONTRACTS**

Description	Strike Price	Expiration Date	# of Contracts	Notional Amount	Premiums (Received)	Market Value
Call - CBOT U.S. Treasury 10-Year Note February 2020 Futures	\$ 130.000	01/24/2020	562	\$ 562	\$ (175)	\$ (44)
<b>Total Written Options</b>					<b>\$ (175)</b>	<b>\$ (44)</b>

**FUTURES CONTRACTS:****LONG FUTURES CONTRACTS**

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin	
					Asset	Liability
Call Options Strike @ EUR 114.100 on Euro-Schatz Bond March 2020 Futures <sup>(1)</sup>	02/2020	1,452	\$ 8	\$ (1)	\$ 0	\$ 0
Call Options Strike @ EUR 140.000 on Euro-Schatz Bond March 2020 Futures <sup>(1)</sup>	02/2020	866	5	(1)	0	0
Call Options Strike @ EUR 190.000 on Euro-Schatz Bond March 2020 Futures <sup>(1)</sup>	02/2020	1,030	12	(1)	0	0
Euro-BTP Italy Government Bond March Futures	03/2020	3,831	587,223	992	0	(1,471)
Euro-Bund 10-Year Bond March Futures	03/2020	3,762	719,440	(11,684)	0	(4,726)
Euro-Buxl 30-Year Bond March Futures	03/2020	61	13,574	(356)	0	(209)
Put Options Strike @ EUR 101.000 on Euro-Schatz Bond March 2020 Futures <sup>(1)</sup>	02/2020	1,620	18	(1)	0	0
Put Options Strike @ EUR 154.000 on Euro-Schatz Bond March 2020 Futures <sup>(1)</sup>	02/2020	1,850	21	(1)	0	0
Put Options Strike @ EUR 157.000 on Euro-Schatz Bond March 2020 Futures <sup>(1)</sup>	02/2020	532	6	0	0	0
U.S. Treasury 5-Year Note March Futures	03/2020	16,768	1,988,842	(8,158)	0	(393)
U.S. Treasury 10-Year Note March Futures	03/2020	1,375	176,580	(1,503)	0	(151)
U.S. Treasury Ultra Long-Term Bond March Futures	03/2020	921	167,305	(5,038)	0	(1,065)
				\$ (25,752)	\$ 0	\$ (8,015)

**SHORT FUTURES CONTRACTS**

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin	
					Asset	Liability
3-Month Euribor December Futures	12/2020	1,536	\$ (432,305)	\$ 1,118	\$ 22	\$ 0
3-Month Euribor September Futures	09/2020	717	(201,819)	515	10	0
Euro-Bobl March Futures	03/2020	1,019	(152,741)	462	412	0
Euro-OAT France Government 10-Year Bond March Futures	03/2020	2,246	(410,073)	5,907	2,645	0
Euro-Schatz March Futures	03/2020	1,708	(214,395)	161	105	0
U.S. Treasury 30-Year Bond March Futures	03/2020	884	(137,821)	2,741	304	0
United Kingdom Long Gilt March Futures	03/2020	691	(120,252)	1,010	1,162	(522)
				\$ 11,914	\$ 4,660	\$ (522)
<b>Total Futures Contracts</b>				<b>\$ (13,838)</b>	<b>\$ 4,660</b>	<b>\$ (8,537)</b>

**SWAP AGREEMENTS:****CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION<sup>(2)</sup>**

Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2019 <sup>(3)</sup>	Notional Amount <sup>(4)</sup>	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value <sup>(5)</sup>	Variation Margin	
									Asset	Liability
General Electric Co.	1.000%	Quarterly	12/20/2023	0.652%	\$ 6,100	\$ (428)	\$ 511	\$ 83	\$ 0	\$ 0
General Electric Co.	1.000	Quarterly	06/20/2024	0.766	5,400	(66)	122	56	0	(4)
General Electric Co.	1.000	Quarterly	12/20/2024	0.857	5,000	(78)	113	35	0	0
Morgan Stanley	1.000	Quarterly	12/20/2020	0.197	12,100	201	(102)	99	1	0
Rolls-Royce PLC	1.000	Quarterly	06/20/2024	0.892	EUR 14,400	24	60	84	0	(6)
Tesco PLC	1.000	Quarterly	06/20/2022	0.338	15,000	(732)	1,017	285	0	(11)
						\$ (1,079)	\$ 1,721	\$ 642	\$ 1	\$ (21)

## Schedule of Investments PIMCO Total Return Portfolio (Cont.)

### CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION<sup>(2)</sup>

Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date	Notional Amount <sup>(4)</sup>	Premiums Paid/(Received)	Unrealized Appreciation/(Depreciation)	Market Value <sup>(5)</sup>	Variation Margin	
								Asset	Liability
CDX.IG-31 5-Year Index	1.000%	Quarterly	12/20/2023	\$ 21,700	\$ 183	\$ 373	\$ 556	\$ 0	\$ (1)
CDX.IG-32 5-Year Index	1.000	Quarterly	06/20/2024	73,700	1,397	551	1,948	0	(6)
CDX.IG-33 5-Year Index	1.000	Quarterly	12/20/2024	84,200	1,724	490	2,214	0	(8)
					\$ 3,304	\$ 1,414	\$ 4,718	\$ 0	\$ (15)

### INTEREST RATE SWAPS

Pay/Receive	Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/(Depreciation)	Market Value	Variation Margin	
										Asset	Liability
Pay	1-Year BRL-CDI	5.960%	Maturity	01/02/2023	BRL	983,500	\$ 190	\$ 1,497	\$ 1,687	\$ 43	\$ 0
Pay	3-Month USD-LIBOR	2.800	Semi-Annual	08/22/2023		\$ 66,200	(1,486)	4,586	3,100	0	(45)
Receive <sup>(6)</sup>	6-Month GBP-LIBOR	0.750	Semi-Annual	03/18/2050	GBP	28,100	684	2,865	3,549	596	0
Receive <sup>(6)</sup>	6-Month GBP-LIBOR	1.000	Semi-Annual	06/17/2050		37,500	690	788	1,478	837	0
Receive	6-Month JPY-LIBOR	0.300	Semi-Annual	03/18/2026	JPY	44,270,000	(2,569)	(4,392)	(6,961)	0	(277)
Pay	6-Month JPY-LIBOR	0.095	Semi-Annual	09/13/2026		4,100,000	0	(372)	(372)	16	0
Pay	6-Month JPY-LIBOR	0.092	Semi-Annual	09/13/2026		2,050,000	0	(182)	(182)	8	0
Pay	6-Month JPY-LIBOR	0.068	Semi-Annual	09/18/2026		3,410,000	0	(252)	(252)	13	0
Pay	6-Month JPY-LIBOR	0.062	Semi-Annual	09/18/2026		5,460,000	(3)	(380)	(383)	21	0
Pay	6-Month JPY-LIBOR	0.064	Semi-Annual	09/19/2026		2,050,000	0	(145)	(145)	8	0
Pay	6-Month JPY-LIBOR	0.063	Semi-Annual	09/19/2026		2,050,000	0	(144)	(144)	8	0
Pay	6-Month JPY-LIBOR	0.087	Semi-Annual	09/20/2026		1,025,000	0	(88)	(88)	4	0
Pay	6-Month JPY-LIBOR	0.097	Semi-Annual	09/24/2026		2,495,000	3	(233)	(230)	10	0
Receive	6-Month JPY-LIBOR	0.300	Semi-Annual	09/20/2027		7,200,000	(375)	(878)	(1,253)	0	(47)
Receive	6-Month JPY-LIBOR	0.300	Semi-Annual	03/20/2028		1,700,000	118	(417)	(299)	0	(13)
Pay	6-Month JPY-LIBOR	0.380	Semi-Annual	06/18/2028		17,350,000	663	3,340	4,003	137	0
Receive	6-Month JPY-LIBOR	0.399	Semi-Annual	06/18/2028		2,750,000	(2)	(673)	(675)	0	(22)
Receive	6-Month JPY-LIBOR	0.450	Semi-Annual	03/20/2029		2,870,000	(212)	(670)	(882)	0	(25)
Receive	6-Month JPY-LIBOR	0.750	Semi-Annual	03/20/2038		6,502,000	184	(5,102)	(4,918)	0	(81)
Receive	6-Month JPY-LIBOR	0.800	Semi-Annual	10/22/2038		690,000	0	(581)	(581)	0	(8)
Receive	6-Month JPY-LIBOR	0.705	Semi-Annual	10/31/2038		2,050,000	131	(1,515)	(1,384)	0	(25)
Receive	6-Month JPY-LIBOR	0.785	Semi-Annual	11/12/2038		1,050,000	4	(855)	(851)	0	(13)
Receive	6-Month JPY-LIBOR	0.750	Semi-Annual	12/20/2038		5,544,600	294	(4,414)	(4,120)	0	(68)
Pay	6-Month JPY-LIBOR	0.122	Semi-Annual	08/22/2039		4,060,000	366	(1,875)	(1,509)	44	0
Pay	6-Month JPY-LIBOR	0.123	Semi-Annual	08/22/2039		2,680,000	71	(1,065)	(994)	29	0
Pay	6-Month JPY-LIBOR	0.103	Semi-Annual	08/28/2039		660,000	0	(269)	(269)	8	0
Pay	6-Month JPY-LIBOR	1.000	Semi-Annual	03/21/2048		690,000	1,686	(670)	1,016	9	0
Pay	28-Day MXN-TIIE	8.075	Lunar	08/26/2020	MXN	2,293,300	(1,332)	2,053	721	2	0
Pay	28-Day MXN-TIIE	8.700	Lunar	11/02/2020		1,954,600	(113)	1,524	1,411	4	0
Pay	28-Day MXN-TIIE	8.735	Lunar	11/06/2020		154,800	0	121	121	0	0
Pay	28-Day MXN-TIIE	8.720	Lunar	11/13/2020		50,600	(3)	43	40	0	0
Receive	28-Day MXN-TIIE	8.683	Lunar	11/27/2020		1,384,600	0	(1,090)	(1,090)	0	(2)
Receive	28-Day MXN-TIIE	8.855	Lunar	12/03/2020		2,757,900	51	(2,592)	(2,541)	0	(4)
							\$ (960)	\$ (12,037)	\$ (12,997)	\$ 1,797	\$ (630)
<b>Total Swap Agreements</b>							<b>\$ 1,265</b>	<b>\$ (8,902)</b>	<b>\$ (7,637)</b>	<b>\$ 1,798</b>	<b>\$ (666)</b>

### FINANCIAL DERIVATIVE INSTRUMENTS: EXCHANGE-TRADED OR CENTRALLY CLEARED SUMMARY

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of December 31, 2019:

	Financial Derivative Assets				Financial Derivative Liabilities					
	Market Value	Variation Margin Asset			Market Value	Variation Margin Liability				
		Purchased Options	Futures	Swap Agreements		Total	Written Options	Futures	Swap Agreements	Total
<b>Total Exchange-Traded or Centrally Cleared</b>	<b>\$ 17</b>	<b>\$ 4,660</b>	<b>\$ 1,798</b>	<b>\$ 6,475</b>	<b>\$ (44)</b>	<b>\$ (8,537)</b>	<b>\$ (666)</b>	<b>\$ (9,247)</b>		

(l) Securities with an aggregate market value of \$52,277 and cash of \$25,717 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of December 31, 2019. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information.

(1) Future styled option.

- (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, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- (3) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as indicators 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 prices and resulting values for credit default swap agreements serve as indicators 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 underlying referenced instrument's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- (6) This instrument has a forward starting effective date. See Note 2, Securities Transactions and Investment Income, in the Notes to Financial Statements for further information.

**(m) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER****FORWARD FOREIGN CURRENCY CONTRACTS:**

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealized Appreciation/ (Depreciation)	
				Asset	Liability
BOA	01/2020	\$ 723	MXN 14,442	\$ 39	\$ 0
	02/2020	GBP 4,089	\$ 5,266	0	(156)
	03/2020	\$ 14,200	CNH 100,620	229	0
BPS	01/2020	BRL 103,100	\$ 25,579	0	(51)
	01/2020	\$ 27,004	BRL 103,100	0	(1,374)
	01/2020	49,383	MXN 938,632	124	0
	02/2020	EUR 8,189	\$ 9,112	0	(98)
	02/2020	\$ 3,630	EUR 3,263	39	0
	02/2020	1,649	GBP 1,272	38	0
	02/2020	1,322	JPY 142,800	0	(5)
	03/2020	THB 32,947	\$ 1,091	0	(10)
	04/2020	MXN 938,632	48,739	0	(106)
BRC	02/2020	\$ 4,958	GBP 3,765	35	0
	02/2020	13,485	JPY 1,456,800	0	(49)
BSH	01/2020	BRL 623,900	\$ 150,787	42	(4,350)
	01/2020	\$ 150,063	BRL 623,900	5,032	0
	04/2020	BRL 630,200	\$ 150,932	0	(5,121)
CBK	01/2020	652,300	161,161	0	(994)
	01/2020	MXN 630,278	32,062	0	(1,181)
	01/2020	\$ 161,833	BRL 652,300	322	0
	01/2020	494	TRY 2,862	0	(14)
	02/2020	EUR 200,179	\$ 221,940	0	(3,188)
	02/2020	\$ 6,659	EUR 6,007	96	0
	03/2020	23,194	CNH 164,588	409	0
	03/2020	370	KRW 433,985	6	0
	04/2020	MXN 79	\$ 4	0	0
DUB	03/2020	CNH 571,825	79,371	0	(2,633)
GLM	01/2020	ILS 1,659	478	0	(3)
HUS	01/2020	AUD 2,893	1,965	0	(65)
	01/2020	CAD 922	694	0	(16)
	01/2020	MXN 14,442	736	0	(26)
	01/2020	\$ 21,564	GBP 16,704	567	0
	02/2020	13,621	EUR 12,209	109	0
	02/2020	209,653	JPY 22,668,600	0	(589)
	03/2020	CNH 184,132	\$ 25,528	0	(878)
	03/2020	INR 14,380	197	0	(3)
	03/2020	\$ 17,480	CNH 123,968	298	0
	04/2020	47,744	MXN 939,606	1,152	0
JPM	01/2020	BRL 591,400	\$ 146,320	0	(696)
	01/2020	\$ 154,806	BRL 591,400	0	(7,790)
	01/2020	28,879	MXN 580,371	1,731	0
	04/2020	BRL 53,500	\$ 12,708	0	(540)
MYI	02/2020	NOK 1,090	118	0	(6)
NGF	03/2020	TWD 737,551	24,379	0	(419)

## Schedule of Investments PIMCO Total Return Portfolio (Cont.)

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealized Appreciation/ (Depreciation)	
				Asset	Liability
RBC	02/2020	\$ 5,106	JPY 556,500	\$ 27	\$ 0
RYL	02/2020	106,482	EUR 96,082	1,576	0
	03/2020	CNH 483,855	\$ 67,088	0	(2,301)
SOG	02/2020	GBP 242,015	311,913	0	(9,040)
	03/2020	CNH 278,502	38,630	0	(1,310)
SSB	02/2020	\$ 1,145	GBP 865	2	0
TOR	01/2020	MXN 787,004	\$ 40,432	0	(1,077)
UAG	01/2020	101,721	5,264	0	(101)
<b>Total Forward Foreign Currency Contracts</b>				<b>\$ 11,873</b>	<b>\$ (44,190)</b>

