

PIMCO Funds Prospectus

PIMCO
Variable
Insurance
Trust

May 1, 2009

Share Class

Adm Administrative

SHORT DURATION BOND PORTFOLIOS

Low Duration Portfolio
Money Market Portfolio
Short-Term Portfolio

INTERMEDIATE DURATION BOND PORTFOLIOS

High Yield Portfolio
Total Return Portfolio

LONG DURATION BOND PORTFOLIO

Long-Term U.S. Government Portfolio

REAL RETURN STRATEGY PORTFOLIOS

CommodityRealReturn® Strategy Portfolio
Real Return Portfolio

INTERNATIONAL BOND PORTFOLIOS

Diversified Income Portfolio
Emerging Markets Bond Portfolio
Foreign Bond Portfolio (Unhedged)
Foreign Bond Portfolio (U.S. Dollar-Hedged)
Global Bond Portfolio (Unhedged)

ACTIVE ASSET ALLOCATION PORTFOLIOS—REAL RETURN ORIENTED

All Asset Portfolio
All Asset All Authority Portfolio

ACTIVE ASSET ALLOCATION PORTFOLIO—TOTAL RETURN ORIENTED WITH TAIL RISK HEDGING

Global Multi-Asset Portfolio

EQUITY-RELATED PORTFOLIOS

Small Cap StocksPLUS® TR Portfolio

This cover is not part of the Prospectus.

P I M C O
F U N D S

Prospectus

**PIMCO Variable
Insurance Trust**

May 1, 2009

**Administrative
Class Shares**

This prospectus describes 17 separate investment portfolios (the “Portfolios”), offered by the PIMCO Variable Insurance Trust (the “Trust”). The Portfolios provide access to the professional investment management services offered by Pacific Investment Management Company LLC (“PIMCO”).

This prospectus explains what you should know about the Portfolios before you invest. Please read it carefully.

Shares of the Portfolios currently are sold to segregated asset accounts (“Separate Accounts”) of insurance companies that fund variable annuity contracts and variable life insurance policies (“Variable Contracts”).

Assets in the Separate Account are invested in shares of the Portfolios in accordance with allocation instructions received from owners of the Variable Contracts (“Variable Contract Owners”). Variable Contract Owners do not deal directly with the Portfolios to purchase or redeem shares. The allocation rights of Variable Contract Owners are described in the accompanying Separate Account prospectus.

This prospectus should be read in conjunction with the prospectus of the Separate Account. Both prospectuses should be read carefully and retained for future reference.

The Securities and Exchange Commission has not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Table of Contents

Summary Information	3
Portfolio Summaries	7
All Asset Portfolio	7
All Asset All Authority Portfolio	10
CommodityRealReturn® Strategy Portfolio	13
Diversified Income Portfolio	15
Emerging Markets Bond Portfolio	17
Foreign Bond Portfolio (Unhedged)	19
Foreign Bond Portfolio (U.S. Dollar-Hedged)	21
Global Bond Portfolio (Unhedged)	23
Global Multi-Asset Portfolio	25
High Yield Portfolio	28
Long-Term U.S. Government Portfolio	30
Low Duration Portfolio	32
Money Market Portfolio	34
Real Return Portfolio	36
Short-Term Portfolio	38
Small Cap StocksPLUS® TR Portfolio	40
Total Return Portfolio	42
Summary of Principal Risks	44
Management of the Portfolios	50
Administrative Class Shares	57
Purchases and Redemptions	59
How Portfolio Shares are Priced	62
Tax Consequences	63
Characteristics and Risks of Securities and Investment Techniques	64
Descriptions of the Underlying PIMCO Funds	79
Financial Highlights	82
Appendix A—Description of Securities Ratings	A-1

Summary Information

The table below describes certain investment characteristics of the Portfolios. Other important characteristics are described in the individual Portfolio Summaries beginning on page 5. Following the table are certain key concepts which are used throughout the prospectus.

Category	Portfolio	Main Investments	Duration	Credit Quality ⁽¹⁾	Non-U.S. Dollar Denominated Securities ⁽²⁾
Short Duration Bond Portfolios	Low Duration	Short maturity fixed income instruments	1-3 years	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Money Market	Money market instruments	≤ 90 days dollar-weighted average maturity	Min. 95% of total assets rated Prime 1; ≤ 5% of total assets rated Prime 2	0%
	Short-Term	Money market instruments and short maturity fixed income instruments	≤ 1 year	B to Aaa; max 10% of total assets below Baa	0-10% of total assets
Intermediate Duration Bond Portfolios	High Yield	Higher yielding fixed income securities	+/- 2 years of its benchmark	Caa to Aaa; min 80% of assets below Baa subject to max 5% of total assets rated Caa	0-20% of total assets
	Total Return	Intermediate maturity fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
Long Duration Bond Portfolio	Long-Term U.S. Government	Long-term maturity fixed income securities	≥ 8 years	A to Aaa	0%
Real Return Strategy Portfolios	CommodityRealReturn[®] Strategy	Commodity-linked derivatives backed by a portfolio of inflation-indexed and other fixed income instruments	≤ 10 years	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Real Return	Inflation-indexed fixed income securities	+/- 3 years of its benchmark	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
International Bond Portfolios	Diversified Income	Investment grade corporate, high yield and emerging market fixed income instruments	3-8 years	Max 10% of total assets below B	No limitation
	Emerging Markets Bond	Emerging market fixed income instruments	≤ 8 years	Max 15% of total assets below B	≥ 80% ⁽³⁾ of assets
	Foreign Bond (Unhedged)	Intermediate maturity non-U.S. fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	≥ 80% ⁽³⁾ of assets
	Foreign Bond (U.S. Dollar-Hedged)	Intermediate maturity hedged non-U.S. fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	≥ 80% ⁽³⁾ of assets
	Global Bond (Unhedged)	U.S. and non-U.S. intermediate maturity fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	25-75% ⁽³⁾ of total assets
Active Asset Allocation Portfolios	All Asset	Certain of the PIMCO Funds	No limitation ⁽⁴⁾	No limitation ⁽⁴⁾	No limitation ⁽⁴⁾
	All Asset All Authority	Certain of the PIMCO Funds	No limitation ⁽⁴⁾	No limitation ⁽⁴⁾	No limitation ⁽⁴⁾
	Global Multi-Asset	A combination of affiliated and unaffiliated funds, securities and other instruments	No limitation	No limitation ⁽⁴⁾	No limitation ⁽⁴⁾
Equity-Related Portfolios	Small Cap StocksPLUS[®] TR	Russell 2000 [®] Index derivatives backed by a diversified portfolio of fixed income instruments	Min. 1 year; max 2 years above the BCAG ⁽⁵⁾	B to Aaa; max 10% of total assets below Baa	0-30% of total assets

⁽¹⁾ As rated by Moody's Investors Service, Inc. ("Moody's"), or equivalently rated by Standard & Poor's Ratings Services ("S&P") or Fitch, Inc. ("Fitch"), or, if unrated, determined by PIMCO to be of comparable quality.

⁽²⁾ Each Portfolio (except the Long-Term U.S. Government Portfolio) may invest beyond this limit in U.S. dollar-denominated securities of non-U.S. issuers.

⁽³⁾ The percentage limitation relates to securities of non-U.S. issuers denominated in any currency.

⁽⁴⁾ The Portfolio invests substantially all of its assets in certain funds of the Underlying PIMCO Funds. Accordingly, the portfolio's duration, credit quality and indirect holdings of non-U.S. dollar denominated securities are the average of such Underlying PIMCO Funds held by the Portfolio.

⁽⁵⁾ The Barclays Capital U.S. Aggregate Index ("BCAG") (formerly named the Lehman Brothers U.S. Aggregate 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.

Summary Information (*continued*)

Fixed Income Instruments

“Fixed Income Instruments,” as used generally in this prospectus, includes:

- securities issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises (“U.S. Government Securities”);
- corporate debt securities of U.S. and non-U.S. issuers, including convertible securities and corporate commercial paper;
- mortgage-backed and other asset-backed securities;
- inflation-indexed bonds issued both by governments and corporations;
- structured notes, including hybrid or “indexed” securities and event-linked bonds;
- loan participations and assignments;
- delayed funding loans and revolving credit facilities;
- bank certificates of deposit, fixed time deposits and bankers’ acceptances;
- repurchase agreements on Fixed Income Instruments and reverse repurchase agreements on Fixed Income Instruments;
- debt securities issued by states or local governments and their agencies, authorities and other government-sponsored enterprises;
- obligations of non-U.S. governments or their subdivisions, agencies and government-sponsored enterprises; and
- obligations of international agencies or supranational entities.