### WRITTEN OPTIONS:

#### INFLATION-CAPPED OPTIONS

Counterparty	Description	Initial Index	Floating Rate	Expiration Date	Notional Amount <sup>(1)</sup>	Premiums (Received)	Market Value
CBK	Floor - OTC CPURNSA	215.949	Maximum of [(1 + 0.000%) <sup>10</sup> - (Final Index/Initial Index)] or 0	03/12/2020	13,000	\$ (110)	\$ 0
	Floor - OTC CPURNSA	216.687	Maximum of [(1 + 0.000%) <sup>10</sup> - (Final Index/Initial Index)] or 0	04/07/2020	31,400	(280)	0
	Floor - OTC CPURNSA	217.965	Maximum of [(1 + 0.000%) <sup>10</sup> - (Final Index/Initial Index)] or 0	09/29/2020	14,500	(187)	0
DUB	Floor - OTC CPURNSA	215.949	Maximum of [0.000% - (Final Index/Initial Index - 1)] or 0	03/10/2020	4,900	(37)	0
	Floor - OTC CPURNSA	218.011	Maximum of [0.000% - (Final Index/Initial Index - 1)] or 0	10/13/2020	15,400	(151)	0
<b>Total Written Options</b>						<b>\$ (765)</b>	<b>\$ 0</b>

### SWAP AGREEMENTS:

#### CREDIT DEFAULT SWAPS ON CORPORATE AND SOVEREIGN ISSUES - SELL PROTECTION<sup>(2)</sup>

Counterparty	Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2019 <sup>(3)</sup>	Notional Amount <sup>(4)</sup>	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value <sup>(5)</sup>		
									Asset	Liability	
BPS	Petrobras Global Finance BV	1.000%	Quarterly	03/20/2020	0.229%	\$ 500	\$ (77)	\$ 78	\$ 1	\$ 0	
BRC	Italy Government International Bond	1.000	Quarterly	06/20/2024	0.730	8,300	(221)	320	99	0	
GST	Petrobras Global Finance BV	1.000	Quarterly	03/20/2020	0.229	400	(64)	65	1	0	
	Russia Government International Bond	1.000	Quarterly	12/20/2024	0.556	14,800	95	224	319	0	
HUS	South Africa Government International Bond	1.000	Quarterly	06/20/2024	1.501	15,900	(680)	350	0	(330)	
	Brazil Government International Bond	1.000	Quarterly	03/20/2020	0.275	8,900	24	(7)	17	0	
	Petrobras Global Finance BV	1.000	Quarterly	03/20/2020	0.229	1,500	(274)	277	3	0	
JPM	Russia Government International Bond	1.000	Quarterly	12/20/2024	0.556	300	2	4	6	0	
	South Africa Government International Bond	1.000	Quarterly	12/20/2023	1.345	100	(5)	4	0	(1)	
								<b>\$ (1,200)</b>	<b>\$ 1,315</b>	<b>\$ 446</b>	<b>\$ (331)</b>

#### CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION<sup>(2)</sup>

Counterparty	Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date	Notional Amount <sup>(4)</sup>	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value <sup>(5)</sup>	
								Asset	Liability
DUB	CMBX.NA.AAA.6 Index	0.500%	Monthly	05/11/2063	\$ 9,864	\$ (214)	\$ 299	\$ 85	\$ 0
<b>Total Swap Agreements</b>						<b>\$ (1,414)</b>	<b>\$ 1,614</b>	<b>\$ 531</b>	<b>\$ (331)</b>

**FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY**

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral pledged/(received) as of December 31, 2019:

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Net Market Value of OTC Derivatives	Collateral Pledged/(Received)	Net Exposure <sup>(6)</sup>
	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter			
BOA	\$ 268	\$ 0	\$ 0	\$ 268	\$ (156)	\$ 0	\$ 0	\$ (156)	\$ 112	\$ 0	\$ 112
BPS	201	0	1	202	(1,644)	0	0	(1,644)	(1,442)	1,468	26
BRC	35	0	99	134	(49)	0	0	(49)	85	0	85
BSH	5,074	0	0	5,074	(9,471)	0	0	(9,471)	(4,397)	4,428	31
CBK	833	0	0	833	(5,377)	0	0	(5,377)	(4,544)	4,783	239
DUB	0	0	85	85	(2,633)	0	0	(2,633)	(2,548)	1,499	(1,049)
GLM	0	0	0	0	(3)	0	0	(3)	(3)	0	(3)
GST	0	0	320	320	0	0	(330)	(330)	(10)	0	(10)
HUS	2,126	0	20	2,146	(1,577)	0	0	(1,577)	569	85	654
JPM	1,731	0	6	1,737	(9,026)	0	(1)	(9,027)	(7,290)	7,229	(61)
MYI	0	0	0	0	(6)	0	0	(6)	(6)	253	247
NGF	0	0	0	0	(419)	0	0	(419)	(419)	270	(149)
RBC	27	0	0	27	0	0	0	0	27	0	27
RYL	1,576	0	0	1,576	(2,301)	0	0	(2,301)	(725)	(182)	(907)
SOG	0	0	0	0	(10,350)	0	0	(10,350)	(10,350)	7,206	(3,144)
SSB	2	0	0	2	0	0	0	0	2	0	2
TOR	0	0	0	0	(1,077)	0	0	(1,077)	(1,077)	1,180	103
UAG	0	0	0	0	(101)	0	0	(101)	(101)	0	(101)
<b>Total Over the Counter</b>	<b>\$ 11,873</b>	<b>\$ 0</b>	<b>\$ 531</b>	<b>\$ 12,404</b>	<b>\$ (44,190)</b>	<b>\$ 0</b>	<b>\$ (331)</b>	<b>\$ (44,521)</b>			

(n) Securities with an aggregate market value of \$30,148 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of December 31, 2019.

- (1) Notional Amount represents the number of contracts.
- (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, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- (3) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate or sovereign issues as of period end serve as indicators 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 prices and resulting values for credit default swap agreements serve as indicators 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 underlying referenced instrument's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- (6) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC financial derivative instruments can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information.

**FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS**

The following is a summary of the fair valuation of the Portfolio's derivative instruments categorized by risk exposure. See Note 7, Principal Risks, in the Notes to Financial Statements on risks of the Portfolio.

Fair Values of Financial Derivative Instruments on the Statement of Assets and Liabilities as of December 31, 2019:

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Financial Derivative Instruments - Assets</b>						
Exchange-traded or centrally cleared						
Purchased Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17	\$ 17
Futures	0	0	0	0	4,660	4,660
Swap Agreements	0	1	0	0	1,797	1,798
	\$ 0	\$ 1	\$ 0	\$ 0	\$ 6,474	\$ 6,475
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 11,873	\$ 0	\$ 11,873
Swap Agreements	0	531	0	0	0	531
	\$ 0	\$ 531	\$ 0	\$ 11,873	\$ 0	\$ 12,404
	\$ 0	\$ 532	\$ 0	\$ 11,873	\$ 6,474	\$ 18,879

## Schedule of Investments PIMCO Total Return Portfolio (Cont.)

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Financial Derivative Instruments - Liabilities</b>						
Exchange-traded or centrally cleared						
Written Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 44	\$ 44
Futures	0	0	0	0	8,537	8,537
Swap Agreements	0	36	0	0	630	666
	\$ 0	\$ 36	\$ 0	\$ 0	\$ 9,211	\$ 9,247
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 44,190	\$ 0	\$ 44,190
Swap Agreements	0	331	0	0	0	331
	\$ 0	\$ 331	\$ 0	\$ 44,190	\$ 0	\$ 44,521
	\$ 0	\$ 367	\$ 0	\$ 44,190	\$ 9,211	\$ 53,768

The effect of Financial Derivative Instruments on the Statement of Operations for the period ended December 31, 2019:

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Net Realized Gain (Loss) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Purchased Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ (905)	\$ (905)
Written Options	0	0	0	0	2,568	2,568
Futures	0	0	0	0	62,275	62,275
Swap Agreements	0	8,729	0	0	47,370	56,099
	\$ 0	\$ 8,729	\$ 0	\$ 0	\$ 111,308	\$ 120,037
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 15,952	\$ 0	\$ 15,952
Purchased Options	0	0	0	(5)	(2,739)	(2,744)
Written Options	0	297	0	8,195	3,124	11,616
Swap Agreements	0	3,466	0	0	0	3,466
	\$ 0	\$ 3,763	\$ 0	\$ 24,142	\$ 385	\$ 28,290
	\$ 0	\$ 12,492	\$ 0	\$ 24,142	\$ 111,693	\$ 148,327
<b>Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Purchased Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ (18)	\$ (18)
Written Options	0	0	0	0	131	131
Futures	0	0	0	0	(20,661)	(20,661)
Swap Agreements	0	4,016	0	0	(10,611)	(6,595)
	\$ 0	\$ 4,016	\$ 0	\$ 0	\$ (31,159)	\$ (27,143)
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ (41,803)	\$ 0	\$ (41,803)
Purchased Options	0	0	0	0	247	247
Written Options	0	47	0	0	(405)	(358)
Swap Agreements	0	(364)	0	0	0	(364)
	\$ 0	\$ (317)	\$ 0	\$ (41,803)	\$ (158)	\$ (42,278)
	\$ 0	\$ 3,699	\$ 0	\$ (41,803)	\$ (31,317)	\$ (69,421)

**FAIR VALUE MEASUREMENTS**

The following is a summary of the fair valuations according to the inputs used as of December 31, 2019 in valuing the Portfolio's assets and liabilities:

<b>Category and Subcategory</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value at 12/31/2019</b>	<b>Category and Subcategory</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Fair Value at 12/31/2019</b>
<b>Investments in Securities, at Value</b>					<b>Investments in Affiliates, at Value</b>				
Loan Participations and Assignments	\$ 0	\$ 0	\$ 45,516	\$ 45,516	Short-Term Instruments				
Corporate Bonds & Notes					Central Funds Used for Cash Management Purposes	\$ 574,453	\$ 0	\$ 0	\$ 574,453
Banking & Finance	0	1,650,168	0	1,650,168	Total Investments	\$ 574,453	\$ 9,257,317	\$ 45,516	\$ 9,877,286
Industrials	0	1,032,131	0	1,032,131					
Specialty Finance	0	2,813	0	2,813					
Utilities	0	226,817	0	226,817					
Municipal Bonds & Notes					<b>Short Sales, at Value - Liabilities</b>				
Illinois	0	3,649	0	3,649	U.S. Government Agencies	\$ 0	\$ (414,691)	\$ 0	\$ (414,691)
Iowa	0	878	0	878					
Texas	0	3,470	0	3,470	<b>Financial Derivative Instruments - Assets</b>				
U.S. Government Agencies	0	3,562,885	0	3,562,885	Exchange-traded or centrally cleared	4,660	1,815	0	6,475
U.S. Treasury Obligations	0	1,027,725	0	1,027,725	Over the counter	0	12,404	0	12,404
Non-Agency Mortgage-Backed Securities	0	624,564	0	624,564		\$ 4,660	\$ 14,219	\$ 0	\$ 18,879
Asset-Backed Securities	0	727,068	0	727,068					
Sovereign Issues	0	331,662	0	331,662	<b>Financial Derivative Instruments - Liabilities</b>				
Preferred Securities					Exchange-traded or centrally cleared	(8,537)	(710)	0	(9,247)
Banking & Finance	0	23,287	0	23,287	Over the counter	0	(44,521)	0	(44,521)
Short-Term Instruments						\$ (8,537)	\$ (45,231)	\$ 0	\$ (53,768)
Certificates of Deposit	0	16,538	0	16,538					
Repurchase Agreements	0	10,785	0	10,785	Total Financial Derivative Instruments	\$ (3,877)	\$ (31,012)	\$ 0	\$ (34,889)
Short-Term Notes	0	2,300	0	2,300					
Argentina Treasury Bills	0	204	0	204	Totals	\$ 570,576	\$ 8,811,614	\$ 45,516	\$ 9,427,706
U.S. Treasury Bills	0	10,373	0	10,373					
	\$ 0	\$ 9,257,317	\$ 45,516	\$ 9,302,833					

There were no significant transfers into or out of Level 3 during the period ended December 31, 2019.

## Notes to Financial Statements

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### 1. ORGANIZATION

PIMCO Variable Insurance Trust (the "Trust") is a Delaware statutory trust established under a trust instrument dated October 3, 1997. The Trust is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. 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. Information presented in these financial statements pertains to the Institutional Class, Administrative Class and Advisor Class shares of the PIMCO Total Return Portfolio (the "Portfolio") offered by the Trust. Pacific Investment Management Company LLC ("PIMCO") serves as the investment adviser (the "Adviser") for the Portfolio.

### 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 Portfolio is treated as an investment company under the reporting requirements of U.S. GAAP. The functional and reporting currency for the Portfolio is the U.S. dollar. The preparation of financial statements in accordance with U.S. GAAP requires 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) 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 beyond a standard settlement period for the security after the trade date. Realized gains (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, with the exception of securities with a forward starting effective date, where interest income is recorded on the accrual basis from effective date. For convertible securities, premiums attributable to the conversion feature are not amortized. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized appreciation (depreciation) on investments on the Statement of

Operations, as appropriate. Tax liabilities realized as a result of such security sales are reflected as a component of net realized gain (loss) on investments on the Statement of Operations. Paydown gains (losses) on mortgage-related and other asset-backed securities, if any, are recorded as components of interest income on the Statement of Operations. Income or short-term capital gain distributions received from registered investment companies, if any, are recorded as dividend income. Long-term capital gain distributions received from registered investment companies, if any, are recorded as realized gains.

Debt obligations may be placed on non-accrual status and related interest income may be reduced by ceasing current accruals and writing off interest receivable when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. A debt obligation is removed from non-accrual status when the issuer resumes interest payments or when collectability of interest is probable.

**(b) Foreign Currency Translation** The market values of foreign securities, currency holdings and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the current exchange rates each business day. Purchases and sales of securities and income and expense items denominated in foreign currencies, if any, are translated into U.S. dollars at the exchange rate in effect on the transaction date. The Portfolio does not separately report the effects of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized gain (loss) and net change in unrealized appreciation (depreciation) from investments on the Statement of Operations. The Portfolio may invest in foreign currency-denominated securities and may engage in foreign currency transactions either on a spot (cash) basis at the rate prevailing in the currency exchange market at the time or through a forward foreign currency contract. Realized foreign exchange gains (losses) arising from sales of spot foreign currencies, currency gains (losses) realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid are included in net realized gain (loss) on foreign currency transactions on the Statement of Operations. Net unrealized foreign exchange gains (losses) arising from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period are included in net change in unrealized appreciation (depreciation) on foreign currency assets and liabilities on the Statement of Operations.

**(c) Multi-Class Operations** Each class offered by the Trust 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 net assets. Realized and unrealized capital gains (losses) are allocated daily based on the relative net assets of each class of the Portfolio. Class specific expenses, where applicable, currently include supervisory and administrative and distribution and servicing fees. Under certain circumstances, the per share net asset value ("NAV") of a class of the Portfolio's shares may be different from the per share NAV of another class of shares as a result of the different daily expense accruals applicable to each class of shares.

**(d) Distributions to Shareholders** Distributions from net investment income, if any, are declared daily and distributed to shareholders monthly. In addition, the Portfolio distributes any net capital gains it earns from the sale of portfolio securities to shareholders no less frequently than annually.

Income distributions 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 cause timing differences between income and capital gain recognition. Further, the character of investment income and capital gains may be different for certain transactions under the two methods of accounting. As a result, income distributions and capital gain distributions declared during a fiscal period may differ significantly from the net investment income (loss) and realized gains (losses) reported on the Portfolio's annual financial statements presented under U.S. GAAP.

If the Portfolio estimates that a portion of its distribution may be comprised of amounts from sources other than net investment income in accordance with its policies and accounting practices, the Portfolio will notify shareholders of the estimated composition of such distribution through a Section 19 Notice. For these purposes, the Portfolio estimates the source or sources from which a distribution is paid, to the close of the period as of which it is paid, in reference to its internal accounting records and related accounting practices. If, based on such accounting records and practices, it is estimated that a particular distribution does not include capital gains or paid-in surplus or other capital sources, a Section 19 Notice generally would not be issued. It is important to note that differences exist between the Portfolio's daily internal accounting records and practices, the Portfolio's financial statements presented in accordance with U.S. GAAP, and recordkeeping practices under income tax regulations. For instance, the Portfolio's internal accounting records and practices may take into account, among other factors, tax-related characteristics of certain sources of distributions that differ from treatment under U.S. GAAP. Examples of such differences may include, among others, the treatment of paydowns on mortgage-backed securities purchased at a discount and periodic payments under interest rate swap contracts. Accordingly, among other consequences, it is possible that the Portfolio

may not issue a Section 19 Notice in situations where the Portfolio's financial statements prepared later and in accordance with U.S. GAAP and/or the final tax character of those distributions might later report that the sources of those distributions included capital gains and/or a return of capital. Final determination of a distribution's tax character will be provided to shareholders when such information is available.

Distributions classified as a tax basis return of capital at the Portfolio's fiscal year end, if any, are reflected on the Statements of Changes in Net Assets and have been recorded to paid in capital on the Statement of Assets and Liabilities. In addition, other amounts have been reclassified between distributable earnings (accumulated loss) and paid in capital on the Statement of Assets and Liabilities to more appropriately conform U.S. GAAP to tax characterizations of distributions.

**(e) New Accounting Pronouncements** In August 2018, the Financial Accounting Standards Board issued an Accounting Standards Update ("ASU"), ASU 2018-13, which modifies certain disclosure requirements for fair value measurements in Accounting Standards Codification 820. The ASU is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. At this time, management has elected to early adopt the ASU and the changes are incorporated in the financial statements.

### 3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

**(a) Investment Valuation Policies** The price of the Portfolio's shares is based on the Portfolio's NAV. The NAV of the Portfolio, or each of its share classes, as applicable, is determined by dividing the total value of portfolio investments and other assets, less any liabilities attributable to the Portfolio or class, by the total number of shares outstanding of the Portfolio or class.

On each day that the New York Stock Exchange ("NYSE") is open, Portfolio shares are ordinarily valued as of the close of regular trading (normally 4:00 p.m., Eastern time) ("NYSE Close"). Information that becomes known to the Portfolio or its agents after the time as of which 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. The Portfolio reserves the right to change the time as of which its NAV is calculated if the Portfolio closes earlier, or as permitted by the U.S. Securities and Exchange Commission ("SEC").

For purposes of calculating a NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Portfolio's approved

pricing services, quotation reporting systems and other third-party sources (together, "Pricing Services"). The Portfolio will normally use pricing data for domestic equity securities received shortly after the NYSE Close and does not normally take into account trading, clearances or settlements that take place after the NYSE Close. If market value pricing is used, a foreign (non-U.S.) equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by the Adviser to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services. The Portfolio's investments in open-end management investment companies, other than exchange-traded funds ("ETFs"), are valued at the NAVs of such investments. Open-end management investment companies may include affiliated funds.

If a foreign (non-U.S.) equity security's value has materially changed after the close of the security's primary exchange or principal market but before the NYSE Close, the security may be valued at fair value based on procedures established and approved by the Board of Trustees of the Trust (the "Board"). Foreign (non-U.S.) equity securities that do not trade when the NYSE is open are also valued at fair value. With respect to foreign (non-U.S.) equity securities, the Portfolio may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, the Portfolio may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. The Portfolio may utilize modeling tools provided by third-party vendors to determine fair values of foreign (non-U.S.) securities. For these purposes, any movement in the applicable reference index or

instrument ("zero trigger") between the earlier close of the applicable foreign market and the NYSE Close may be deemed to be a significant event, prompting the application of the pricing model (effectively resulting in daily fair valuations). Foreign exchanges may permit trading in foreign (non-U.S.) equity securities on days when the Trust is not open for business, which may result in the Portfolio's portfolio investments being affected when shareholders are unable to buy or sell shares.

Senior secured floating rate loans for which an active secondary market exists to a reliable degree are valued at the mean of the last available bid/ask prices in the market for such loans, as provided by a Pricing Service. Senior secured floating rate loans for which an active secondary market does not exist to a reliable degree are valued at fair value, which is intended to approximate market value. In valuing a senior secured floating rate loan at fair value, the factors considered may include, but are not limited to, the following: (a) the creditworthiness of the borrower and any intermediate participants, (b) the terms of the loan, (c) recent prices in the market for similar loans, if any, and (d) recent prices in the market for instruments of similar quality, rate, period until next interest rate reset and maturity.

Investments valued in currencies other than the U.S. dollar are converted to the U.S. dollar using exchange rates obtained from Pricing Services. As a result, the value of such investments and, in turn, 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 investments 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 Trust is not open for business. As a result, to the extent that the Portfolio holds foreign (non-U.S.) investments, the value of those investments may change at times when shareholders are unable to buy or sell shares and the value of such investments will be reflected in the Portfolio's next calculated NAV.

Investments for which market quotes or market based valuations are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to the Adviser the responsibility for applying the fair valuation methods. In the event that market quotes or market based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the Board. 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, bid/ask information, indicative market quotations ("Broker Quotes"), Pricing Services' prices), 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 Adviser, 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 reevaluated in light of such significant events.

When the Portfolio uses fair valuation to determine the value of a portfolio security or other asset for purposes of calculating its NAV, such investments will not be priced on the basis of quotes from the primary market in which they are traded, but rather may be priced by another method that the Board or persons acting at their direction believe reflects fair value. Fair valuation may require subjective determinations about the value of a 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 ensure that fair 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. The Portfolio's use of fair valuation may also help to deter "stale price arbitrage" as discussed under the "Frequent or Excessive Purchases, Exchanges and Redemptions" section in the Portfolio's prospectus.

**(b) Fair Value Hierarchy** U.S. GAAP describes fair 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, or 3). The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Levels 1, 2, and 3 of the fair value hierarchy are defined as follows:

- Level 1 — 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 or persons acting at their direction that are used in determining the fair value of investments.

In accordance with the requirements of U.S. GAAP, the amounts of transfers into and out of Level 3, if material, are disclosed in the Notes to Schedule of Investments for the Portfolio.

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for reported fair values that presents changes attributable to realized gain (loss), unrealized appreciation (depreciation), purchases and sales, accrued discounts (premiums), and transfers into and out of the Level 3 category during the period. The end of period value is used for the transfers between Levels of the Portfolio's assets and liabilities. Additionally, U.S. GAAP requires quantitative information regarding the significant unobservable inputs used in the determination of fair value of assets or liabilities categorized as Level 3 in the fair value hierarchy. In accordance with the requirements of U.S. GAAP, a fair value hierarchy, and if material, a Level 3 reconciliation and details of significant unobservable inputs, have been included in the Notes to Schedule of Investments for the Portfolio.

### **(c) Valuation Techniques and the Fair Value Hierarchy**

**Level 1 and Level 2 trading assets and trading liabilities, at fair value** The valuation methods (or "techniques") and significant inputs used in determining the fair values of portfolio securities or other assets and liabilities categorized 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 on the basis of quotes obtained from brokers and dealers or Pricing Services that use broker-dealer quotations, reported trades or valuation estimates from their internal pricing models. The Pricing Services' 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 or as a repurchase commitment in a sale-buyback transaction are marked to

market daily until settlement at the forward settlement date and 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 Services that use broker-dealer quotations, reported trades 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, ETFs, exchange-traded notes and financial derivative instruments, such as futures contracts, rights and warrants, or options on futures 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 NYSE Close. These securities are valued using Pricing Services that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments. Securities using these valuation adjustments are categorized as Level 2 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are also categorized as Level 2 of the fair value hierarchy.

Investments in registered open-end investment companies (other than ETFs) will be valued based upon the NAVs of such investments and are categorized as Level 1 of the fair value hierarchy. Investments in unregistered open-end investment companies will be calculated based upon the NAVs of such investments and are considered Level 1 provided that the NAVs are observable, calculated daily and are the value at which both purchases and sales will be conducted.

Equity exchange-traded options and over the counter financial derivative instruments, such as forward foreign currency contracts and options contracts 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 quotes obtained from a quotation reporting system, established market makers or Pricing Services (normally determined as of the NYSE Close). Depending on the product and the terms of the transaction, financial

derivative instruments can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models use inputs that are observed from actively quoted markets such as quoted prices, issuer details, indices, bid/ask spreads, interest rates, implied volatilities, yield curves, dividends and exchange rates. Financial derivative instruments that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Centrally cleared swaps and over the counter swaps derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. They are valued using a broker-dealer bid quotation or on market-based prices provided by Pricing Services (normally determined as of the NYSE Close). Centrally cleared swaps and over the counter swaps can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models may use inputs that are observed from actively quoted markets such as the overnight index swap rate, London Interbank Offered Rate forward rate, interest rates, yield curves and credit spreads. These securities are categorized as Level 2 of the fair value hierarchy.

**Level 3 trading assets and trading liabilities, at fair value** When a fair valuation method is applied by the Adviser that uses significant unobservable inputs, investments will be priced by a method that the Board or persons acting at their direction believe reflects fair value and are categorized as Level 3 of the fair value hierarchy.

Short-term debt instruments (such as commercial paper) having a remaining maturity of 60 days or less may be valued at amortized cost, so long as the amortized cost value of such short-term debt instruments is approximately the same as the fair value of the instrument as determined without the use of amortized cost valuation. These securities are categorized as Level 2 or Level 3 of the fair value hierarchy depending on the source of the base price.

## 4. SECURITIES AND OTHER INVESTMENTS

### (a) Investments in Affiliates

The Portfolio may invest in the PIMCO Short Asset Portfolio and the PIMCO Short-Term Floating NAV Portfolio III ("Central Funds") to the extent permitted by the Act and rules thereunder. The Central Funds are registered investment companies created for use solely by the series of the Trust and other series of registered investment companies advised by the Adviser, in connection with their cash management activities. The main investments of the Central Funds are money market and short maturity fixed income instruments. The Central Funds may incur expenses related to their investment activities, but do not pay Investment Advisory Fees or Supervisory and Administrative Fees to the Adviser. The Central Funds are considered to be affiliated with the

Portfolio. A complete schedule of portfolio holdings for each affiliate fund is filed with the SEC for the first and third quarters of each fiscal year on Form N-PORT and is available at the SEC's website at [www.sec.gov](http://www.sec.gov). A copy of each affiliate fund's shareholder report is also available at the SEC's website at [www.sec.gov](http://www.sec.gov), on the Funds' website at [www.pimco.com](http://www.pimco.com), or upon request, as applicable. The tables below show the Portfolio's transactions in and earnings from investments in the affiliated Funds for the period ended December 31, 2019 (amounts in thousands<sup>†</sup>):

### Investment in PIMCO Short Asset Portfolio

Market Value 12/31/2018	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 12/31/2019	Dividend Income <sup>(1)</sup>	Realized Net Capital Gain Distributions <sup>(1)</sup>
\$ 372,701	\$ 10,938	\$ 0	\$ 0	\$ 1,282	\$ 384,921	\$ 10,937	\$ 0

### Investment in PIMCO Short-Term Floating NAV Portfolio III

Market Value 12/31/2018	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 12/31/2019	Dividend Income <sup>(1)</sup>	Realized Net Capital Gain Distributions <sup>(1)</sup>
\$ 142,391	\$ 1,537,685	\$ (1,490,701)	\$ 165	\$ (8)	\$ 189,532	\$ 3,155	\$ 0

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

<sup>(1)</sup> The tax characterization of distributions is determined in accordance with Federal income tax regulations and may contain a return of capital. The actual tax characterization of distributions received is determined at the end of the fiscal year of the affiliated fund. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

#### (b) Investments in Securities

The Portfolio may utilize the investments and strategies described below to the extent permitted by the Portfolio's investment policies.

**Bank Obligations** in which the Portfolio may invest include certificates of deposit, bankers' acceptances, and fixed time deposits. Certificates of deposit are negotiable certificates issued against Portfolio deposited in a commercial bank for a definite period of time and earning a specified return. Bankers' acceptances are negotiable drafts or bills of exchange, normally drawn by an importer or exporter to pay for specific merchandise, which are "accepted" by a bank, meaning, in effect, that the bank unconditionally agrees to pay the face value of the instrument on maturity. Fixed time deposits are bank obligations payable at a stated maturity date and bearing interest at a fixed rate. Fixed time deposits may be withdrawn on demand by the investor, but may be subject to early withdrawal penalties which vary depending upon market conditions and the remaining maturity of the obligation.

**Inflation-Indexed Bonds** are fixed income securities whose principal value is periodically adjusted by 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. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury Inflation-Protected Securities. For bonds that do not provide a

similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

**Loans and Other Indebtedness, Loan Participations and Assignments** are 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 or investments in or originations of loans by the Portfolio. A loan is often administered by a bank or other financial institution (the "agent") 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. When the Portfolio purchases assignments from agents it acquires direct rights against the borrowers of the loans. These loans may include participations in bridge loans, which are loans taken out by borrowers for a short period (typically less than one year) pending arrangement of more permanent financing through, for example, the issuance of bonds, frequently high yield bonds issued for the purpose of acquisitions.

The types of loans and related investments in which the Portfolio may invest include, among others, senior loans, subordinated loans (including second lien loans, B-Notes and mezzanine loans), whole loans, commercial real estate and other commercial loans and structured loans. The Portfolio may originate loans or acquire direct interests in loans through primary loan distributions and/or in private transactions. In the case of subordinated loans, there may be significant indebtedness ranking ahead of the borrower's obligation to

the holder of such a loan, including in the event of the borrower's insolvency. Mezzanine loans are typically secured by a pledge of an equity interest in the mortgage borrower that owns the real estate rather than an interest in a mortgage.

Investments in loans may include unfunded loan commitments, which are contractual obligations for 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 committed amount may not 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 agent selling the loan agreement and only upon receipt of payments by the agent from the borrower. The Portfolio may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a loan. In certain circumstances, the Portfolio may receive a penalty fee upon the prepayment of a 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. Unfunded loan commitments are reflected as a liability on the Statement of Assets and Liabilities.

**Mortgage-Related and Other Asset-Backed Securities** directly or indirectly represent a participation in, or are secured by and payable from, loans on real property. 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. These securities provide a monthly payment which consists of both interest and principal. Interest may be determined by fixed or adjustable rates. The rate of prepayments 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 private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. Many of the risks of investing in mortgage-related securities secured by commercial mortgage loans reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make lease payments, and the ability of a property to attract and retain tenants. These securities may be less liquid and may exhibit greater price volatility than other types of mortgage-related or other asset-backed securities. Other asset-backed

securities are created from many types of assets, including, but not limited to, auto loans, accounts receivable, such as credit card receivables and hospital account receivables, home equity loans, student loans, boat loans, mobile home loans, recreational vehicle loans, manufactured housing loans, aircraft leases, computer leases and syndicated bank loans.