Securities issued by U.S. Government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury.

The Portfolios (other than the All Asset, All Asset All Authority and Money Market Portfolios) may invest in derivatives based on Fixed Income Instruments.

Duration

Duration is a measure of the expected life of a fixed income security that is used to determine the sensitivity of a security’s price to changes in interest rates. The longer a security’s duration, the more sensitive it will be to changes in interest rates. Similarly, 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. By way of example, the price of a bond fund with an average duration of five years would be expected to fall approximately 5% if interest rates rose by one percentage point. Conversely, the price of a bond fund with an average duration of negative three years would be expected to rise approximately 3% if interest rates rose by one percentage point.

Credit Ratings

In this prospectus, references are made to credit ratings of debt securities which measure an issuer’s expected ability to pay principal and interest over time. Credit ratings are determined by rating organizations, such as Moody’s, S&P or Fitch. The following terms are generally used to describe the credit quality of debt securities depending on the security’s credit rating or, if unrated, credit quality as determined by PIMCO:

- high quality
- investment grade
- below investment grade (“high yield securities” or “junk bonds”)

For a further description of credit ratings, see “Appendix A—Description of Securities Ratings.” As noted in Appendix A, Moody’s, S&P and Fitch may modify their ratings of securities to show relative standing within a rating category, with the addition of numerical modifiers (1, 2 or 3) in the case of Moody’s, and with the addition of a plus (+) or minus (-) sign in the case of S&P and Fitch. A Portfolio may purchase a security, regardless of any rating modification, provided the security is rated at or above the Portfolio’s minimum rating category. For example, a Portfolio may purchase a security rated B3 by Moody’s, B- by S&P or B- by Fitch, provided the Portfolio may purchase securities rated B.

Summary Information (*continued*)

Portfolio Descriptions, Performance, Fees and Disclosure of Portfolio Holdings

The following summaries identify each Portfolio's investment objective, principal investments and strategies, principal risks, performance information and fees and expenses. A more detailed "Summary of Principal Risks" describing principal risks of investing in the Portfolios begins after the Portfolio Summaries. Investors should be aware that the investments made by a Portfolio and the results achieved by a Portfolio at any given time are not expected to be the same as those made by other mutual funds for which PIMCO acts as investment adviser, including mutual funds with names, investment objectives and policies similar to the Portfolios.

Please see "Disclosure of Portfolio Holdings" in the Statement of Additional Information for information about the availability of the complete schedule of each Portfolio's holdings.

It is possible to lose money on investments in the Portfolios.

An investment in a Portfolio is not a deposit of a bank and is not guaranteed or insured by the Federal Deposit Insurance Corporation or any other government agency, although certain investments in the Money Market Portfolio are guaranteed by the U.S. Department of the Treasury's Temporary Guarantee Program for Money Market Funds (the "Program"). The Program imposes a number of restrictions and conditions and does not protect shares in the Portfolio acquired by an investor after September 19, 2008 above the total amount owned by the investor on that date. See "Management of the Portfolios—Temporary Guarantee and Fee Waivers" for additional information.

Investments made by the All Asset, All Asset All Authority and Global Multi-Asset Portfolios

The All Asset, All Asset All Authority and Global Multi-Asset Portfolios are intended for investors who prefer to have their asset allocation decisions made by professional money managers. The All Asset, All Asset All Authority and Global Multi-Asset Portfolios may invest in any funds of the PIMCO Funds, an affiliated open-end investment company, except the All Asset, All Asset All Authority, Global Multi-Asset, RealRetirement™ 2010, RealRetirement™ 2020, RealRetirement™ 2030, RealRetirement™ 2040 and RealRetirement™ 2050 Funds ("Underlying PIMCO Funds"). The Global Multi-Asset Portfolio may also invest in a combination of affiliated funds and unaffiliated funds, which may or may not be registered under the Investment Company Act of 1940, as amended (the "1940 Act"), Fixed Income Instruments, equity securities, forwards and derivatives, to the extent permitted under the 1940 Act or exemptive relief therefrom. The Underlying PIMCO Funds and other affiliated and unaffiliated funds in which the Global Multi-Asset Portfolio may invest are collectively referred to as Acquired Funds in this prospectus. The Underlying PIMCO Funds in which the All Asset, All Asset All Authority and Global Multi-Asset Portfolios may invest are not offered in this prospectus. Please see the "*Description of the Underlying PIMCO Funds*" in this prospectus for more information about the Underlying PIMCO Funds.

[THIS PAGE INTENTIONALLY LEFT BLANK]

PIMCO All Asset Portfolio

Principal Investments and Strategies

Investment Objective

Seeks maximum real return consistent with preservation of real capital and prudent investment management

Portfolio Focus

Underlying PIMCO Funds

Credit Quality

No limitation

Average Portfolio Duration

No limitation

Dividend Frequency

Declared and distributed quarterly

The Portfolio seeks to achieve its investment objective by investing under normal circumstances substantially all of its assets in Institutional Class shares of the Underlying PIMCO Funds. Though it is anticipated that the Portfolio will not currently invest in the StocksPLUS® TR Short Strategy Fund, the Portfolio may invest in this Underlying PIMCO Fund in the future, without shareholder approval, at the discretion of PIMCO. The Portfolio invests its assets in shares of the Underlying PIMCO Funds and does not invest directly in stocks or bonds of other issuers. Research Affiliates, LLC, the Portfolio's asset allocation sub-adviser, determines how the Portfolio allocates and reallocates its assets among the Underlying PIMCO Funds. In doing so, the asset allocation sub-adviser seeks concurrent exposure to a broad spectrum of asset classes. *Please see the "Description of the Underlying PIMCO Funds" in this prospectus for more information about the Underlying PIMCO Funds.*

The Portfolio may invest in any or all of the Underlying PIMCO Funds, but will not normally invest in every Underlying PIMCO Fund at any particular time. The Portfolio's investment in a particular Underlying PIMCO Fund normally will not exceed 50% of its total assets. The Portfolio's combined investments in the Fundamental IndexPLUS™, Fundamental IndexPLUS™ TR, International StocksPLUS® TR Strategy (Unhedged), International StocksPLUS® TR Strategy (U.S. Dollar-Hedged), Small Cap StocksPLUS® TR, StocksPLUS®, StocksPLUS® Long Duration and StocksPLUS® Total Return Funds normally will not exceed 50% of its total assets. In addition, the Portfolio's combined investments in the CommodityRealReturn® Strategy, Real Return, Real Return Asset and RealEstateRealReturn Strategy Funds normally will not exceed 75% of its total assets. The Portfolio's assets are not allocated according to a predetermined blend of shares of the Underlying PIMCO Funds. Instead, when making allocation decisions among the Underlying PIMCO Funds, the Portfolio's asset allocation sub-adviser considers various quantitative and qualitative data relating to the U.S. and foreign economies and securities markets. These data include projected growth trends in the U.S. and foreign economies, forecasts for interest rates and the relationship between short-and long-term interest rates (yield curve), current and projected trends in inflation, relative valuation levels in the equity and fixed income markets and various segments within those markets, the outlook and projected growth of various industrial sectors, information relating to business cycles, borrowing needs and the cost of capital, political trends data relating to trade balances and labor information. The Portfolio's asset allocation sub-adviser has the flexibility to reallocate the Portfolio's assets among any or all of the asset class exposures represented by the Underlying PIMCO Funds based on its ongoing analyses of the equity, fixed income and commodity markets. While these analyses are performed daily, material shifts in asset class exposures typically take place over longer periods of time. The Portfolio is classified as "non-diversified" for purposes of the 1940 Act because it may invest in a limited number of Underlying PIMCO Funds. However, since certain of the Underlying PIMCO Funds in which the Portfolio invests are classified as diversified for purposes of the 1940 Act, the Portfolio may indirectly diversify its portfolio.

The Portfolio is a "fund of funds," which is a term used to describe mutual funds that pursue their investment objective by investing in other mutual funds. The cost of investing in the Portfolio will generally be higher than the cost of investing in a mutual fund that invests directly in individual stocks and bonds. By investing in the Portfolio, an investor will indirectly bear fees and expenses charged by the Underlying PIMCO Funds in addition to the Portfolio's direct fees and expenses. In addition, the use of a fund of funds structure could affect the timing, amount and character of distributions to the shareholders and may therefore increase the amount of taxes payable by shareholders. In addition to investing in the Underlying PIMCO Funds, at the discretion of PIMCO and without shareholder approval, the Portfolio may invest in additional PIMCO Funds created in the future.