**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. In addition to the normal risks associated with fixed income securities discussed elsewhere in this report and the Portfolio's prospectus and statement of additional information (e.g., prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may be exacerbated if the interest rate payable on a structured financing changes based on multiples of changes in interest rates or inversely to changes in interest rates)), CBOs, CLOs and other 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 risk that the Portfolio may invest in CBOs, CLOs, or other 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.

**Collateralized Mortgage Obligations ("CMOs")** are debt obligations of a legal entity that are collateralized by whole mortgage loans or private mortgage bonds 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 prepayments. CMOs may be less liquid and may exhibit greater price volatility than other types of mortgage-related or asset-backed securities.

**Stripped Mortgage-Backed Securities ("SMBS")** are derivative multi-class mortgage securities. SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. An SMBS will have one class that will receive all of the interest (the interest-only or "IO" class), while the other class will receive the entire principal (the principal-only or

"PO" class). Payments received for IOs are included in interest income on the Statement of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. These adjustments are included in interest income on the Statement of Operations. Payments received for POs are treated as reductions to the cost and par value of the securities.

**Payment In-Kind Securities** may give the issuer the option at each interest payment date of making interest payments in either cash and/or additional debt securities. Those additional debt securities usually have the same terms, including maturity dates and interest rates, and associated risks as the original bonds. The daily market quotations of the original bonds may include the accrued interest (referred to as a dirty price) and require a pro rata adjustment from the unrealized appreciation (depreciation) on investments to interest receivable on the Statement of Assets and Liabilities.

**Perpetual Bonds** are fixed income securities with no maturity date but pay a coupon in perpetuity (with no specified ending or maturity date). Unlike typical fixed income securities, there is no obligation for perpetual bonds to repay principal. The coupon payments, however, are mandatory. While perpetual bonds have no maturity date, they may have a callable date in which the perpetuity is eliminated and the issuer may return the principal received on the specified call date. Additionally, a perpetual bond may have additional features, such as interest rate increases at periodic dates or an increase as of a predetermined point in the future.

**Restricted Investments** are subject to legal or contractual restrictions on resale and may generally be sold privately, but may be required to be registered or exempted from such registration before being sold to the public. Private placement securities are generally considered to be restricted except for those securities traded between qualified institutional investors under the provisions of Rule 144A of the Securities Act of 1933. Disposal of restricted investments may involve time-consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult to achieve. Restricted investments held by the Portfolio at December 31, 2019, as applicable, are disclosed in the Notes to Schedule of Investments.

**Securities Issued by U.S. Government Agencies or Government-Sponsored Enterprises** 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, are supported by the full faith and credit of the U.S. Government; others, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Department of the Treasury (the "U.S. Treasury"); and others, such as

those of the Federal National Mortgage Association ("FNMA" or "Fannie Mae"), are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations. U.S. Government securities may include zero coupon securities which do not distribute interest on a current basis and tend to be subject to a 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. 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.

In June 2019, under the Single Security Initiative, FNMA and FHLMC started issuing Uniform Mortgage Backed Securities in place of their current offerings of TBA-eligible securities. The Single Security Initiative seeks to support the overall liquidity of the TBA market and aligns the characteristics of FNMA and FHLMC certificates. The effects that the Single Security Initiative may have on the market for TBA and other mortgage-backed securities are uncertain.

Roll-timing strategies can be used where the Portfolio seeks to extend the expiration or maturity of a position, such as a TBA security on an underlying asset, by closing out the position before expiration and opening a new position with respect to substantially the same underlying asset with a later expiration date. TBA securities purchased or sold are reflected on the Statement of Assets and Liabilities as an asset or liability, respectively.

**When-Issued Transactions** are purchases or sales made on a when-issued basis. These transactions are made conditionally because a security, although authorized, has not yet been issued in the market. Transactions to purchase or sell securities on a when-issued basis involve a commitment by the Portfolio to purchase or sell these securities for a predetermined price or yield, with payment and delivery taking place beyond the customary settlement period. The Portfolio may sell when-issued securities before they are delivered, which may result in a realized gain (loss).

### 5. BORROWINGS AND OTHER FINANCING TRANSACTIONS

The Portfolio may enter into the borrowings and other financing transactions described below to the extent permitted by the Portfolio's investment policies.

The following disclosures contain information on the Portfolio's ability to lend or borrow cash or securities to the extent permitted under the Act, which may be viewed as borrowing or financing transactions by the Portfolio. The location of these instruments in the Portfolio's financial statements is described below.

**(a) Repurchase Agreements** Under the terms of a typical repurchase agreement, the Portfolio purchases 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. In an open maturity repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The underlying securities for all repurchase agreements are held by the Portfolio's custodian or designated subcustodians under tri-party repurchase agreements and in certain instances will remain in custody with the counterparty. The market value of the collateral must be equal to or exceed the total amount of the repurchase obligations, including interest. Repurchase agreements, if any, including accrued interest, are included on the Statement of Assets and Liabilities. Interest earned is recorded as a component of interest income on the Statement of Operations. In periods of increased demand for collateral, the Portfolio may pay a fee for the receipt of collateral, which may result in interest expense to the Portfolio.

**(b) Reverse Repurchase Agreements** In a reverse repurchase agreement, the Portfolio delivers a security in exchange for cash to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed upon price and date. In an open maturity reverse repurchase agreement, there is no pre-determined repurchase date and the agreement can be terminated by the Portfolio or counterparty at any time. The Portfolio is entitled to receive principal and interest payments, if any, made on the security delivered to the counterparty during the term of the agreement. Cash received in exchange for securities delivered plus accrued interest payments to be made by the Portfolio to counterparties are reflected as a liability on the Statement of Assets and Liabilities. Interest payments made by the Portfolio to counterparties 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. The Portfolio will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under reverse repurchase agreements.

**(c) Sale-Buybacks** A sale-buyback financing transaction consists of a sale of a security by the Portfolio to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed-upon price and date. The Portfolio is not entitled to receive principal and interest payments, if any, made on the security sold to the counterparty during the term of the agreement. The agreed-upon proceeds for securities to be repurchased by the Portfolio are reflected as a liability on the Statement of Assets and Liabilities. The Portfolio will recognize net income represented by the price differential between the price received for the transferred security and the agreed-upon repurchase price. This is commonly referred to as the 'price drop'. A price drop consists of (i) the foregone interest and inflationary income adjustments, if any, the Portfolio would have otherwise received had the security not been sold and (ii) the negotiated financing terms between the Portfolio and counterparty. Foregone interest and inflationary income adjustments, if any, are recorded as components of interest income on the Statement of Operations. Interest payments based upon negotiated financing terms made by the Portfolio to counterparties 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. The Portfolio will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under sale-buyback transactions.

**(d) Short Sales** Short sales are transactions in which the Portfolio sells a security that it may not own. The Portfolio may make short sales of securities to (i) offset potential declines in long positions in similar securities, (ii) to increase the flexibility of the Portfolio, (iii) for investment return, (iv) as part of a risk arbitrage strategy, and (v) as part of its overall portfolio management strategies involving the use of derivative instruments. When the Portfolio engages in a short sale, it may borrow the security sold short and deliver it to the counterparty. The Portfolio will ordinarily have to pay a fee or premium to borrow a security and be obligated to repay the lender of the security any dividend or interest that accrues on the security during the period of the loan. Securities sold in short sale transactions and the dividend or interest payable on such securities, if any, are reflected as payable for short sales on the Statement of Assets and Liabilities. Short sales expose the Portfolio to the risk that it will be required to cover its short position at a time when the security or other asset has appreciated in value, thus resulting in losses to the Portfolio. A short sale is "against the box" if the Portfolio holds in its portfolio or has the right to acquire the security sold short, or securities identical to the security sold short, at no additional cost. The Portfolio will be subject to additional risks to the extent that it engages in short sales that are not "against the box."

The Portfolio's loss on a short sale could theoretically be unlimited in cases where the Portfolio is unable, for whatever reason, to close out its short position.

**(e) Interfund Lending** In accordance with an exemptive order (the "Order") from the SEC, each Portfolio of the Trust may participate in a joint lending and borrowing facility for temporary purposes (the "Interfund Lending Program"), subject to compliance with the terms and conditions of the Order, and to the extent permitted by each Portfolio's investment policies and restrictions. Each Portfolio is currently permitted to borrow under the Interfund Lending Program. A lending portfolio may lend in aggregate up to 15% of its current net assets at the time of the loan, but may not lend more than 5% of its net assets to any one borrowing portfolio through the Interfund Lending Program. A borrowing portfolio may not borrow through the Interfund Lending Program or from any other source if its total outstanding borrowings immediately after the borrowing would be more than 33 1/3% of its total assets (or any lower threshold provided for by the portfolio's investment restrictions). If a borrowing portfolio's total outstanding borrowings exceed 10% of its total assets, each of its outstanding interfund loans will be subject to collateralization of at least 102% of the outstanding principal value of the loan. All interfund loans are for temporary or emergency purposes and the interfund loan rate to be charged will be the average of the highest current overnight repurchase agreement rate available to a lending portfolio and the bank loan rate, as calculated according to a formula established by the Board. During the period ended December 31, 2019, the Portfolio did not participate in the Interfund Lending Program.

## 6. FINANCIAL DERIVATIVE INSTRUMENTS

The Portfolio may enter into the financial derivative instruments described below to the extent permitted by the Portfolio's investment policies.

The following disclosures contain information on how and why the Portfolio uses 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 net realized gain (loss) and net change in unrealized appreciation (depreciation) on the Statement of Operations, each categorized by type of financial derivative contract and related risk exposure, are included in a table in the Notes to Schedule of Investments. The financial derivative instruments outstanding as of period end and the amounts of net realized gain (loss) and net change in unrealized appreciation (depreciation) on financial derivative instruments during the period, as disclosed in the Notes to Schedule of Investments, serve as indicators of the volume of financial derivative activity for the Portfolio.

**(a) Forward Foreign Currency Contracts** may be engaged, 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 part of an investment strategy. A forward 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 forward foreign currency contract fluctuates with changes in foreign currency exchange rates. Forward foreign currency contracts are marked to market daily, and the change in value is recorded by the Portfolio as an unrealized gain (loss). Realized gains (losses) are 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 and are recorded upon delivery or receipt of the currency. These contracts may involve market risk in excess of the unrealized gain (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. To mitigate such risk, cash or securities may be exchanged as collateral pursuant to the terms of the underlying contracts.

**(b) Futures Contracts** are agreements to buy or sell a security or other asset for a set price on a future date and are traded on an exchange. 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, U.S. Government and Agency Obligations, or select sovereign debt, in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked to market daily and based on such movements in the price of the contracts, an appropriate payable or receivable for the change in value may be posted or collected by the Portfolio ("Futures Variation Margin"). Futures Variation Margins, if any, are disclosed within centrally cleared financial derivative instruments on the Statement of Assets and Liabilities. Gains (losses) are recognized but not considered realized until the contracts expire or close. Futures contracts involve, to varying degrees, risk of loss in excess of the Futures Variation Margin included within exchange traded or centrally cleared financial derivative instruments on the Statement of Assets and Liabilities.

**(c) Options Contracts** may be written or purchased to enhance returns or to hedge an existing position or future investment. 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 and subsequently marked to market to reflect the current value of the option written. These amounts are included 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 (loss). Certain options may be written with premiums to be determined on a future date. The premiums for these options are based upon implied volatility parameters at specified terms. 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.

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 as an asset on the Statement of Assets and Liabilities 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 (loss) when the underlying transaction is executed.

**Credit Default Swaptions** may be written or purchased to hedge exposure to the credit risk of an investment without making a commitment to the underlying instrument. A credit default swaption is an option to sell or buy credit protection on a specific reference by entering into a pre-defined swap agreement by some specified date in the future.

**Foreign Currency Options** may be written or purchased to be used as a short or long hedge against possible variations in foreign exchange rates or to gain exposure to foreign currencies.

**Inflation-Capped Options** may be written or purchased to enhance returns or for 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.

**Interest Rate Swaptions** may be written or purchased to enter into a pre-defined swap agreement or to shorten, extend, cancel or otherwise modify an existing swap agreement, by some specified date in the future. The writer of the swaption becomes the counterparty to the swap if the buyer exercises. The interest rate swaption agreement will specify whether the buyer of the swaption will be a fixed-rate receiver or a fixed-rate payer upon exercise.

**Options on Exchange-Traded Futures Contracts ("Futures Option")** may be written or purchased to hedge an existing position or future investment, for speculative purposes or to manage exposure to market movements. A Futures Option is an option contract in which the underlying instrument is a single futures contract.

**Options on Securities** may be written or purchased to enhance returns or to hedge an existing position or future investment. An option on a security uses a specified security as the underlying instrument for the option contract.

**(d) Swap Agreements** are bilaterally negotiated agreements between the Portfolio and a counterparty to exchange or swap investment cash flows, assets, foreign currencies or market-linked returns at specified, future intervals. Swap agreements may be privately negotiated in the over the counter market ("OTC swaps") or may be cleared through a third party, known as a central counterparty or derivatives clearing organization ("Centrally Cleared Swaps"). The Portfolio may enter into asset, credit default, cross-currency, interest rate, total return, variance and other forms of swap agreements to manage its exposure to credit, currency, interest rate, commodity, equity and inflation risk. In connection with these agreements, securities or cash may be identified as collateral or margin in accordance with the terms of the respective swap agreements to provide assets of value and recourse in the event of default or bankruptcy/insolvency.

Centrally Cleared Swaps are marked to market daily based upon valuations as determined from the underlying contract or in accordance with the requirements of the central counterparty or derivatives clearing organization. Changes in market value, if any, are reflected as a component of net change in unrealized appreciation (depreciation) on the Statement of Operations. Daily changes in valuation of centrally cleared swaps ("Swap Variation Margin"), if any, are disclosed within centrally cleared financial derivative instruments on the Statement of Assets and Liabilities. Centrally Cleared and OTC swap payments received or paid at the beginning of the measurement period are included on the Statement of Assets and Liabilities and represent premiums paid or received upon entering into the swap agreement to

compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). Upfront premiums received (paid) are initially recorded as liabilities (assets) and subsequently marked to market to reflect the current value of the swap. These upfront premiums are recorded as realized gain (loss) 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 (loss) on the Statement of Operations. Net periodic payments received or paid by the Portfolio are included as part of realized gain (loss) on the Statement of Operations.

For purposes of applying certain of the Portfolio's investment policies and restrictions, swap agreements, like other derivative instruments, may be valued by the Portfolio at market value, notional value or full exposure value. In the case of a credit default swap, in applying certain of the Portfolio's investment policies and restrictions, the Portfolio will value the credit default swap at its notional value or its full exposure value (*i.e.*, the sum of the notional amount for the contract plus the market value), but may value the credit default swap at market value for purposes of applying certain of the Portfolio's other investment policies and restrictions. For example, the Portfolio may value credit default swaps at full exposure value for purposes of the Portfolio's credit quality guidelines (if any) because such value in general better reflects the Portfolio's actual economic exposure during the term of the credit default swap agreement. As a result, the Portfolio may, at times, have notional exposure to an asset class (before netting) that is greater or lesser than the stated limit or restriction noted in the Portfolio's prospectus. In this context, both the notional amount and the market value may be positive or negative depending on whether the Portfolio is selling or buying protection through the credit default swap. The manner in which certain securities or other instruments are valued by the Portfolio for purposes of applying investment policies and restrictions may differ from the manner in which those investments are valued by other types of investors.