PIMCO All Asset Portfolio (*continued*)

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return of the Portfolio, are:

- Allocation Risk
- Underlying PIMCO Fund Risk
- Issuer Non-Diversification Risk

The principal risks of investing in the Underlying PIMCO Funds, and consequently the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Commodity Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Real Estate Risk
- Emerging Markets Risk
- Currency Risk
- Issuer Non-Diversification Risk
- Leveraging Risk
- Smaller Company Risk
- Management Risk
- Tax Risk
- Subsidiary Risk
- Short Sale Risk

Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks associated with the Underlying PIMCO Funds and an investment in the Portfolio.

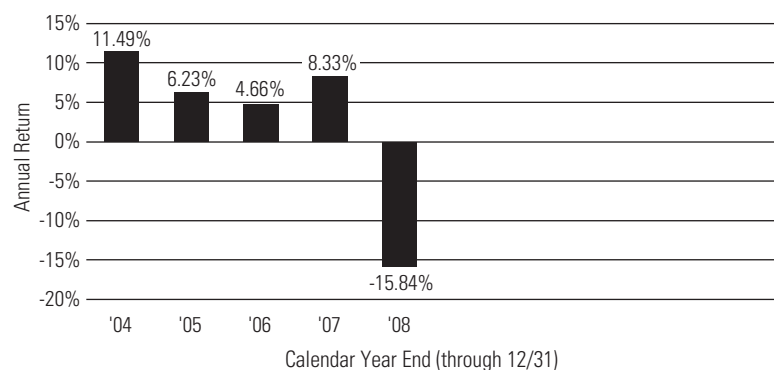
Performance Information

The Portfolio measures its performance against two benchmarks. The Portfolio’s primary benchmark is the Barclays Capital U.S. TIPS 1-10 Year Index (formerly named the Lehman Brothers U.S. TIPS 1-10 Year Index). The Portfolio’s secondary benchmark is created by adding 5% to the annual percentage change in the Consumer Price Index (“CPI”) (specifically, the CPI for All Urban Consumers). The CPI measures inflation as experienced by consumers in their day-to-day living expenses. Specifically, the CPI is a measure of the average change over time in the prices paid by urban consumers for a market basket of consumer goods and services. The CPI is periodically determined by the U.S. Department of Labor, Bureau of Labor Statistics. The Portfolio believes that this secondary benchmark reflects the Portfolio’s long-term investment strategy more accurately than the Barclays Capital U.S. TIPS 1-10 Year Index. For more information on the Portfolio’s benchmarks, see the Average Annual Total Returns table on the next page.

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio’s average annual returns compare with the returns of a broad-based securities market index and the Portfolio’s secondary benchmark. The Portfolio’s performance information reflects applicable fee waivers and/or expense limitations in effect during the periods presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO All Asset Portfolio (continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)	
Highest (1st Qtr. '04)	5.25%
Lowest (4th Qtr. '08)	-8.60%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	Since Inception (4/30/03)
Administrative Class	-15.84%	4.04%
Barclays Capital U.S. TIPS 1-10 Year Index ⁽¹⁾	-2.43%	4.05%
CPI + 500 Basis Points ⁽²⁾	5.21%	7.62%

⁽¹⁾ Barclays Capital U.S. TIPS 1-10 Year Index is an unmanaged index comprised of U.S. Treasury Inflation-Protected securities having a maturity of at least 1 year and less than 10 years. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses. Prior to November 1, 2008, this index was published by Lehman Brothers.

⁽²⁾ The CPI + 500 Basis Points benchmark is created by adding 5% to the annual percentage change in the Consumer Price Index ("CPI"). This index reflects non-seasonally adjusted returns. The CPI is an unmanaged index representing the rate of inflation of the U.S. consumer prices as determined by the U.S. Department of Labor, Bureau of Labor Statistics. There can be no guarantee that the CPI or other indices will reflect the exact level of inflation at any given time. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses (including Underlying PIMCO Fund expenses) you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees	Service Fees	Acquired Fund Fees and Expenses (Underlying PIMCO Fund Expenses) ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾	Expense Reduction ⁽⁴⁾⁽⁵⁾	Net Annual Portfolio Operating Expenses
Administrative	0.425%	0.15%	0.76%	1.335%	(0.02%)	1.315%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ Acquired Fund Fees and Expenses (Underlying Fund Expenses) for the Portfolio are based upon the allocation of the Portfolio's assets among the Underlying PIMCO Funds and upon the total annual operating expenses of the Administrative Class shares of these Underlying PIMCO Funds for the most recent fiscal year. Acquired Fund Fees and Expenses (Underlying PIMCO Fund Expenses) will vary with changes in the expenses of the Underlying PIMCO Funds, as well as allocation of the Portfolio's assets, and may be higher or lower than those shown above. For a listing of the expenses associated with each Underlying PIMCO Fund for the most recent fiscal year, please see the Annual Underlying PIMCO Fund Expenses table in this prospectus.

⁽³⁾ The Total Annual Portfolio Operating Expenses do not match the Ratio of Expenses to Average Net Assets of the Portfolio, as set forth in the Financial Highlights table of this prospectus, because the Ratio of Expenses to Average Net Assets reflects the operating expenses of the Portfolio and does not include Underlying PIMCO Fund Expenses.

⁽⁴⁾ PIMCO has contractually agreed, through May 1, 2010 for the All Asset Portfolio, to reduce its advisory fee to the extent that the Underlying PIMCO Fund Expenses attributable to advisory and supervisory and administrative fees exceed 0.64% of the total assets invested in Underlying PIMCO Funds. PIMCO may recoup these waivers in future periods, not exceeding three years, provided total expenses, including such recoupment, do not exceed the annual expense limit.

⁽⁵⁾ The Expense Reduction, as described in footnote 4 above, is implemented based on a calculation of Underlying PIMCO Fund Expenses attributable to advisory and supervisory and administrative fees that is different from the calculation of Acquired Fund Fees and Expenses (Underlying PIMCO Fund Expenses) listed in the table above and described in footnote 2. Please see "Management of the Portfolios—Fund of Funds Fees" for additional information.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$134	\$417	\$721	\$1,585

PIMCO All Asset All Authority Portfolio

Principal Investments and Strategies**Investment Objective**

Seeks maximum real return, consistent with preservation of real capital and prudent investment management

Portfolio Focus

Underlying PIMCO Funds

Credit Quality

No limitation

Average Portfolio Duration

No limitation

Dividend Frequency

Declared and distributed quarterly

The Portfolio seeks to achieve its investment objective by investing under normal circumstances substantially all of its assets in Institutional Class shares of the Underlying PIMCO Funds. The Portfolio invests its assets in shares of the Underlying PIMCO Funds and does not invest directly in stocks or bonds of other issuers. Research Affiliates, LLC, the Portfolio's asset allocation sub-adviser, determines how the Portfolio allocates and reallocates its assets among the Underlying PIMCO Funds. In doing so, the asset allocation sub-adviser seeks concurrent exposure to a broad spectrum of asset classes. *Please see the "Descriptions of the Underlying PIMCO Funds" in this prospectus for more information about the Underlying PIMCO Funds.*

The Portfolio may invest in any or all of the Underlying PIMCO Funds, but will not normally invest in every Underlying PIMCO Fund at any particular time. The Portfolio's investment in any particular Underlying PIMCO Fund normally will not exceed 50% of its total assets. The Portfolio's investment in the StocksPLUS[®] TR Short Strategy Fund normally will not exceed 20% of its total assets. The Portfolio's combined investments in the Fundamental IndexPLUS[™], Fundamental IndexPLUS[™] TR, Small Cap StocksPLUS[®] TR, StocksPLUS[®], StocksPLUS[®] Long Duration and StocksPLUS[®] Total Return Funds ("U.S. Stock Funds") normally will not exceed 50% of its total assets. The Portfolio's combined investments in the International StocksPLUS[®] TR Strategy (Unhedged) and International StocksPLUS[®] TR Strategy (U.S. Dollar-Hedged) Funds ("Non-U.S. Stock Funds") normally will not exceed 33 1/3% of its total assets. The Portfolio's combined investments in the U.S. Stock Funds and Non-U.S. Stock Funds (less any investment in the StocksPLUS[®] TR Short Strategy Fund) normally will not exceed 66 2/3% of its total assets. In addition, the Portfolio's combined investments in the CommodityRealReturn[®] Strategy, Real Return, Real Return Asset and RealEstateRealReturn Strategy Funds normally will not exceed 75% of its total assets.