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

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 may be 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.

To the extent the Portfolio has a policy to limit the net amount owed to or to be received from a single counterparty under existing swap agreements, such limitation only applies to counterparties to OTC swaps and does not apply to centrally cleared swaps where the counterparty is a central counterparty or derivatives clearing organization.

**Credit Default Swap Agreements** on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues are entered into 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 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 that the referenced entity, obligation or index, as specified in the swap agreement, undergoes a certain credit event. 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. 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).

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 instruments 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, loan, sovereign, U.S. municipal or U.S. Treasury issues as of period end, if any, are disclosed in the Notes to Schedule of Investments. They serve as an indicator of the current status of payment/performance risk and represent the likelihood or risk of default for the reference entity. 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. 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. 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.

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 equals the notional amount of the agreement. Notional amounts of each individual credit default swap agreement outstanding as of period end for which the Portfolio is the seller of protection are disclosed in the Notes to 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** may be entered into to help hedge against interest rate risk exposure and to maintain the Portfolio's ability to generate income at prevailing market rates. The value of the fixed rate bonds that the Portfolio holds may decrease if interest rates rise. To help hedge against this risk and to maintain its ability to generate income at prevailing market rates, the Portfolio may enter into interest rate swap agreements. Interest rate swap agreements involve the exchange by the Portfolio with another party for their respective commitment to pay or receive interest on the notional amount of principal. Certain forms of interest rate swap agreements may include: (i) interest rate caps, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates exceed a specified rate, or "cap", (ii) interest rate floors, under which, in return for a premium, one party agrees to make payments to the other to the extent that interest rates fall below a specified rate, or "floor", (iii) interest rate collars, under which a party sells a cap and purchases a floor or vice versa in an attempt to protect itself against interest rate movements exceeding given minimum or maximum levels, (iv) callable interest rate swaps, under which the buyer pays an upfront fee in consideration for the right to early terminate the swap transaction in whole, at zero cost and at 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 swaps, under which two parties can exchange variable interest rates based on different segments of money markets.

## 7. PRINCIPAL RISKS

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are listed below. Please see "Description of Principal Risks" in the Portfolio's prospectus for a more detailed description of the risks of investing in the Portfolio.

**Interest Rate Risk** is the risk that fixed income securities will decline in value because of an increase in interest rates; a portfolio with a longer average portfolio duration will be more sensitive to changes in interest rates than a portfolio with a shorter average portfolio duration.

**Call Risk** is the risk that an issuer may exercise its right to redeem a fixed income security earlier than expected (a call). Issuers may call outstanding securities prior to their maturity for a number of reasons (e.g., declining interest rates, changes in credit spreads and improvements in the issuer's credit quality). If an issuer calls a security that the Portfolio has invested in, the Portfolio may not recoup the full amount of its initial investment and may be forced to reinvest in lower-yielding securities, securities with greater credit risks or securities with other, less favorable features.

**Credit Risk** is the risk that the Portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling, or is perceived (whether by market participants, rating agencies, pricing services or otherwise) as unable or unwilling, to meet its financial obligations.

**High Yield Risk** is the risk that high yield securities and unrated securities of similar credit quality (commonly known as "junk bonds") are subject to greater levels of credit, call and liquidity risks. High yield securities are considered primarily speculative with respect to the issuer's continuing ability to make principal and interest payments, and may be more volatile than higher-rated securities of similar maturity.

**Market Risk** is the risk that the value of securities owned by the Portfolio may go up or down, sometimes rapidly or unpredictably, due to factors affecting securities markets generally or particular industries.

**Issuer Risk** is the risk that the value of a security may decline for a reason directly related to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

**Liquidity Risk** is the risk that a particular investment may be difficult to purchase or sell and that the Portfolio may be unable to sell illiquid investments at an advantageous time or price or achieve its desired level of exposure to a certain sector. Liquidity risk may result from the lack of an active market, reduced number and capacity of traditional market participants to make a market in fixed income securities, and may be magnified in a rising interest rate environment or other circumstances where investor redemptions from fixed income mutual funds may be higher than normal, causing increased supply in the market due to selling activity.

**Derivatives Risk** is the risk of investing in derivative instruments (such as futures, swaps and structured securities), including leverage,

liquidity, interest rate, market, credit and management risks, mispricing or valuation complexity. Changes in the value of the derivative may not correlate perfectly with, and may be more sensitive to market events than, the underlying asset, rate or index, and the Portfolio could lose more than the initial amount invested. The Portfolio's use of derivatives may result in losses to the Portfolio, a reduction in the Portfolio's returns and/or increased volatility. Over-the-counter ("OTC") derivatives are also subject to the risk that a counterparty to the transaction will not fulfill its contractual obligations to the other party, as many of the protections afforded to centrally-cleared derivative transactions might not be available for OTC derivatives. For derivatives traded on an exchange or through a central counterparty, credit risk resides with the Portfolio's clearing broker, or the clearinghouse itself, rather than with a counterparty in an OTC derivative transaction. Changes in regulation relating to a mutual fund's use of derivatives and related instruments could potentially limit or impact the Portfolio's ability to invest in derivatives, limit the Portfolio's ability to employ certain strategies that use derivatives and/or adversely affect the value of derivatives and the Portfolio's performance.

**Equity Risk** is the risk that the value of equity securities, such as common stocks and preferred securities, may decline due to general market conditions which are not specifically related to a particular company or to factors affecting a particular industry or industries. Equity securities generally have greater price volatility than fixed income securities.

**Mortgage-Related and Other Asset-Backed Securities Risk** is the risk of investing in mortgage-related and other asset-backed securities, including interest rate risk, extension risk, prepayment risk and credit risk.

**Foreign (Non-U.S.) Investment Risk** is the risk that investing in foreign (non-U.S.) securities may result in the Portfolio experiencing more rapid and extreme changes in value than a portfolio that invests exclusively in securities of U.S. companies, due to smaller markets, differing reporting, accounting and auditing standards, increased risk of delayed settlement of portfolio transactions or loss of certificates of portfolio securities, and the risk of unfavorable foreign government actions, including nationalization, expropriation or confiscatory taxation, currency blockage, or political changes or diplomatic developments. Foreign securities may also be less liquid and more difficult to value than securities of U.S. issuers.

**Emerging Markets Risk** is the risk of investing in emerging market securities, primarily increased foreign (non-U.S.) investment risk.

**Sovereign Debt Risk** is the risk that investments in fixed income instruments issued by sovereign entities may decline in value as a result

of default or other adverse credit event resulting from an issuer's inability or unwillingness to make principal or interest payments in a timely fashion.

**Currency Risk** is the risk that foreign (non-U.S.) currencies will change in value relative to the U.S. dollar and affect the Portfolio's investments in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies.

**Leveraging Risk** is the risk that certain transactions of the Portfolio, such as reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions, or derivative instruments, may give rise to leverage, magnifying gains and losses and causing the Portfolio to be more volatile than if it had not been leveraged. This means that leverage entails a heightened risk of loss.

**Management Risk** is the risk that the investment techniques and risk analyses applied by PIMCO will not produce the desired results and that legislative, regulatory, or tax restrictions, policies or developments may affect the investment techniques available to PIMCO and the individual portfolio managers in connection with managing the Portfolio. There is no guarantee that the investment objective of the Portfolio will be achieved.

**Short Exposure Risk** is the risk of entering into short sales, including the potential loss of more money than the actual cost of the investment, and the risk that the third party to the short sale will not fulfill its contractual obligations, causing a loss to the Portfolio.

**Convertible Securities Risk** is the risk that arises when convertible securities share both fixed income and equity characteristics. Convertible securities are subject to risks to which fixed income and equity investments are subject. These risks include equity risk, interest rate risk and credit risk.

### 8. MASTER NETTING ARRANGEMENTS

The Portfolio may be subject to various netting arrangements ("Master Agreements") with select counterparties. Master Agreements govern the terms of certain transactions, and are intended to reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that is intended to improve legal certainty. Each type of Master Agreement governs certain types of transactions. Different types of transactions may be traded out of different legal entities or affiliates of a particular organization, resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow the Portfolio to close out

and net its total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single Master Agreement with a counterparty. For financial reporting purposes the Statement of Assets and Liabilities generally presents derivative assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under most 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 securities may be used depending on the terms outlined in the applicable Master Agreement. Securities and cash pledged as collateral are reflected as assets on the Statement of Assets and Liabilities as either a component of Investments at value (securities) or Deposits with counterparty. Cash collateral received is not typically held in a segregated account and as such is reflected as a liability on the Statement of Assets and Liabilities as Deposits from counterparty. The market value of any securities received as collateral is not reflected as a component of NAV. 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 and Global Master Repurchase Agreements (individually and collectively "Master Repo Agreements") govern repurchase, reverse repurchase, and certain sale-buyback transactions between the Portfolio and select counterparties. Master Repo Agreements maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of collateral. The market value of transactions under the Master Repo Agreement, collateral pledged or received, and the net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

Master Securities Forward Transaction Agreements ("Master Forward Agreements") govern certain forward settling transactions, such as TBA securities, delayed-delivery or certain sale-buyback transactions by and between the Portfolio and select counterparties. The Master Forward Agreements maintain provisions for, among other things, transaction initiation and confirmation, payment and transfer, events of default, termination, and maintenance of collateral. The market value of forward settling transactions, collateral pledged or received, and the net exposure by counterparty as of period end is disclosed in the Notes to Schedule of Investments.

Customer Account Agreements and related addenda govern cleared derivatives transactions such as futures, options on futures, and cleared OTC derivatives. Such transactions require posting of initial margin as determined by each relevant clearing agency which is segregated in an account at a futures commission merchant (“FCM”) registered with the Commodity Futures Trading Commission. In the United States, counterparty risk may be reduced as creditors of an FCM cannot have a claim to Portfolio assets in the segregated account. Portability of exposure reduces risk to the Portfolio. Variation margin, or changes in market value, are generally exchanged daily, but may not be netted between futures and cleared OTC derivatives unless the parties have agreed to a separate arrangement in respect of portfolio margining. The market value or accumulated unrealized appreciation (depreciation), initial margin posted, and any unsettled variation margin as of period end are disclosed in the Notes to Schedule of Investments.

International Swaps and Derivatives Association, Inc. Master Agreements and Credit Support Annexes (“ISDA Master Agreements”) govern bilateral OTC derivative transactions entered into by the Portfolio with select counterparties. ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral posting 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 terminate early could be material to the financial statements. In limited circumstances, the ISDA Master Agreement may contain additional provisions that add counterparty protection beyond coverage of existing daily exposure if the counterparty has a decline in credit quality below a predefined level. These amounts, if any, may be segregated with a third-party custodian. The market value of OTC financial derivative instruments, collateral received or pledged, and net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

## 9. FEES AND EXPENSES

**(a) Investment Advisory Fee** PIMCO is a majority-owned subsidiary of Allianz Asset Management of America L.P. (“Allianz Asset Management”) and serves as 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 as noted in the table in note (b) below.

**(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 Investment Advisory Fee and Supervisory and Administrative Fees for all classes, as applicable, are charged at the annual rate as noted in the following table (calculated as a percentage of the Portfolio’s average daily net assets attributable to each class):

Investment Advisory Fee	Supervisory and Administrative Fee		
	All Classes	Institutional Class	Administrative Class
0.25%	0.25%	0.25%	0.25%

**(c) Distribution and Servicing Fees** PIMCO Investments LLC, a wholly-owned subsidiary of PIMCO, serves as the distributor (“Distributor”) of the Trust’s shares.

The Trust has adopted an Administrative Services Plan with respect to the Administrative Class shares of the Portfolio pursuant to Rule 12b-1 under the Act (the “Administrative Plan”). Under the terms of the Administrative Plan, the Trust is permitted to compensate the Distributor, out of the Administrative Class assets of the Portfolio, in an amount up to 0.15% on an annual basis of the average daily net assets of that class, for providing or procuring through financial intermediaries administrative, recordkeeping and investor services for Administrative Class shareholders of the Portfolio.

The Trust has adopted a separate Distribution and Servicing Plan for the Advisor Class shares of the Portfolio (the “Distribution and Servicing Plan”). The Distribution and Servicing Plan has been adopted pursuant to Rule 12b-1 under the Act. The Distribution and Servicing Plan permits the Portfolio to compensate the Distributor for providing or procuring through financial intermediaries, distribution, administrative, recordkeeping, shareholder and/or related services with respect to Advisor Class shares. The Distribution and Servicing Plan permits the Portfolio to make total payments at an annual rate of up to 0.25% of its average daily net assets attributable to its Advisor Class shares.

	Distribution Fee	Servicing Fee
Administrative Class	—	0.15%
Advisor Class	0.25%	—

**(d) Portfolio Expenses** PIMCO provides or procures supervisory and administrative services for shareholders and also bears the costs of various third-party services required by the Portfolio, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs. The Trust is responsible for the following expenses: (i) taxes and governmental fees; (ii) brokerage fees and commissions and other portfolio transaction expenses; (iii) the costs of borrowing money, including interest expense; (iv) fees and expenses of the Trustees who

are not “interested persons” of PIMCO or the Trust, and any counsel retained exclusively for their benefit, except for PIMCO All Asset Portfolio and PIMCO All Asset All Authority Portfolio; (v) extraordinary expense, including costs of litigation and indemnification expenses; (vi) organizational expenses; and (vii) 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 Multi-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.

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.

**(e) Expense Limitation** Pursuant to the Expense Limitation Agreement, PIMCO has agreed to waive a portion of the Portfolio’s Supervisory and Administrative Fee, or reimburse the Portfolio, to the extent that the Portfolio’s organizational expenses, pro rata share of expenses related to obtaining or maintaining a Legal Entity Identifier and pro rata share of Trustee Fees exceed 0.0049%, the “Expense Limit” (calculated as a percentage of the Portfolio’s average daily net assets attributable to each class). The Expense Limitation Agreement will automatically renew for one-year terms unless PIMCO provides written notice to the Trust at least 30 days prior to the end of the then current term.

In any month in which the investment advisory contract or supervision and administration agreement is in effect, PIMCO is entitled to reimbursement by the Portfolio of any portion of the supervisory and administrative fee waived or reimbursed as set forth above (the “Reimbursement Amount”) during the previous thirty-six months from the time of the waiver, provided that such amount paid to PIMCO will not: i) together with any organizational expenses, pro rata share of expenses related to obtaining or maintaining a Legal Entity Identifier and pro rata Trustee fees, exceed, for such month, the Expense Limit (or the amount of the expense limit in place at the time the amount being recouped was originally waived if lower than the Expense Limit); ii) exceed the total Reimbursement Amount; or iii) include any amounts previously reimbursed to PIMCO. At December 31, 2019, there were no recoverable amounts.

## 10. RELATED PARTY TRANSACTIONS

The Adviser, Administrator, and Distributor are related parties. Fees paid to these parties are disclosed in Note 9, Fees and Expenses, and the accrued related party fee amounts are disclosed on the Statement of Assets and Liabilities.

The Portfolio is permitted to purchase or sell securities from or to certain related affiliated portfolios under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the Portfolio from or to another fund or portfolio that are, or could be, considered an affiliate, or an affiliate of an affiliate, by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 under the Act. Further, as defined under the procedures, each transaction is effected at the current market price. Purchases and sales of securities pursuant to Rule 17a-7 under the Act for the period ended December 31, 2019, were as follows (amounts in thousands<sup>†</sup>):

Purchases	Sales
\$ 42,239	\$ 342,952

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

## 11. 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 have not yet occurred. However, the Portfolio has not had prior claims or losses pursuant to these contracts.