The Portfolio's assets are not allocated according to a predetermined blend of shares of the Underlying PIMCO Funds. Instead, when making allocation decisions among the Underlying PIMCO Funds, the Portfolio's asset allocation sub-adviser considers various quantitative and qualitative data relating to the U.S. and foreign economies and securities markets. These data include projected growth trends in the U.S. and foreign economies, forecasts for interest rates and the relationship between short- and long-term interest rates (yield curve), current and projected trends in inflation, relative valuation levels in the equity and fixed income markets and various segments within those markets, the outlook and projected growth of various industrial sectors, information relating to business cycles, borrowing needs and the cost of capital, political trends data relating to trade balances and labor information. The Portfolio's asset allocation sub-adviser has the flexibility to reallocate the Portfolio's assets among any or all of the asset class exposures represented by the Underlying PIMCO Funds based on its ongoing analyses of the equity, fixed income and commodity markets. While these analyses are performed daily, material shifts in asset class exposures typically take place over longer periods of time. The Portfolio is classified as "non-diversified" for purposes of the 1940 Act because it may invest in a limited number of Underlying PIMCO Funds. However, since certain of the Underlying PIMCO Funds in which the Portfolio invests are classified as diversified for purposes of the 1940 Act, the Portfolio may indirectly diversify its portfolio.

The Portfolio may use leverage by borrowing for investment purposes. The Portfolio will borrow only from banks, and only when the value of the Portfolio's assets, minus its liabilities other than borrowings, equals or exceeds 300% of the Portfolio's total borrowings, including the proposed borrowing. If at any time this 300% coverage requirement is not met, the Portfolio will, within three business days, decrease its borrowings to the extent required. Borrowing requires the payment of interest and other loan costs. To make such payments, the Portfolio may be forced to sell portfolio securities when it is not otherwise advantageous to do so. At times when the Portfolio's borrowings are substantial, the interest expense to the Portfolio may result in the Portfolio having little or no investment income. The use of leverage by borrowing creates the potential for greater gains to shareholders of the Portfolio during favorable market conditions and the risk of magnified losses during adverse market conditions. In addition, the Underlying PIMCO Funds may engage in certain transactions that give rise to a form of leverage.

PIMCO All Asset All Authority Portfolio (continued)

The Portfolio is a “fund of funds,” which is a term used to describe mutual funds that pursue their investment objective by investing in other mutual funds. The cost of investing in the Portfolio will generally be higher than the cost of investing in a mutual fund that invests directly in individual stocks and bonds. By investing in the Portfolio, an investor will indirectly bear fees and expenses charged by the Underlying PIMCO Funds in addition to the Portfolio’s direct fees and expenses. In addition, the use of a fund of funds structure could affect the timing, amount and character of distributions to shareholders and may therefore increase the amount of taxes payable by shareholders. In addition to investing in the Underlying PIMCO Funds, at the discretion of PIMCO and without shareholder approval, the Portfolio may invest in additional PIMCO Funds created in the future.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect the net asset value, yield and total return of the Portfolio are:

- Allocation Risk
- Leveraging Risk
- Underlying PIMCO Fund Risk
- Issuer Non-Diversification Risk

The principal risks of investing in the Underlying Funds, and consequently the Portfolio, which could adversely affect the Portfolio’s net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Commodity Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Real Estate Risk
- Emerging Markets Risk
- Currency Risk
- Issuer Non-Diversification Risk
- Leveraging Risk
- Smaller Company Risk
- Management Risk
- Tax Risk
- Subsidiary Risk
- Municipal Project-Specific Risk
- Short Sale Risk

Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks associated with the Underlying PIMCO Funds and an investment in the Portfolio.

Performance Information

The Portfolio has not commenced operations as of the date of this prospectus. Thus, no bar chart or average annual returns table is included for the Portfolio.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses (including Underlying PIMCO Fund expenses) you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Fund Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Acquired Fund Fees and Expenses (Underlying PIMCO Fund Expenses) ⁽³⁾	Total Annual Portfolio Operating Expenses ⁽⁴⁾	Expense Reduction ⁽⁵⁾⁽⁶⁾⁽⁷⁾	Net Annual Portfolio Operating Expenses ⁽⁸⁾
Administrative	0.45%	0.15%	1.41%	2.30%	4.31%	(0.09%)	4.22%

⁽¹⁾ “Management Fees” reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See “Management of the Portfolios—Management Fees” for additional information.

⁽²⁾ “Other Expenses,” which are based on estimated amounts for the initial fiscal year of the Portfolio, reflect organizational expenses of 0.09% and estimated interest and line of credit expense of 1.32%. Interest expense is generally incurred as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio’s use of those investments (like reverse repurchase agreements) as an investment strategy.

⁽³⁾ Since the Portfolio has not commenced operations as of the date of this prospectus, Acquired Fund Fees and Expenses (Underlying PIMCO Fund Expenses) for the Portfolio are estimated based upon the expected allocation of the Portfolio’s assets among the Underlying PIMCO Funds and upon the total annual operating expenses of the Administrative Class shares of these Underlying PIMCO Funds. Acquired Fund Fees and Expenses (Underlying PIMCO Fund Expenses) will vary with changes in the expenses of the Underlying PIMCO Funds, as well as allocation of the Portfolio’s assets, and may be higher or lower than those shown above. For a listing of the expenses associated with each Underlying PIMCO Fund for the most recent fiscal year, please see the Annual Underlying PIMCO Fund Expenses table in this prospectus.

⁽⁴⁾ Total Annual Portfolio Operating Expenses excluding interest expense is estimated to be 2.99%.

⁽⁵⁾ PIMCO has contractually agreed, through May 1, 2010, to waive its supervisory and administrative fee, or reimburse the Portfolio, to the extent that organizational expenses and pro rata Trustees’ fees exceed 0.0049% of the Portfolio’s average net assets attributable to Administrative Class shares (the “Expense Limit”). Under the Expense Limitation Agreement, which renews annually for a full year unless terminated by PIMCO upon at least 30 days’ notice prior to the end of the contract term, PIMCO may recoup these waivers and reimbursements in future periods, not exceeding three years, provided organizational expenses and pro rata Trustees’ fees, plus such recoupment, do not exceed the Expense Limit.

⁽⁶⁾ PIMCO has contractually agreed, through May 1, 2010, for the Portfolio, to reduce its advisory fee to the extent that the Underlying PIMCO Fund Expenses attributable to advisory and supervisory and administrative fees exceed 0.69% of the total assets invested in Underlying PIMCO

PIMCO All Asset All Authority Portfolio (continued)

Funds. PIMCO may recoup these waivers in future periods, not exceeding three years, provided total expenses, including such recoupment, do not exceed the annual expense limit. As the Portfolio has not commenced operations as of the date of this prospectus, the Expense Reduction is estimated based upon the expense allocation of the Portfolio's assets among the Underlying PIMCO Funds.

⁽⁷⁾ The Expense Reduction, as described in footnote 6 above, is implemented based on a calculation of Underlying PIMCO Fund Expenses attributable to advisory and supervisory and administrative fees that is different from the calculation of Acquired Fund Fees and Expenses (Underlying PIMCO Fund Expenses) listed in the table above and described in footnote 3. Please see "Management of the Portfolios—Fund of Funds Fees" for additional information.

⁽⁸⁾ Net Annual Portfolio Operating Expenses excluding estimated interest expense is 2.90%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3
Administrative	\$424	\$1,281

PIMCO CommodityRealReturn[®] Strategy Portfolio

Principal Investments and Strategies

Investment Objective

Seeks maximum real return consistent with prudent investment management

Portfolio Focus

Commodity-linked derivative instruments backed by a portfolio of inflation-indexed and other Fixed Income Instruments

Credit Quality

B to Aaa; maximum 10% of total assets below Baa

Dividend Frequency

Declared and distributed quarterly

Average Collateral Fixed

Income Duration

≤ 10 years

The Portfolio seeks to achieve its investment objective by investing under normal circumstances in commodity-linked derivative instruments backed by a portfolio of inflation-indexed securities and other Fixed Income Instruments. The Portfolio invests in commodity-linked derivative instruments, including commodity index-linked notes, swap agreements, commodity options, futures and options on futures, that provide exposure to the investment returns of the commodities markets, without investing directly in physical commodities. Commodities are assets that have tangible properties, such as oil, metals, and agricultural products. The value of commodity-linked derivative instruments may be affected by overall market movements and other factors affecting the value of a particular industry or commodity, such as weather, disease, embargoes, or political and regulatory developments. The Portfolio may also invest in common and preferred stocks as well as convertible securities of issuers in commodity-related industries.

The Portfolio will seek to gain exposure to the commodity markets primarily through investments in leveraged or unleveraged commodity index-linked notes, which are derivative debt instruments with principal and/or coupon payments linked to the performance of commodity indices, and through investments in the PIMCO Cayman Commodity Portfolio I Ltd., a wholly-owned subsidiary of the Portfolio organized under the laws of the Cayman Islands (the “CRRS Subsidiary”). These commodity index-linked notes are sometimes referred to as “structured notes” because the terms of these notes may be structured by the issuer and the purchaser of the note. The value of these notes will rise or fall in response to changes in the underlying commodity or related index of investment. The Portfolio may also gain exposure to commodity markets by investing in the CRRS Subsidiary. The CRRS Subsidiary is advised by PIMCO, and has the same investment objective as the Portfolio. As discussed in greater detail elsewhere in this prospectus, the CRRS Subsidiary (unlike the Portfolio) may invest without limitation in commodity-linked swap agreements and other commodity-linked derivative instruments.

The derivative instruments in which the Portfolio and the CRRS Subsidiary primarily intend to invest are instruments linked to certain commodity indices. Additionally, the Portfolio or the CRRS Subsidiary may invest in derivative instruments linked to the value of a particular commodity or commodity futures contract, or a subset of commodities or commodity futures contracts. The Portfolio’s or the CRRS Subsidiary’s investments in commodity-linked derivative instruments may specify exposure to commodity futures with different roll dates, reset dates or contract months than those specified by a particular commodity index. As a result, the commodity-linked derivatives component of the Portfolio’s portfolio may deviate from the returns of any particular commodity index. The Portfolio or the CRRS Subsidiary may also over-weight or under-weight its exposure to a particular commodity index, or a subset of commodities, such that the Portfolio has greater or lesser exposure to that index than the value of the Portfolio’s net assets, or greater or lesser exposure to a subset of commodities than is represented by a particular commodity index. Such deviations will frequently be the result of temporary market fluctuations, and under normal circumstances the Portfolio will seek to maintain notional exposure to one or more commodity indices within 5% (plus or minus) of the value of the Portfolio’s net assets.

Assets not invested in commodity-linked derivative instruments or the CRRS Subsidiary may be invested in inflation-indexed securities and other Fixed Income Instruments, including derivative Fixed Income Instruments. The Portfolio is non-diversified, which means that it may concentrate its assets in a smaller number of issuers than a diversified fund. In addition, the Portfolio may invest its assets in particular sectors of the commodities market.

The average portfolio duration of the fixed income portion of this Portfolio will vary based on PIMCO’s forecast for interest rates and under normal market conditions is not expected to exceed ten years. The Portfolio may invest up to 10% of its total assets in high yield securities (“junk bonds”) rated B or higher by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio may invest up to 30% of its total assets in securities denominated in foreign currencies and may invest beyond this limit in U.S. dollar denominated securities of foreign issuers. The Portfolio may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy back or dollar rolls). The Portfolio may also invest up to 10% of its total assets in preferred stocks.

PIMCO CommodityRealReturn[®] Strategy Portfolio (continued)

Principal Risks

Under certain conditions, generally in a market where the value of both commodity-linked derivative instruments and fixed income securities are declining, the Portfolio may experience substantial losses. The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

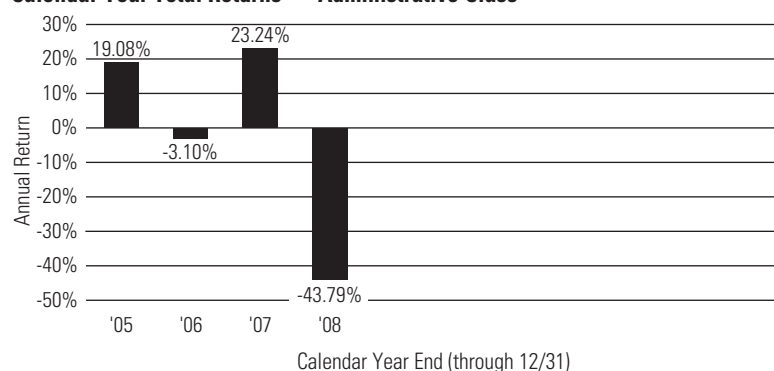
- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Commodity Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Issuer Non-Diversification Risk
- Leveraging Risk
- Management Risk
- Tax Risk
- Subsidiary Risk
- Short Sale Risk

Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

This page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio's average annual returns compare with the returns of a broad-based securities market index. The Portfolio's performance information reflects applicable fee waivers and/or expense limitations in effect during the periods presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (3rd Qtr. '05)	15.29%
Lowest (4th Qtr. '08)	-37.37%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	Since Inception (6/30/04)
Administrative Class	-43.79%	-3.51%
Dow Jones—AIG Commodity Index Total Return ⁽¹⁾	-35.65%	-1.25%

⁽¹⁾ The Dow Jones—AIG Commodity Index Total Return is an unmanaged index composed of futures contracts on 19 physical commodities. The index is designed to be a highly liquid and diversified benchmark for commodities as an asset class. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Acquired Fund Fees and Expenses ⁽³⁾	Total Annual Portfolio Operating Expenses ⁽⁴⁾⁽⁵⁾	Expense Reduction ⁽⁶⁾	Net Annual Portfolio Operating Expenses ⁽⁷⁾
Administrative	0.74%	0.15%	0.17%	0.09%	1.15%	(0.09%)	1.06%

⁽¹⁾ “Management Fees” reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See “Management of the Portfolios—Management Fees” for additional information.

⁽²⁾ “Other Expenses” reflect interest expense. Interest expense is based on the amounts incurred during the Portfolio's most recent fiscal year as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio's use of those investments (like reverse repurchase agreements) as an investment strategy.

⁽³⁾ The CRSS Subsidiary has entered into a separate contract with PIMCO for the management of the CRSS Subsidiary's portfolio pursuant to which the CRSS Subsidiary pays PIMCO a management fee and administrative services fee at the annual rates of 0.49% and 0.20%, respectively, of its net assets.

⁽⁴⁾ Total Annual Portfolio Operating Expenses excluding interest expense is 0.98%.

⁽⁵⁾ The Total Annual Portfolio Operating Expenses do not match the Ratio of Expenses to Average Net Assets of the Portfolio, as set forth in the Financial Highlights table of this prospectus, because the Ratio of Expenses to Average Net Assets reflects the operating expenses of the Portfolio and does not include Acquired Fund Fees and Expenses.

⁽⁶⁾ PIMCO has contractually agreed to waive the advisory fee and the supervisory and administrative fee it receives from the Portfolio in an amount equal to the management fee and administrative services fee, respectively, paid to PIMCO by the CRSS Subsidiary (as described in footnote 3 above). This waiver may not be terminated by PIMCO and will remain in effect for as long as PIMCO's contract with the CRSS Subsidiary is in place.

⁽⁷⁾ Net Annual Portfolio Operating Expenses excluding interest expense is 0.89%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$108	\$337	\$585	\$1,294

PIMCO Diversified Income Portfolio

Principal Investments and Strategies**Investment Objective**

Seeks maximum total return, consistent with prudent investment management

Portfolio Focus

Investment grade corporate, high yield and emerging market Fixed Income Instruments

Average Portfolio Duration

3-8 years

Credit Quality

Maximum 10% of total assets below B

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective 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. The average portfolio duration of this Portfolio normally varies from three to eight years, based on PIMCO's forecast for interest rates.

The Portfolio may invest in a diversified pool of corporate fixed income securities of varying maturities. The Portfolio may invest in both investment-grade securities and high yield securities ("junk bonds") subject to a maximum of 10% of its total assets in securities rated below B by Moody's, or equivalently rated by S&P or Fitch or, if unrated, determined by PIMCO to be of comparable quality. In addition, the Portfolio may invest, without limitation, in securities and instruments that are economically tied to emerging market countries. The Portfolio may invest, without limitation, in securities denominated in foreign currencies and in U.S.-dollar-denominated securities of foreign issuers.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The "total return" sought by the Portfolio consists of income earned on the Portfolio's investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security. The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect the net asset value, yield and total return of the Portfolio are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Currency Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk
- Emerging Markets Risk

Please see "Summary of Principal Risks" following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The Portfolio has not commenced operations as of the date of this prospectus. Thus, no bar chart or average annual returns table is included for the Portfolio.

PIMCO Diversified Income Portfolio (continued)

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses	Expense Reduction ⁽³⁾	Net Annual Portfolio Operating Expenses
Administrative	0.75%	0.15%	0.08%	0.98%	(0.08%)	0.90%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ "Other Expenses", which are based on estimated amounts for the initial fiscal year of the Portfolio, reflect organizational expenses.