## 12. 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 may involve correspondingly greater transaction costs, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities, which are borne by the Portfolio. 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 when distributed to shareholders). The transaction costs associated with portfolio turnover may adversely affect the Portfolio’s performance. The portfolio turnover rates are reported in the Financial Highlights.

Purchases and sales of securities (excluding short-term investments) for the period ended December 31, 2019, were as follows (amounts in thousands<sup>†</sup>):

U.S. Government/Agency		All Other	
Purchases	Sales	Purchases	Sales
\$ 46,839,250	\$ 46,436,550	\$ 1,491,095	\$ 1,507,707

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

### 13. SHARES OF BENEFICIAL INTEREST

The Trust 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<sup>†</sup>):

	Year Ended 12/31/2019		Year Ended 12/31/2018	
	Shares	Amount	Shares	Amount
<b>Receipts for shares sold</b>				
Institutional Class	4,819	\$ 52,702	2,492	\$ 26,495
Administrative Class	42,002	455,721	36,383	388,110
Advisor Class	20,906	227,666	23,594	252,308
<b>Issued as reinvestment of distributions</b>				
Institutional Class	290	3,163	300	3,171
Administrative Class	11,117	121,139	14,669	154,858
Advisor Class	6,404	69,763	8,979	94,820
<b>Cost of shares redeemed</b>				
Institutional Class	(1,323)	(14,259)	(2,398)	(25,511)
Administrative Class	(65,550)	(711,202)	(80,339)	(853,623)
Advisor Class	(56,374)	(617,665)	(71,809)	(762,693)
<b>Net increase (decrease) resulting from Portfolio share transactions</b>	(37,709)	\$ (412,972)	(68,129)	\$ (722,065)

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

As of December 31, 2019, three shareholders each owned 10% or more of the Portfolio's total outstanding shares comprising 37% of the Portfolio. One of the shareholders is a related party and comprises 13% of the Portfolio. Related parties may include, but are not limited to, the investment adviser and its affiliates, affiliated broker dealers, fund of funds and directors or employees of the Trust or Adviser.

### 14. REGULATORY AND LITIGATION MATTERS

The Portfolio is not named as a defendant in any material litigation or arbitration proceedings and is not aware of any material litigation or claim pending or threatened against it.

The foregoing speaks only as of the date of this report.

### 15. FEDERAL INCOME TAX MATTERS

The Portfolio intends to qualify as a regulated investment company under Subchapter M of the Internal Revenue Code (the "Code") and distribute all of its taxable income and net realized gains, if applicable, to shareholders. Accordingly, no provision for Federal income taxes has been made.

The Portfolio may be subject to local withholding taxes, including those imposed on realized capital gains. Any applicable foreign capital gains tax is accrued daily based upon net unrealized gains, and may be payable following the sale of any applicable investments.

In accordance with U.S. GAAP, the Adviser has reviewed the Portfolio's tax positions for all open tax years. As of December 31, 2019, 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.

The Portfolio files U.S. federal, state, and local tax returns as required. The Portfolio's tax returns are subject to examination by relevant tax authorities until expiration of the applicable statute of limitations, which is generally three years after the filing of the tax return but which can be extended to six years in certain circumstances. Tax returns for open years have incorporated no uncertain tax positions that require a provision for income taxes.

Shares of the Portfolio currently are sold to segregated asset accounts ("Separate Accounts") of insurance companies that fund variable annuity contracts and variable life insurance policies ("Variable

Contracts"). Please refer to the prospectus for the Separate Account and Variable Contract for information regarding Federal income tax treatment of distributions to the Separate Account.

As of December 31, 2019, the components of distributable taxable earnings are as follows (amounts in thousands<sup>†</sup>):

	Undistributed Ordinary Income <sup>(1)</sup>	Undistributed Long-Term Capital Gains	Net Tax Basis Unrealized Appreciation/ (Depreciation) <sup>(2)</sup>	Other Book-to-Tax Accounting Differences <sup>(3)</sup>	Accumulated Capital Losses <sup>(4)</sup>	Qualified Late-Year Loss Deferral - Capital <sup>(5)</sup>	Qualified Late-Year Loss Deferral - Ordinary <sup>(6)</sup>
PIMCO Total Return Portfolio	\$ 137,231	\$ 0	\$ 77,049	\$ 0	\$ 0	\$ 0	\$ 0

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

<sup>(1)</sup> Includes undistributed short-term capital gains, if any.

<sup>(2)</sup> Adjusted for open wash sale loss deferrals and the accelerated recognition of unrealized gain or loss on certain futures, options and forward contracts for federal income tax purposes. Also adjusted for differences between book and tax realized and unrealized gain (loss) on swap contracts, passive foreign investment companies (PFICs), straddle loss deferrals, and Lehman securities.

<sup>(3)</sup> Represents differences in income tax regulations and financial accounting principles generally accepted in the United States of America.

<sup>(4)</sup> Capital losses available to offset future net capital gains expire in varying amounts as shown below.

<sup>(5)</sup> Capital losses realized during the period November 1, 2019 through December 31, 2019 which the Portfolio elected to defer to the following taxable year pursuant to income tax regulations.

<sup>(6)</sup> Specified losses realized during the period November 1, 2019 through December 31, 2019 which the Portfolio elected to defer to the following taxable year pursuant to income tax regulations.

Under the Regulated Investment Company Modernization Act of 2010, a portfolio is permitted to carry forward any new capital losses for an unlimited period. Additionally, such capital losses that are carried forward will retain their character as either short-term or long-term capital losses rather than being considered all short-term under previous law.

As of December 31, 2019, the Portfolio had the following post-effective capital losses with no expiration (amounts in thousands<sup>†</sup>):

	Short-Term	Long-Term
PIMCO Total Return Portfolio	\$ 0	\$ 0

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

As of December 31, 2019, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for federal income tax purposes are as follows (amounts in thousands<sup>†</sup>):

	Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation) <sup>(7)</sup>
PIMCO Total Return Portfolio	\$ 9,329,869	\$ 236,189	\$ (157,083)	\$ 79,106

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

<sup>(7)</sup> Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) on investments are attributable to open wash sale loss deferrals, unrealized gain or loss on certain futures, options and forward contracts, realized and unrealized gain (loss) swap contracts, passive foreign investment companies (PFICs), straddle loss deferrals, and Lehman securities.

For the fiscal year ended December 31, 2019 and December 31, 2018, respectively, the Portfolio made the following tax basis distributions (amounts in thousands<sup>†</sup>):

	December 31, 2019			December 31, 2018		
	Ordinary Income Distributions <sup>(8)</sup>	Long-Term Capital Gain Distributions	Return of Capital <sup>(9)</sup>	Ordinary Income Distributions <sup>(8)</sup>	Long-Term Capital Gain Distributions	Return of Capital <sup>(9)</sup>
PIMCO Total Return Portfolio	\$ 194,477	\$ 0	\$ 0	\$ 253,207	\$ 0	\$ 0

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

<sup>(8)</sup> Includes short-term capital gains distributed, if any.

<sup>(9)</sup> A portion of the distributions made represents a tax return of capital. Return of capital distributions have been reclassified from undistributed net investment income to paid-in capital to more appropriately conform financial accounting to tax accounting.

## Report of Independent Registered Public Accounting Firm

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To the Board of Trustees of PIMCO Variable Insurance Trust and Shareholders of PIMCO Total Return Portfolio

### Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of PIMCO Total Return Portfolio (one of the portfolios constituting PIMCO Variable Insurance Trust, hereafter referred to as the "Portfolio") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Portfolio's management. Our responsibility is to express an opinion on the Portfolio's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Portfolio in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2019 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
Kansas City, Missouri

February 20, 2020

We have served as the auditor of one or more investment companies in PIMCO Variable Insurance Trust since 1998.

**Counterparty Abbreviations:**

<b>BCY</b>	Barclays Capital, Inc.	<b>CSN</b>	Credit Suisse AG (New York)	<b>NGF</b>	Nomura Global Financial Products, Inc.
<b>BOA</b>	Bank of America N.A.	<b>DUB</b>	Deutsche Bank AG	<b>RBC</b>	Royal Bank of Canada
<b>BOM</b>	Bank of Montreal	<b>FICC</b>	Fixed Income Clearing Corporation	<b>RCY</b>	Royal Bank of Canada
<b>BOS</b>	BofA Securities, Inc.	<b>GLM</b>	Goldman Sachs Bank USA	<b>RDR</b>	RBC Capital Markets LLC
<b>BPS</b>	BNP Paribas S.A.	<b>GRE</b>	NatWest Markets Securities Inc.	<b>RYL</b>	NatWest Markets Plc
<b>BRC</b>	Barclays Bank PLC	<b>GST</b>	Goldman Sachs International	<b>SOG</b>	Societe Generale Paris
<b>BSH</b>	Banco Santander S.A. - New York Branch	<b>HUS</b>	HSBC Bank USA N.A.	<b>SSB</b>	State Street Bank and Trust Co.
<b>BSN</b>	The Bank of Nova Scotia - Toronto	<b>JPM</b>	JP Morgan Chase Bank N.A.	<b>TOR</b>	The Toronto-Dominion Bank
<b>CBK</b>	Citibank N.A.	<b>MSC</b>	Morgan Stanley & Co. LLC.	<b>UAG</b>	UBS AG Stamford
<b>CIB</b>	Canadian Imperial Bank of Commerce	<b>MYI</b>	Morgan Stanley & Co. International PLC		

**Currency Abbreviations:**

<b>ARS</b>	Argentine Peso	<b>GBP</b>	British Pound	<b>NOK</b>	Norwegian Krone
<b>AUD</b>	Australian Dollar	<b>ILS</b>	Israeli Shekel	<b>THB</b>	Thai Baht
<b>BRL</b>	Brazilian Real	<b>INR</b>	Indian Rupee	<b>TRY</b>	Turkish New Lira
<b>CAD</b>	Canadian Dollar	<b>JPY</b>	Japanese Yen	<b>TWD</b>	Taiwanese Dollar
<b>CNH</b>	Chinese Renminbi (Offshore)	<b>KRW</b>	South Korean Won	<b>USD (or \$)</b>	United States Dollar
<b>EUR</b>	Euro	<b>MXN</b>	Mexican Peso		

**Exchange Abbreviations:**

<b>CBOT</b>	Chicago Board of Trade	<b>OTC</b>	Over the Counter
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**Index/Spread Abbreviations:**

<b>ARLLMONP</b>	Argentina Blended Policy Rate	<b>CMBX</b>	Commercial Mortgage-Backed Index	<b>LIBOR03M</b>	3 Month USD-LIBOR
<b>BADLARPP</b>	Argentina Badlar Floating Rate Notes	<b>CPURNSA</b>	Consumer Price All Urban Non-Seasonally Adjusted Index	<b>US0003M</b>	3 Month USD Swap Rate
<b>CDX.IG</b>	Credit Derivatives Index - Investment Grade	<b>H15T1Y</b>	1 Year US Treasury Yield Curve Constant Maturity Rate		

**Other Abbreviations:**

<b>ABS</b>	Asset-Backed Security	<b>DAC</b>	Designated Activity Company	<b>PIK</b>	Payment-in-Kind
<b>ALT</b>	Alternate Loan Trust	<b>EURIBOR</b>	Euro Interbank Offered Rate	<b>TBA</b>	To-Be-Announced
<b>BTP</b>	Buoni del Tesoro Poliennali	<b>LIBOR</b>	London Interbank Offered Rate	<b>TBD</b>	To-Be-Determined
<b>CDI</b>	Brazil Interbank Deposit Rate	<b>Lunar</b>	Monthly payment based on 28-day periods. One year consists of 13 periods.	<b>TIIE</b>	Tasa de Interés Interbancaria de Equilibrio "Equilibrium Interbank Interest Rate"
<b>CLO</b>	Collateralized Loan Obligation	<b>OAT</b>	Obligations Assimilables du Trésor		

## Federal Income Tax Information

(Unaudited)

As required by the Internal Revenue Code (the "Code") and Treasury Regulations, if applicable, shareholders must be notified regarding the status of qualified dividend income and the dividend received deduction.

**Dividend Received Deduction.** Corporate shareholders are generally entitled to take the dividend received deduction on the portion of a Portfolio's dividend distribution that qualifies under tax law. The percentage of the following Portfolio's fiscal 2019 ordinary income dividend that qualifies for the corporate dividend received deduction is set forth in the table below.

**Qualified Dividend Income.** Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), the percentage of ordinary dividends paid during the calendar year designated as "qualified dividend income", as defined in the Act, subject to reduced tax rates in 2019 is set forth for the Fund in the table below.

**Qualified Interest Income and Qualified Short-Term Capital Gain (for non-U.S. resident shareholders only).** Under the American Jobs Creation Act of 2004, the amounts of ordinary dividends paid during the fiscal year ended December 31, 2019 considered to be derived from "qualified interest income," as defined in Section 871(k)(1)(E) of the Code, and therefore designated as interest-related dividends, as defined in Section 871(k)(1)(C) of the Code are set forth in the table below. Further, the amounts of ordinary dividends paid during the fiscal year ended December 31, 2019 considered to be derived from "qualified short-term capital gain," as defined in Section 871(k)(2)(D) of the Code, and therefore designated as qualified short-term gain dividends, as defined by Section 871(k)(2)(C) of the Code are also set forth in the table below.

	<b>Dividend Received Deduction %</b>	<b>Qualified Dividend Income %</b>	<b>Qualified Interest Income (000s<sup>†</sup>)</b>	<b>Qualified Short-Term Capital Gain (000s<sup>†</sup>)</b>
PIMCO Total Return Portfolio	0.00%	0.00%	\$ 163,925	\$ 0

<sup>†</sup> A zero balance may reflect actual amounts rounding to less than one thousand.

Shareholders are advised to consult their own tax advisor with respect to the tax consequences of their investment in the Trust. In January 2020, you will be advised on IRS Form 1099-DIV as to the federal tax status of the dividends and distributions received by you in calendar year 2019.

## Management of the Trust

The charts below identify the Trustees and executive officers of the Trust. Unless otherwise indicated, the address of all persons below is 650 Newport Center Drive, Newport Beach, CA 92660.

The Portfolio's Statement of Additional Information includes more information about the Trustees and Officers. To request a free copy, call PIMCO at (888) 87-PIMCO or visit the Portfolio's website at [www.pimco.com/pvit](http://www.pimco.com/pvit).