⁽³⁾ PIMCO has contractually agreed, through May 1, 2010, to waive its supervisory and administrative fee, or reimburse the Portfolio, to the extent that organizational expenses and pro rata Trustees' fees exceed 0.0049% of the Portfolio's average net assets attributable to Administrative Class shares (the "Expense Limit"). Under the Expense Limitation Agreement, which renews annually for a full year unless terminated by PIMCO upon at least 30 days' notice prior to the end of the contract term, PIMCO may recoup these waivers and reimbursements in future periods, not exceeding three years, provided organizational expenses and pro rata Trustees' fees, plus such recoupment, do not exceed the Expense Limit.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3
Administrative	\$92	\$287

PIMCO Emerging Markets Bond Portfolio

Principal Investments and Strategies

Investment Objective

Seeks maximum total return, consistent with preservation of capital and prudent investment management

Portfolio Focus

Emerging market Fixed Income Instruments

Average Portfolio Duration

≤ 8 years

Credit Quality

Maximum 15% of total assets below B

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in Fixed Income Instruments that are economically tied to emerging market countries, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Such instruments may be denominated in non-U.S. currencies and the U.S. dollar. Please see “Characteristics and Risks of Securities and Investment Techniques—Foreign (Non-U.S.) Securities” for a description of when an instrument is economically tied to an emerging market country. The average portfolio duration of this Portfolio varies based on PIMCO’s forecast for interest rates and, under normal market conditions, is not expected to exceed eight years.

PIMCO has broad discretion to identify countries that it considers to qualify as emerging markets. The Portfolio emphasizes countries with relatively low gross national product per capita and with the potential for rapid economic growth. PIMCO will select the Portfolio’s country and currency composition based on its evaluation of relative interest rates, inflation rates, exchange rates, monetary and fiscal policies, trade and current account balances, legal and political developments and any other specific factors PIMCO believes to be relevant. The Portfolio likely will concentrate its investments in Asia, Africa, the Middle East, Latin America and the developing countries of Europe. The Portfolio may invest in instruments whose return is based on the return of an emerging market security or a currency of an emerging market country, such as a derivative instrument, rather than investing directly in emerging market securities or currencies.

The Portfolio may invest in both investment-grade securities and high yield securities (“junk bonds”) subject to a maximum of 15% of its total assets in securities rated below B by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The “total return” sought by the Portfolio consists of income earned on the Portfolio’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security. The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Issuer Non-Diversification Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

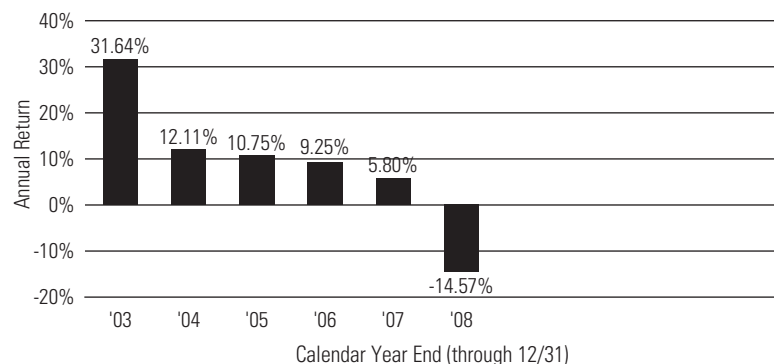
Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio’s average annual returns compare with the returns of a broad-based securities market index. The Portfolio’s performance information reflects applicable fee waivers and/or expense limitations in effect during the periods presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO Emerging Markets Bond Portfolio (continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (1st Qtr. '03)	10.61%
Lowest (4th Qtr. '08)	-8.27%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	Since Inception (9/30/02)
Administrative Class	-14.57%	4.16%	10.65%
JPMorgan Emerging Markets Bond Index Global ⁽¹⁾	-10.91%	5.18%	10.05%

⁽¹⁾ JP Morgan Emerging Markets Bond Index Global is an unmanaged index which tracks total returns for U.S. Dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities, Brady bonds, loans, Eurobonds and local market instruments. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾
Administrative	0.85%	0.15%	0.13%	1.13%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ "Other Expenses" reflect interest expense. Interest expense is based on the amounts incurred during the Portfolio's most recent fiscal year as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio's use of those investments (like reverse repurchase agreements) as an investment strategy.

⁽³⁾ Total Annual Portfolio Operating Expenses excluding interest expense is 1.00%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$115	\$359	\$622	\$1,375

PIMCO Foreign Bond Portfolio (Unhedged)

Principal Investments and Strategies

Investment Objective

Seeks maximum total return, consistent with preservation of capital and prudent investment management

Portfolio Focus

Intermediate maturity non-U.S. Fixed Income Instruments

Credit Quality

B to Aaa; maximum 10% of total assets below Baa

Average Portfolio Duration

See description below

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in Fixed Income Instruments that are economically tied to foreign (non-U.S.) countries, representing at least three foreign countries, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Please see “Characteristics and Risks of Securities and Investment Techniques—Foreign (Non-U.S.) Securities” for a description of when an instrument is economically tied to a foreign (non-U.S.) country.

PIMCO selects the Portfolio’s foreign country and currency compositions based on an evaluation of various factors, including, but not limited to relative interest rates, exchange rates, monetary and fiscal policies, trade and current account balances. The average portfolio duration of this Portfolio normally varies within two years (plus or minus) of the duration of the JPMorgan GBI Global ex-U.S. FX NY Index Unhedged in USD, which as of March 31, 2009 was 6.39 years. The Portfolio invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities (“junk bonds”) rated B or higher by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio may invest, without limitation, in securities and instruments that are economically tied to emerging market countries. The Portfolio is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The “total return” sought by the Portfolio consists of income earned on the Portfolio’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security. The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Issuer Non-Diversification Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

Since the Portfolio commenced operations on April 30, 2008, it does not have a full calendar year of performance. Thus, no bar chart or average annual returns table is included for the Portfolio.

PIMCO Foreign Bond Portfolio (Unhedged)(continued)

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment) None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Total Annual Portfolio Operating Expenses
Administrative	0.75%	0.15%	0.90%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$92	\$287	\$498	\$1,108

PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged)

Principal Investments and Strategies

Investment Objective

Seeks maximum total return, consistent with preservation of capital and prudent investment management

Portfolio Focus

Intermediate maturity hedged non-U.S. Fixed Income Instruments

Average Portfolio Duration

See description below

Credit Quality

B to Aaa; maximum 10% of total assets below Baa

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in Fixed Income Instruments that are economically tied to foreign (non-U.S.) countries, representing at least three foreign countries, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Please see “Characteristics and Risks of Securities and Investment Techniques—Foreign (Non-U.S.) Securities” for a description of when an instrument is economically tied to a foreign (non-U.S.) country. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets.

PIMCO selects the Portfolio’s foreign country and currency compositions based on an evaluation of various factors, including, but not limited to, relative interest rates, exchange rates, monetary and fiscal policies, trade and current account balances. The Portfolio may invest, without limitation, in securities and instruments that are economically tied to emerging market countries. The average portfolio duration of this Portfolio normally varies within two years (plus or minus) of the duration of the JPMorgan GBI Global ex-U.S. Index Hedged in USD, which as of March 31, 2009 was 6.69 years. The Portfolio invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities (“junk bonds”) rated B or higher by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The “total return” sought by the Portfolio consists of income earned on the Portfolio’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security. The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Issuer Non-Diversification Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

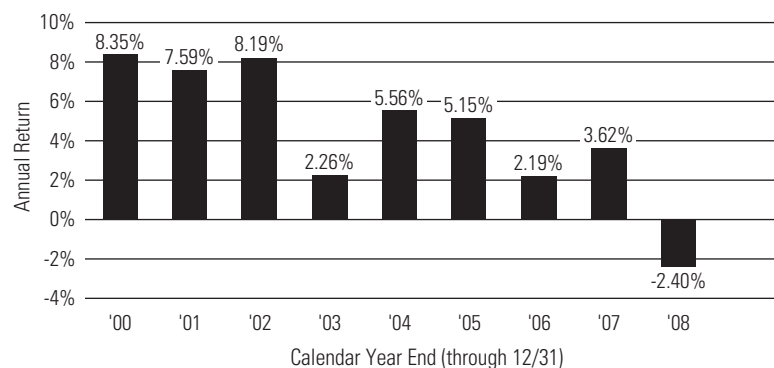
Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio’s average annual returns compare with the returns of a broad-based securities market index. The Portfolio’s performance information reflects applicable fee waivers and/or expense limitations in effect during the periods presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO Foreign Bond Portfolio (U.S. Dollar-Hedged)(continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (4th Qtr. '00)	3.66%
Lowest (2nd Qtr. '08)	-2.92%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	Since Inception (2/16/99) ⁽²⁾
Administrative Class	-2.40%	2.78%	3.96%
JPMorgan GBI Global Ex-U.S. Index Hedged in USD ⁽¹⁾	7.98%	5.38%	5.42%

⁽¹⁾ The JPMorgan GBI Global Ex-U.S. Index Hedged in USD is an unmanaged index representative of the total return performance in U.S. dollars of major non-U.S. bond markets. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses.