Name, Year of Birth and Position Held with Trust*	Term of Office and Length of Time Served†	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Public Company and Investment Company Directorships Held by Trustee During the Past 5 Years
<b>Interested Trustees<sup>1</sup></b>				
<b>Peter G. Strelow (1970)</b> <i>Chairman of the Board and Trustee</i>	05/2017 to present Chairman of the Board - 02/2019 to present	Managing Director and Co-Chief Operating Officer, PIMCO. President of the Trust, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Chief Administrative Officer, PIMCO.	149	Chairman and Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT.
<b>Brent R. Harris (1959)</b> <i>Trustee</i>	08/1997 to present	Managing Director, PIMCO. Senior Vice President of the Trust, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, member of Executive Committee, PIMCO.	149	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT; Director, StocksPLUS® Management, Inc; and member of Board of Governors, Investment Company Institute. Formerly, Chairman, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT.
<b>Independent Trustees</b>				
<b>George E. Borst (1948)</b> <i>Trustee</i>	04/2015 to present	Executive Advisor, McKinsey & Company (since 10/14); Formerly, Executive Advisor, Toyota Financial Services (10/13-12/14); and CEO, Toyota Financial Services (1/01-9/13).	149	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT; Director, MarineMax Inc.
<b>Jennifer Holden Dunbar (1963)</b> <i>Trustee</i>	04/2015 to present	Managing Director, Dunbar Partners, LLC (business consulting and investments). Formerly, Partner, Leonard Green & Partners, L.P.	149	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT; Director, PS Business Parks; Director, Big 5 Sporting Goods Corporation.
<b>Kym M. Hubbard (1957)</b> <i>Trustee</i>	02/2017 to present	Formerly, Global Head of Investments, Chief Investment Officer and Treasurer, Ernst & Young.	149	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT; Director, State Auto Financial Corporation.
<b>Gary F. Kennedy (1955)</b> <i>Trustee</i>	04/2015 to present	Formerly, Senior Vice President, General Counsel and Chief Compliance Officer, American Airlines and AMR Corporation (now American Airlines Group) (1/03-1/14).	149	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
<b>Peter B. McCarthy (1950)</b> <i>Trustee</i>	04/2015 to present	Formerly, Assistant Secretary and Chief Financial Officer, United States Department of Treasury; Deputy Managing Director, Institute of International Finance.	149	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
<b>Ronald C. Parker (1951)</b> <i>Lead Independent Trustee</i>	07/2009 to present Lead Independent Trustee - 02/2017 to present	Director of Roseburg Forest Products Company. Formerly, Chairman of the Board, The Ford Family Foundation; and President, Chief Executive Officer, Hampton Affiliates (forestry products).	149	Lead Independent Trustee, PIMCO Funds and PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.

\* Unless otherwise noted, the information for the individuals listed is as of December 31, 2019.

<sup>1</sup> Mr. Harris and Mr. Strelow are "interested persons" of the Trust (as that term is defined in the 1940 Act) because of their affiliations with PIMCO.

† Trustees serve until their successors are duly elected and qualified.

## Executive Officers

Name, Year of Birth and Position Held with Trust*	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years†
<b>Eric D. Johnson (1970)</b> <i>President</i>	06/2019 to present	Executive Vice President, PIMCO. President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>David C. Flattum (1964)</b> <i>Chief Legal Officer</i>	05/2019 to present	Managing Director and General Counsel, PIMCO. Chief Legal Officer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, Managing Director, Chief Operating Officer and General Counsel, Allianz Asset Management of America L.P.
<b>Keisha Audain-Pressley (1975)**</b> <i>Chief Compliance Officer</i>	01/2020 to present	Executive Vice President and Deputy Chief Compliance Officer, PIMCO. Chief Compliance Officer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Brent R. Harris (1959)</b> <i>Senior Vice President</i>	03/2010 to present	Managing Director, PIMCO. Senior Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, member of Executive Committee, PIMCO.
<b>Joshua D. Ratner (1976)**</b> <i>Senior Vice President</i>	05/2019 to present	Executive Vice President and Head of U.S. Operations, PIMCO. Senior Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Peter G. Strelow (1970)</b> <i>Senior Vice President</i>	06/2019 to present	Managing Director and Co-Chief Operating Officer, PIMCO. Senior Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Chief Administrative Officer, PIMCO.
<b>Ryan G. Leshaw (1980)</b> <i>Vice President, Senior Counsel and Secretary</i>	11/2018 to present	Senior Vice President and Senior Counsel, PIMCO. Vice President, Senior Counsel and Secretary, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Chief Legal Officer, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Associate, Willkie Farr & Gallagher LLP.
<b>Wu-Kwan Kit (1981)</b> <i>Assistant Secretary</i>	08/2017 to present	Senior Vice President and Senior Counsel, PIMCO. Assistant Secretary, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Vice President, Senior Counsel and Secretary, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Assistant General Counsel, VanEck Associates Corp.
<b>Stacie D. Anctil (1969)</b> <i>Vice President</i>	05/2015 to present	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Brian J. Pittluck (1977)</b> <i>Vice President</i>	01/2020 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Bradley A. Todd (1960)</b> <i>Treasurer</i>	06/2019 to present	Senior Vice President, PIMCO. Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Consultant, EY.
<b>Bijal Y. Parikh (1978)</b> <i>Deputy Treasurer</i>	01/2020 to present	Senior Vice President, PIMCO. Deputy Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Assistant Treasurer, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Erik C. Brown (1967)**</b> <i>Assistant Treasurer</i>	02/2001 to present	Executive Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Brandon T. Evans (1982)</b> <i>Assistant Treasurer</i>	05/2019 to present	Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Colleen D. Miller (1980)**</b> <i>Assistant Treasurer</i>	02/2017 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Christopher M. Morin (1980)</b> <i>Assistant Treasurer</i>	08/2016 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Jason J. Nagler (1982)**</b> <i>Assistant Treasurer</i>	05/2015 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>H. Jessica Zhang (1973)**</b> <i>Assistant Treasurer</i>	01/2020 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.

\* Unless otherwise noted, the information for the individuals listed is as of January 1, 2020.

† The term "PIMCO-Sponsored Closed-End Funds" as used herein includes: PIMCO California Municipal Income Fund, PIMCO California Municipal Income Fund II, PIMCO California Municipal Income Fund III, PIMCO Municipal Income Fund, PIMCO Municipal Income Fund II, PIMCO Municipal Income Fund III, PIMCO New York Municipal Income Fund, PIMCO New York Municipal Income Fund II, PIMCO New York Municipal Income Fund III, PCM Fund Inc., PIMCO Corporate & Income Opportunity Fund, PIMCO Corporate & Income Strategy Fund, PIMCO Dynamic Credit and Mortgage Income Fund, PIMCO Dynamic Income Fund, PIMCO Energy and Tactical Credit Opportunities Fund, PIMCO Global StocksPLUS® & Income Fund, PIMCO High Income Fund, PIMCO Income Opportunity Fund, PIMCO Income Strategy Fund, PIMCO Income Strategy Fund II and PIMCO Strategic Income Fund, Inc.; the term "PIMCO-Sponsored Interval Funds" as used herein includes: PIMCO Flexible Credit Income Fund and PIMCO Flexible Municipal Income Fund.

\*\* The address of these officers is Pacific Investment Management Company LLC, 1633 Broadway, New York, New York 10019.

The Trust<sup>2,3</sup> considers customer privacy to be a fundamental aspect of its relationships with shareholders and is committed to maintaining the confidentiality, integrity and security of its current, prospective and former shareholders' non-public personal information. The Trust has developed policies that are designed to protect this confidentiality, while allowing shareholder needs to be served.

## OBTAINING PERSONAL INFORMATION

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

## RESPECTING YOUR PRIVACY

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

## SHARING INFORMATION WITH THIRD PARTIES

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

## SHARING INFORMATION WITH AFFILIATES

The Trust may share shareholder information with its affiliates in connection with servicing shareholders' accounts, and subject to applicable law may provide shareholders with information about products and services that the Trust or its Advisers, distributors or their affiliates ("Service Affiliates") believe may be of interest to such shareholders. The information that the Trust may share may include,

for example, a shareholder's participation in the Trust or in other investment programs sponsored by a Service Affiliate, a shareholder's ownership of certain types of accounts (such as IRAs), information about the Trust's experiences or transactions with a shareholder, information captured on applicable websites, or other data about a shareholder's accounts, subject to applicable law. The Trust's Service Affiliates, in turn, are not permitted to share shareholder information with non-affiliated entities, except as required or permitted by law.

## PROCEDURES TO SAFEGUARD PRIVATE INFORMATION

The Trust takes seriously the obligation to safeguard shareholder non-public personal information. In addition to this policy, the Trust has implemented procedures that are designed to restrict access to a shareholder's non-public personal information to internal personnel who need to know that information to perform their jobs, such as servicing shareholder accounts or notifying shareholders of new products or services. Physical, electronic and procedural safeguards are in place to guard a shareholder's non-public personal information.

## INFORMATION COLLECTED FROM WEBSITES

Websites maintained by the Trust or its service providers may use a variety of technologies to collect information that help the Trust and its service providers understand how the website is used. Information collected from your web browser (including small files stored on your device that are commonly referred to as "cookies") allow the websites to recognize your web browser and help to personalize and improve your user experience and enhance navigation of the website. In addition, the Trust or its Service Affiliates may use third parties to place advertisements for the Trust on other websites, including banner advertisements. Such third parties may collect anonymous information through the use of cookies or action tags (such as web beacons). The information these third parties collect is generally limited to technical and web navigation information, such as your IP address, web pages visited and browser type, and does not include personally identifiable information such as name, address, phone number or email address. If you are a registered user of the Trust's website, the Trust or their service providers or third party firms engaged by the Trust or their service providers may collect or share information submitted by you, which may include personally identifiable information. This information can be useful to the Trust when assessing and offering services and website features. You can change your cookie preferences by changing the setting on your web browser to delete or reject cookies. If you delete or reject cookies, some website pages may not function properly. The Trust does not look for web browser "do not track" requests.

## CHANGES TO THE PRIVACY POLICY

From time to time, the Trust may update or revise this privacy policy. If there are changes to the terms of this privacy policy, documents containing the revised policy on the relevant website will be updated.

<sup>1</sup> Amended as of February 15, 2017.

<sup>2</sup> PIMCO Investments LLC ("PI") serves as the Trust's distributor. This Privacy Policy applies to the activities of PI to the extent that PI regularly effects or engages in transactions with or for a Trust shareholder who is the record owner of such shares. For purposes of this Privacy Policy, references to "the Trust" shall include PI when acting in this capacity.

<sup>3</sup> When distributing this Policy, the Trust may combine the distribution with any similar distribution of its investment adviser's privacy policy. The distributed, combined policy may be written in the first person (i.e., by using "we" instead of "the Trust").

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

At a meeting held on August 20-21, 2019, the Board of Trustees (the "Board") of PIMCO Variable Insurance Trust (the "Trust"), including the Trustees who are not "interested persons" of the Trust under the Investment Company Act of 1940, as amended (the "Independent Trustees"), considered and unanimously approved the renewal of the Amended and Restated Investment Advisory Contract (the "Investment Advisory Contract") between the Trust, on behalf of each of the Trust's series (each, a "Portfolio," and collectively, the "Portfolios"), and Pacific Investment Management Company LLC ("PIMCO") for an additional one-year term through August 31, 2020. The Board also considered and unanimously approved the renewal of the Supervision and Administration Agreement (together with the Investment Advisory Contract, the "Agreements") between the Trust, on behalf of the Portfolios, and PIMCO for an additional one-year term through August 31, 2020. In addition, the Board considered and unanimously approved the renewal of the Amended and Restated Asset Allocation Sub-Advisory Agreement (the "Asset Allocation Agreement") between PIMCO, on behalf of PIMCO All Asset Portfolio and PIMCO All Asset Authority Portfolio, each a series of the Trust, and Research Affiliates, LLC ("Research Affiliates") for an additional one-year term through August 31, 2020.

The information, material factors and conclusions that formed the basis for the Board's approvals are summarized below.

### 1. INFORMATION RECEIVED

**(a) Materials Reviewed:** During the course of the past year, the Trustees received a wide variety of materials relating to the services provided by PIMCO and Research Affiliates to the Trust. At each of its quarterly meetings, the Board reviewed the Portfolios' investment performance and a significant amount of information relating to Portfolio operations, including shareholder services, valuation and custody, the Portfolios' compliance program and other information relating to the nature, extent and quality of services provided by PIMCO and Research Affiliates to the Trust and each of the Portfolios, as applicable. In considering whether to approve the renewal of the Agreements and the Asset Allocation Agreement, the Board reviewed additional information, including, but not limited to, comparative industry data with regard to investment performance, advisory and supervisory and administrative fees and expenses, financial information for PIMCO and, where relevant, Research Affiliates, information regarding the profitability to PIMCO of its relationship with the Portfolios, information about the personnel providing investment management services, other advisory services and supervisory and

administrative services to the Portfolios, and information about the fees charged and services provided to other clients with similar investment mandates as the Portfolios, where applicable. In addition, the Board reviewed materials provided by counsel to the Trust and the Independent Trustees, which included, among other things, a memorandum outlining legal duties of the Board in considering the renewal of the Agreements and the Asset Allocation Agreement.

**(b) Review Process:** In connection with considering the renewal of the Agreements and the Asset Allocation Agreement, the Board reviewed written materials prepared by PIMCO and, where applicable, Research Affiliates in response to requests from counsel to the Trust and the Independent Trustees encompassing a wide variety of topics. The Board requested and received assistance and advice regarding, among other things, applicable legal standards from counsel to the Trust and the Independent Trustees, and reviewed comparative fee and performance data prepared at the Board's request by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company performance information and fee and expense data. The Board received presentations from PIMCO and, where applicable, Research Affiliates, on matters related to the Agreements and the Asset Allocation Agreement and met both as a full Board and in a separate session of the Independent Trustees, without management present, at the August 20-21, 2019 meeting. The Independent Trustees also met in-person and telephonically with counsel to the Trust and the Independent Trustees, including an in-person meeting on July 17, 2019, and conducted a telephonic meeting with management and counsel to the Trust and Independent Trustees, to discuss the materials presented and other matters deemed relevant to their consideration of the renewal of the Agreements and the Asset Allocation Agreement. In connection with its review of the Agreements and the Asset Allocation Agreement, the Board received comparative information on the performance, the risk-adjusted performance and the fees and expenses of other peer group funds and share classes. The Independent Trustees also requested and received supplemental information, including information regarding Portfolio performance and profitability.

The approval determinations were made on the basis of each Trustee's business judgment after consideration and evaluation of all the information presented. Individual Trustees may have given different weight to certain factors and assigned various degrees of materiality to information received in connection with the approval process. In deciding to approve the renewal of the Agreements and the Asset Allocation Agreement, the Board did not identify any single factor or particular information that, in isolation, was controlling. The discussion below is intended to summarize the broad factors and information that figured prominently in the Board's consideration of the renewal of the Agreements and the Asset Allocation Agreement, but is not intended to summarize all of the factors considered by the Board.

### 2. NATURE, EXTENT AND QUALITY OF SERVICES

(a) **PIMCO, Research Affiliates, their Personnel, and Resources:** The Board considered the depth and quality of PIMCO's investment management process, including, but not limited to: the experience, capability and integrity of its senior management and other personnel; the overall financial strength and stability of its organization; and the ability of its organizational structure to address changes in the Portfolios' asset levels. The Board also considered the various services in addition to portfolio management that PIMCO provides under the Investment Advisory Contract. The Board noted that PIMCO makes available to its investment professionals a variety of resources and systems relating to investment management, compliance, trading, performance and portfolio accounting. The Board also noted PIMCO's commitment to enhancing and investing in its global infrastructure, technology capabilities, risk management processes and the specialized talent needed to provide the array of services required of a mutual fund sponsor, to stay at the forefront of the competitive investment management industry and to strengthen its ability to deliver services under the Agreements. The Board considered PIMCO's policies, procedures and systems reasonably designed to assure compliance with applicable laws and regulations and its commitment to further developing and strengthening these programs, its oversight of matters that may involve conflicts of interest between the Portfolios' investments and those of other accounts managed by PIMCO, and its efforts to keep the Trustees informed about matters relevant to the Portfolios and their shareholders. The Board also considered PIMCO's continuous investment in new disciplines and talented personnel, which has enhanced PIMCO's services to the Portfolios and has allowed PIMCO to introduce innovative new portfolios over time. In addition, the Board considered the nature, extent and quality of services provided by PIMCO to the wholly-owned subsidiaries of certain applicable Portfolios.