⁽²⁾ The Administrative Class shares commenced operations on 2/16/99. Index comparisons began on 2/28/99.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾
Administrative	0.75%	0.15%	0.01%	0.91%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ "Other Expenses" reflect interest expense. Interest expense is based on the amounts incurred during the Portfolio's most recent fiscal year as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio's use of those investments (like reverse repurchase agreements) as an investment strategy.

⁽³⁾ Total Annual Portfolio Operating Expenses excluding interest expense is 0.90%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$93	\$290	\$504	\$1,120

PIMCO Global Bond Portfolio (Unhedged)

Principal Investments and Strategies

Investment Objective

Seeks maximum total return, consistent with preservation of capital and prudent investment management

Portfolio Focus

U.S. and non-U.S. intermediate maturity Fixed Income Instruments

Credit Quality

B to Aaa; maximum 10% of total assets below Baa

Average Portfolio Duration

See description below

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in Fixed Income Instruments that are economically tied to at least three countries (one of which may be the United States), which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Please see “Characteristics and Risks of Securities and Investment Techniques—Foreign (Non-U.S.) Securities” for a description of when an instrument is economically tied to a foreign (non-U.S.) country. Securities may be denominated in major foreign currencies, baskets of foreign currencies (such as the euro), or the U.S. dollar.

PIMCO selects the Portfolio’s foreign country and currency compositions based on an evaluation of various factors, including, but not limited to, relative interest rates, exchange rates, monetary and fiscal policies, trade and current account balances. The Portfolio may invest, without limitation, in securities and instruments that are economically tied to emerging market countries. The Portfolio normally invests at least 25% of its net assets in instruments that are economically tied to foreign (non-U.S.) countries. The average portfolio duration of this Portfolio normally varies within two years (plus or minus) of the duration of the JPMorgan GBI Global FX New York Index Unhedged in USD, which as of March 31, 2009 was 6.39 years. The Portfolio invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities (“junk bonds”) rated B or higher by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The “total return” sought by the Portfolio consists of income earned on the Portfolio’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security. The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Issuer Non-Diversification Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

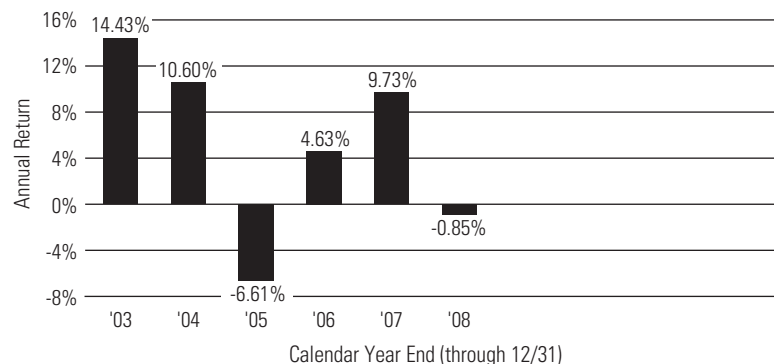
Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio’s average annual returns compare with the returns of a broad-based securities market index. The Portfolio’s performance information reflects applicable fee waivers and/or expense limitations in effect during the periods presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO Global Bond Portfolio (Unhedged)(continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (1st Qtr. '08) **9.31%**

Lowest (3rd Qtr. '08) **-7.42%**

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	Since Inception (1/10/02) ⁽²⁾
Administrative Class	-0.85%	3.29%	7.15%
JPMorgan GBI Global FX NY Index Unhedged in USD ⁽¹⁾	12.74%	6.33%	9.25%

⁽¹⁾ The JPMorgan GBI Global FX NY Index Unhedged in USD is an unmanaged index representative of the total return performance in U.S. dollars on an unhedged basis of major world bond markets. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses.

⁽²⁾ The Administrative Class shares commenced operations on 1/10/02. Index comparisons began on 12/31/01.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾
Administrative	0.75%	0.15%	0.07%	0.97%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ "Other Expenses" reflect interest expense. Interest expense is based on the amounts incurred during the Portfolio's most recent fiscal year as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio's use of those investments (like reverse repurchase agreements) as an investment strategy.

⁽³⁾ Total Annual Portfolio Operating Expenses excluding interest expense is 0.90%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$99	\$309	\$536	\$1,190

PIMCO Global Multi-Asset Portfolio

Principal Investments and Strategies

Investment Objective

Seeks total return which exceeds that of a blend of 60% MSCI World Index/40% Barclays Capital U.S. Aggregate Index (formerly named the Lehman Brothers U.S. Aggregate Index)

Portfolio Focus

A combination of affiliated and unaffiliated funds, securities and other instruments

Average Portfolio Duration

No Limitation

Credit Quality

No Limitation

Dividend Frequency

Declared and distributed quarterly

The Portfolio is intended for investors who prefer to have their asset allocation decisions made by professional investment managers. PIMCO uses a three-step approach in seeking to achieve the Portfolio's investment objective which consists of 1) developing a target asset allocation; 2) developing a series of relative value strategies designed to add value beyond the target allocation; and 3) utilizing hedging techniques to manage risks. PIMCO evaluates these three steps daily and uses varying combinations of Acquired Funds and/or direct investments to implement them within the Portfolio.

The Portfolio seeks to achieve its investment objective by investing under normal circumstances in a combination of affiliated and unaffiliated funds, which may or may not be registered under the 1940 Act, Fixed Income Instruments, equity securities, forwards and derivatives. The Portfolio will invest in such funds, securities, instruments and other investments to the extent permitted under the 1940 Act, or any exemptive relief therefrom. The Portfolio may invest, without limitation, in any of the Underlying PIMCO Funds. *Please see the "Description of the Underlying PIMCO Funds" in this prospectus for more information about the Underlying PIMCO Funds.* The Portfolio will invest either directly or indirectly (through a fund) in instruments that are economically tied to at least three countries (one of which may be the United States).

The Portfolio seeks concurrent exposure to a broad spectrum of asset classes and other investments. The Portfolio will typically invest 20% to 80% of its total assets in equity-related investments (including investment in common stock, preferred stock, equity securities of real estate investment trusts and/or investment in the Domestic Equity-Related Underlying PIMCO Funds, the International Equity-Related Underlying PIMCO Funds and the RealEstateRealReturn Strategy Fund, an Underlying PIMCO Fund, each as more fully described in the "Description of the Underlying PIMCO Funds" in this prospectus, and in other equity-related Acquired Funds). With respect to its direct or indirect (through a fund) investments in equity securities, there is no limitation on the market capitalization range of the issuers in which the Portfolio may invest. The Portfolio may invest up to 25% of its total assets in commodity-related investments (including investment in the PIMCO Cayman Commodity Portfolio II Ltd., a wholly-owned subsidiary of the Portfolio organized under the laws of the Cayman Islands (the "GMA Subsidiary"), and the CommodityRealReturn Strategy Fund®, an Underlying PIMCO Fund). The GMA Subsidiary is advised by PIMCO and primarily invests in commodity-linked derivative instruments backed by a portfolio of inflation-indexed securities and other Fixed Income Instruments. As discussed in greater detail elsewhere in this prospectus, the GMA Subsidiary (unlike the Portfolio) may invest without limitation in commodity-linked swap agreements and other commodity-linked derivative instruments. The Portfolio may invest up to 25% of its total assets in the GMA Subsidiary. The Portfolio may invest, without limitation, in securities denominated in foreign currencies and in U.S. dollar-denominated securities of foreign issuers. The Portfolio may invest, without limitation, in high yield securities ("junk bonds"). The Portfolio may invest, without limitation, in securities and instruments that are economically tied to emerging market countries.

The Portfolio is classified as "non-diversified" for purposes of the 1940 Act because it may invest in a limited number of Acquired Funds and other investments. However, since certain of the Acquired Funds in which the Portfolio may invest are classified as diversified for purposes of the 1940 Act, the Portfolio may indirectly diversify its portfolio.