In addition, the Trustees considered new services and service enhancements that PIMCO has implemented, including, but not limited to: upgrading the global network and infrastructure to support trading and risk management systems; enhancing and continuing to expand capabilities within the pre-trade compliance platform; enhancing flexible client reporting capabilities to support increased differentiation within local markets; developing new application and database frameworks to support new trading strategies; making portfolio data, performance and portfolio analysis available on the cloud to improve system performance for internal users and develop a new self-service client portal; enhancing the enterprise risk management function, including PIMCO's Global Risk Committee, cybersecurity program and global business continuity functions; continuing oversight by the Americas Fund Oversight Committee, which provides senior-level oversight and supervision focused on new and ongoing fund-related

business opportunities; expanding engagement with a third party service provider to provide certain additional fund administration services subject to PIMCO's oversight; expanding the Fund Treasurer's Office; enhancing a proprietary application to provide portfolio managers with more timely and high quality income reporting; developing a global tax management application that will enable investment professionals to access foreign market and security tax information on a real-time basis; upgrading a proprietary application to allow shareholder subscription and redemption data to pass to portfolio managers more quickly and efficiently; completing work on structured data filings for Form N-PORT and Form N-CEN to ensure operational readiness and successfully meet applicable filing dates; implementing a contingent NAV process; continuing to advocate in the public policy arena; and continuing to expand the pricing portal and the proprietary performance reconciliation tool. Similarly, the Board considered the asset allocation services provided by Research Affiliates to the PIMCO All Asset Portfolio and PIMCO All Asset All Authority Portfolio. The Board further considered PIMCO's oversight of Research Affiliates in connection with Research Affiliates providing asset allocation services to the All Asset Portfolio and All Asset All Authority Portfolio. The Board also considered the depth and quality of Research Affiliates' investment management and research capabilities, the experience and capabilities of its portfolio management personnel and the overall financial strength of the organization.

Ultimately, the Board concluded that the nature, extent and quality of services provided or procured by PIMCO under the Agreements and provided by Research Affiliates under the Asset Allocation Agreement are likely to continue to benefit the Portfolios and their respective shareholders, as applicable.

(b) **Other Services:** The Board also considered the nature, extent and quality of supervisory and administrative services provided by PIMCO to the Portfolios under the Supervision and Administration Agreement.

The Board considered the terms of the Supervision and Administration Agreement, under which the Trust pays for the supervisory and administrative services provided pursuant to that agreement under what is essentially an all-in fee structure (the "unified fee"). In return, PIMCO provides or procures certain supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including, but not limited to, audit, custodial, portfolio accounting, ordinary legal, transfer agency, sub-accounting and printing costs. The Board noted that the scope and complexity, as well as the costs, of the supervisory and administrative services provided by PIMCO under the Supervision and Administration Agreement continue to increase. The Board considered PIMCO's provision of supervisory and administrative services and its supervision of the Trust's third party service providers to assure that these service providers continue to provide a high level of service relative to alternatives available in the market.

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

### 3. INVESTMENT PERFORMANCE

The Board reviewed information from PIMCO concerning the Portfolios' performance, as available, over short- and long-term periods ended March 31, 2019 and other performance data, as available, over short- and long-term periods ended June 30, 2019 (the "PIMCO Report") and from Broadridge concerning the Portfolios' performance, as available, over short- and long-term periods ended March 31, 2019 (the "Lipper Report").

The Board considered information regarding both the short- and long-term investment performance of each Portfolio relative to its peer group and relevant benchmark index as provided to the Board in advance of each of its quarterly meetings throughout the year, including the PIMCO Report and Lipper Report, which were provided in advance of the August 20-21, 2019 meeting. The Trustees reviewed information indicating that classes of each Portfolio would have substantially similar performance to that of the Administrative Class of the relevant Portfolio on a relative basis because all of the classes are invested in the same portfolio of investments and that differences in performance among classes could principally be attributed to differences in the supervisory and administrative fees and distribution and servicing expenses of each class. The Board noted that, due to differences (such as specific investment strategies or fee structures) between certain of the Portfolios and their so-called peers in the Lipper categories, performance comparisons may not be particularly relevant to the consideration of Portfolio performance but found the comparative information supported its overall evaluation.

The Board noted that performance for a majority of the Portfolios has been mixed compared to their respective benchmark indexes over the five-year period ended March 31, 2019. The Board noted that, as of March 31, 2019, 91%, 25% and 91% of the Trust's assets (based on Administrative Class performance) outperformed their respective benchmarks on a net-of-fees basis over the three-, five- and ten-year periods, respectively. The Board also discussed actions that have been taken by PIMCO to attempt to improve performance and took note of PIMCO's plans to monitor performance going forward.

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

### 4. ADVISORY FEES, SUPERVISORY AND ADMINISTRATIVE FEES AND TOTAL EXPENSES

The Board considered that PIMCO seeks to price new funds and classes to scale at the outset with reference to the total expense ratios of the respective Lipper median, if available, while providing a premium for innovative investment offerings. PIMCO reported to the Board that, in proposing fees for any Portfolio or class of shares, it considers a number of factors, including, but not limited to, the type and complexity of the services provided, the cost of providing services, the risk assumed by PIMCO in the development of products and the provision of services and the competitive marketplace for financial products.

In addition, PIMCO reported to the Board that it periodically reviews the fees charged to the Portfolios and that PIMCO may propose advisory fee or supervisory and administrative fee changes where (i) a Portfolio's long-term performance warrants additional consideration; (ii) there is a notable aid to market position; (iii) a Portfolio's fee does not reflect the current level of supervision or administrative fees provided to the Portfolio; or (iv) PIMCO would like to change a Portfolio's overall strategic positioning.

The Board reviewed the advisory fees, supervisory and administrative fees and total expenses of the Portfolios (each as a percentage of average net assets) and compared such amounts with the average and median fee and expense levels of other similar funds. The Board also reviewed information relating to the sub-advisory fees paid to Research Affiliates with respect to applicable Portfolios, taking into account that PIMCO compensates Research Affiliates from the advisory fees paid by such Portfolios to PIMCO. With respect to advisory fees, the Board reviewed data from the Lipper Report that compared the average and median advisory fees of other funds in a "Peer Group" of comparable funds, as well as the universe of other similar funds. The Board reviewed materials indicating that a number of Portfolios have total expense ratios that fall below the average and median expense ratios in their Peer Group and Lipper universe. In addition, the Board considered fee waivers in place for certain of the Portfolios and also noted the fee waivers in place with respect to the advisory fee and supervisory and administrative fee that might result from investments by applicable Portfolios in their respective wholly-owned subsidiaries. The Board also considered that PIMCO reviews the Portfolios' fee levels and carefully considers changes where appropriate.

The Board also reviewed data comparing the Portfolios' advisory fees to the fee rates PIMCO charges to separate accounts, private funds, collective investment trusts and sub-advised clients with similar investment strategies. In cases where the fees for other clients were lower than those charged to the Portfolios, the Trustees noted that the differences in fees were attributable to various factors, including, but

not limited to, differences in the advisory and other services provided by PIMCO to the Portfolios, differences in the number or extent of the services provided by PIMCO to the Portfolios, the manner in which similar portfolios may be managed, different requirements with respect to liquidity management and the implementation of other regulatory requirements, and the fact that separate accounts may have other contractual arrangements or arrangements across PIMCO strategies that justify different levels of fees. The Board considered that, with respect to collective investment trusts, PIMCO performs fewer or less extensive services because collective investment trusts are generally exempt from SEC regulation; investors in a collective investment trust may receive shareholder services from a trustee bank, rather than PIMCO; collective investment trusts have less regulatory disclosure; and the management structure of collective investment trusts differs from that of funds. The Trustees also considered that PIMCO faces increased entrepreneurial, legal and regulatory risk in sponsoring and managing mutual funds and ETFs as compared to separate accounts, external sub-advised funds or other investment products.

Regarding advisory fees charged by PIMCO in its capacity as sub-adviser to third party/unaffiliated funds, the Trustees took into account that such fees may be lower than the fees charged by PIMCO to serve as adviser to the Portfolios. The Trustees also took into account that there are various reasons for any such differences in fees, including, but not limited to, the fact that PIMCO may be subject to varying levels of entrepreneurial risk and regulatory requirements, differing legal liabilities on a contract-by-contract basis and different servicing requirements when PIMCO does not serve as the sponsor of a fund and is not principally responsible for all aspects of a fund's investment program and operations as compared to when PIMCO serves as investment adviser and sponsor.

The Board considered the Portfolios' supervisory and administrative fees, comparing them to similar funds managed by other investment advisers in the Lipper Report. The Board also considered that as the Portfolios' business has become increasingly complex and the number of Portfolios has grown over time, PIMCO has provided an increasingly broad array of fund supervisory and administrative functions. In addition, the Board considered the Trust's unified fee structure, under which the Trust pays for the supervisory and administrative services it requires for one set fee. In return for this unified fee, PIMCO provides or procures supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including audit, custodial, portfolio accounting, ordinary legal, transfer agency, sub-accounting and printing costs. The Board further considered that many other funds pay for comparable services separately, and thus it is difficult to directly compare the Trust's unified supervisory and administrative fees with the fees paid by other funds for administrative services alone. The Board also considered that the unified supervisory

and administrative fee leads to Portfolio fees that are fixed over the contract period, rather than variable. The Board noted that, although the unified fee structure does not have breakpoints, it implicitly reflects economies of scale by fixing the absolute level of Portfolio fees at competitive levels over the contract period even if the Portfolios' operating costs rise when assets remain flat or decrease. Other factors the Board considered in assessing the unified fee include PIMCO's approach of pricing Portfolios to scale at inception and reinvesting in other important areas of the business that support the Portfolios. The Board considered that the Portfolios' unified fee structure meant that fees were not impacted by recent outflows in certain Portfolios, unlike funds without a unified fee structure, which may see increased expense ratios when fixed costs, such as service provider costs, are passed through to a smaller asset base. The Board considered historical advisory and supervisory and administrative fee reductions implemented for different Portfolios and classes, noting that the unified fee can be increased or decreased in subsequent contractual periods and is subject to the periodic reviews discussed above. The Board noted that, with few exceptions, PIMCO has generally maintained Portfolio fees at the same level as implemented when the unified fee was adopted, and has reduced fees for a number of Portfolios in prior years. The Board concluded that the Portfolios' supervisory and administrative fees were reasonable in relation to the value of the services provided, including the services provided to different classes of shareholders, and that the expenses assumed contractually by PIMCO under the Supervision and Administration Agreement represent, in effect, a cap on overall Portfolio fees during the contractual period, which is beneficial to the Portfolios and their shareholders.

The Board considered the Portfolios' total expenses and discussed with PIMCO those Portfolios and/or classes of Portfolios that had above median total expenses. Upon comparing the Portfolios' total expenses to other funds in the "Peer Groups" provided by the Lipper Report, the Board found total expenses of each Portfolio to be reasonable.

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

Based on the information presented by PIMCO and Research Affiliates, members of the Board determined, in the exercise of their business judgment, that the level of the advisory fees and supervisory and

administrative fees charged by PIMCO under the Agreements, that the fees charged by to PIMCO Research Affiliates under the Asset Allocation Agreement, and that the total expenses of each Portfolio, are reasonable.

## 5. ADVISER COSTS, LEVEL OF PROFITS AND ECONOMIES OF SCALE

The Board reviewed information regarding PIMCO's costs of providing services to, as well as the resulting level of profits attributable to the Portfolios. To the extent applicable, the Board also reviewed information regarding the portion of a Portfolio's advisory fee retained by PIMCO, following the payment of sub-advisory fees to Research Affiliates, with respect to the Portfolio. Additionally, the Board discussed PIMCO's pre-distribution profit margin ranges with respect to the Portfolios, as compared to the prior year. The Board further noted PIMCO's engagement of a third party to review and to make recommendations regarding PIMCO's processes supporting its profitability estimation materials. The Board also noted that it had received information regarding the structure and manner in which PIMCO's investment professionals were compensated, and PIMCO's view of the relationship of such compensation to the attraction and retention of quality personnel. The Board considered PIMCO's investment in global infrastructure, technology capabilities, risk management processes and qualified personnel to reinforce and offer new services and to accommodate changing regulatory requirements.

With respect to potential economies of scale, the Board noted that PIMCO shares the benefits of economies of scale with the Portfolios and their shareholders in a number of ways, including investing in portfolio and trade operations management, firm technology, middle and back office support, legal and compliance, and fund administration logistics, senior management supervision, governance and oversight of those services, and through fee reductions or waivers, the pricing of Portfolios to scale from inception, and the enhancement of services provided to the Portfolios in return for fees paid. The Board reviewed the history of the Portfolios' fee structure. The Board considered that the Portfolios' unified fee rates had been set competitively and/or priced to scale from inception, had been held steady during the contractual period at that scaled competitive rate for most Portfolios as assets grew, or as assets declined in the case of some Portfolios, and continued to be competitive compared with peers. The Board also considered that the unified fee is a transparent means of informing a Portfolio's shareholders of the fees associated with the Portfolio, and that the Portfolio bears certain expenses that are not covered by the advisory fee or the unified fee. The Board further considered the challenges that arise when managing large funds, which can result in certain "diseconomies" of scale and noted that PIMCO has continued to reinvest in many areas of the business to support the Portfolios.

The Trustees considered that the unified fee has provided inherent economies of scale because a Portfolio maintains competitive fixed fees over the annual contract period even if the particular Portfolio's assets decline and/or operating costs rise. The Trustees further considered that, in contrast, breakpoints may be a proxy for charging higher fees on lower asset levels and that when a fund's assets decline, breakpoints may reverse, which causes expense ratios to increase. The Trustees also considered that, unlike the Portfolios' unified fee structure, funds with "pass through" administrative fee structures may experience increased expense ratios when fixed dollar fees are charged against declining fund assets. The Trustees also considered that the unified fee protects shareholders from a rise in operating costs that may result from, among other things, PIMCO's investments in various business enhancements and infrastructure, including those referenced above. The Trustees noted that PIMCO's investments in these areas are extensive.

The Board concluded that the Portfolios' cost structures were reasonable and that PIMCO is appropriately sharing economies of scale, if any, through the Portfolios' unified fee structure, generally pricing Portfolios to scale at inception and reinvesting in its business to provide enhanced and expanded services to the Portfolios and their shareholders.

## 6. ANCILLARY BENEFITS

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

## 7. CONCLUSIONS

Based on their review, including their comprehensive consideration and evaluation of each of the broad factors and information summarized above, the Independent Trustees and the Board as a whole concluded that the nature, extent and quality of the services rendered to the Portfolios by PIMCO and Research Affiliates supported the renewal of the Agreements and the Asset Allocation Agreement. The Independent

Trustees and the Board as a whole concluded that the Agreements and the Asset Allocation Agreement continued to be fair and reasonable to the Portfolios and their shareholders, that the Portfolios' shareholders received reasonable value in return for the fees paid to PIMCO by the Portfolios under the Agreements and the fees paid to Research Affiliates by PIMCO under the Asset Allocation Agreement, and that the renewal of the Agreements and the Asset Allocation Agreement was in the best interests of the Portfolios and their shareholders.

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## General Information

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This report is submitted for the general information of the shareholders of the Portfolio listed on the Report cover.

[pimco.com/pvit](http://pimco.com/pvit)

**P I M C O**



**Variable Product Funds**

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