Target Asset Allocation and Relative Value Strategies

The Portfolio's assets are not allocated according to a predetermined blend of shares of the Acquired Funds and/or direct investments in securities, instruments and other investments. Instead, when making allocation decisions among the Acquired Funds, securities, instruments and other investments, PIMCO considers various qualitative and quantitative factors relating to the U.S. and non-U.S. economies, and securities and commodities markets. These factors include projected growth trends in the U.S. and non-U.S. economies, forecasts for interest rates and the relationship between short- and long-term interest

PIMCO Global Multi-Asset Portfolio (*continued*)

rates (yield curve), current and projected trends in inflation, relative valuation levels in the equity, fixed income, commodity and real estate markets and various segments within those markets, the outlook and projected growth of various industrial sectors, information relating to business cycles, borrowing needs and the cost of capital, political trends data relating to trade balances, and labor information. PIMCO uses these factors to help determine the Portfolio's target asset allocation and to identify potentially attractive relative value and risk hedging strategies. PIMCO has the flexibility to reallocate the Portfolio's assets among any or all of the investment exposures represented by affiliated or unaffiliated funds, or invest directly in securities, instruments and other investments, based on its ongoing analyses of the global economy and financial markets. While these analyses are performed daily, material shifts in investment exposures typically take place over longer periods of time.

Risk Hedging Strategies

As part of its investment process, PIMCO will seek to reduce exposure to certain risks by implementing various hedging transactions. These hedging transactions seek to reduce the Portfolio's exposure to certain severe, unanticipated market events that could significantly detract from returns.

Investment Selection

Once the target asset allocation, relative value strategies and risk hedging strategies have been determined, PIMCO then evaluates various combinations of affiliated or unaffiliated funds, securities, instruments and other investments to obtain the desired exposures and invests accordingly. Please see the "Descriptions of the Underlying PIMCO Funds" section in this prospectus for a summary of the Underlying PIMCO Funds and their principal investment strategies. Additional information for these Underlying PIMCO Funds can be found in the Statement of Additional Information and the Underlying PIMCO Funds' prospectuses and financial reports. Additional Underlying PIMCO Funds may be added or deleted in the future without shareholder notification.

Principal Risks

The principal risks of investing in the Portfolio include risks from direct investments and/or indirect exposure through investment in Acquired Funds. The principal risks of investing in the Portfolio, which could adversely affect the Portfolio's net asset value, yield and total return, are:

- Allocation Risk
- Acquired Fund Risk
- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Commodity Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- European Specific Risk
- Far Eastern (excluding Japan) Specific Risk
- Real Estate Risk
- Emerging Markets Risk
- Currency Risk
- Issuer Non-Diversification Risk
- Leveraging Risk
- Smaller Company Risk
- Management Risk
- Short Sale Risk
- Tax Risk
- Subsidiary Risk

Please see "Summary of Principal Risks" below for a description of these and other risks associated with the Acquired Funds and an investment in the Portfolio.

Performance Information

The Portfolio does not have a full calendar year of performance. Thus, no bar chart or Average Annual Returns Table is included.

PIMCO Global Multi-Asset Portfolio (continued)

Fees and Expenses of the Portfolio

These tables describe the fees and expenses (including Acquired Fund Fees and Expenses) you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Acquired Fund Fees and Expenses ⁽³⁾	Total Annual Portfolio Operating Expenses	Expense Reduction ⁽⁴⁾⁽⁵⁾⁽⁶⁾	Net Annual Portfolio Operating Expenses
Administrative	0.95%	0.15%	0.09%	0.68%	1.87%	(0.77)%	1.10%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolio—Management Fees" for additional information.

⁽²⁾ "Other Expenses" reflect estimated organizational expenses for the Portfolio's first fiscal year.

⁽³⁾ Acquired Fund Fees and Expenses for the Portfolio are based upon an estimated allocation of the Portfolio's assets among the Acquired Funds, which includes the Underlying PIMCO Funds and other funds, and upon the total annual operating expenses of Acquired Funds, including the Institutional Class shares of the Underlying PIMCO Funds. Acquired Fund Fees and Expenses will vary with changes in the expenses of the Acquired Funds, as well as allocation of the Portfolio's assets, and may be higher or lower than those shown above. For a listing of the expenses associated with each Underlying PIMCO Fund for the most recent fiscal year, please see the Annual Underlying PIMCO Fund Expenses table in this prospectus.

⁽⁴⁾ PIMCO has contractually agreed, through May 1, 2010, to waive its supervisory and administrative fee, or reimburse the Portfolio, to the extent that organizational expenses and pro rata Trustees' fees exceed 0.0049% of the Portfolio's average net assets attributable to Administrative Class shares (the "Expense Limit") prior to the application of the waiver described in footnote 5 below. Under the Expense Limitation Agreement, which renews annually for a full year unless terminated by PIMCO upon at least 30 days' notice prior to the end of the contract term, PIMCO may recoup these waivers and reimbursements in future periods, not exceeding three years, provided organizational expenses and pro rata Trustees' fees, plus such recoupment, do not exceed the Expense Limit.

⁽⁵⁾ PIMCO has contractually agreed, through May 1, 2010, to waive, first, the supervisory and administrative fee and, to the extent necessary, the advisory fee it receives from the Portfolio in an amount equal to the expenses attributable to advisory and supervisory and administrative fees of Underlying PIMCO Funds indirectly incurred by the Portfolio in connection with its investments in Underlying PIMCO Funds, to the extent the supervisory and administrative fee or the supervisory and administrative fee and advisory fee taken together are greater than or equal to the advisory fees and supervisory and administrative fees of the Underlying PIMCO Funds. This waiver renews annually for a full year unless terminated by PIMCO upon at least 30 days' notice prior to the end of the contract term.

⁽⁶⁾ The Expense Reduction, as described in footnote 5 above, is implemented based on a calculation of applicable Underlying PIMCO Fund Expenses attributable to advisory and supervisory and administrative fees that is different from the calculation of Acquired Fund Fees and Expenses listed in the table above and described in footnote 3. Please see "Management of the Portfolios—Fund of Fund Fees" for additional information.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3
Administrative	\$112	\$350

PIMCO High Yield Portfolio

Principal Investments and Strategies

Investment Objective

Seeks maximum total return, consistent with preservation of capital and prudent investment management

Portfolio Focus

Higher yielding fixed income securities

Average Portfolio Duration

See description below

Credit Quality

Caa to Aaa; minimum 80% of assets below Baa subject to maximum 5% of total assets rated Caa

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in a diversified portfolio of high yield securities (“junk bonds”), which may be represented by forwards or derivatives such as options, futures contracts, or swap agreements, rated below investment grade but rated at least Caa by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality, subject to a maximum of 5% of its total assets in securities rated Caa by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The remainder of the Portfolio’s assets may be invested in investment grade Fixed Income Instruments. The average portfolio duration of this Portfolio normally varies within two years (plus or minus) of the duration of the Merrill Lynch U.S. High Yield BB-B Rated Constrained Index, which as of March 31, 2009 was 4.17 years. The Portfolio may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries. The Portfolio may invest up to 20% of its total assets in securities denominated in foreign currencies and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The “total return” sought by the Portfolio consists of income earned on the Portfolio’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security. The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

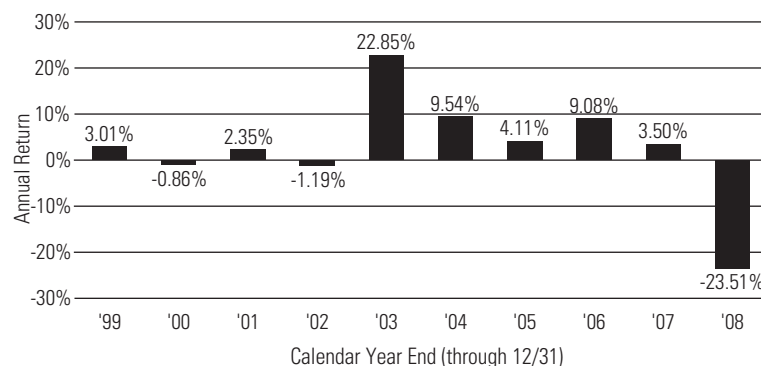
Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio’s average annual returns compare with the returns of one or more broad-based securities market indices. The Portfolio’s performance information reflects applicable fee waivers and/or expense limitations in effect during the periods presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO High Yield Portfolio (continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (4th Qtr. '02)	8.69%
Lowest (4th Qtr. '08)	-12.52%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	10 Years
Administrative Class	-23.51%	-0.30%	2.25%
Merrill Lynch U.S. High Yield BB-B Rated Constrained Index ⁽¹⁾	-23.31%	-0.34%	2.40%

⁽¹⁾ The Merrill Lynch U.S. High Yield BB-B Rated Constrained Index tracks the performance of BB-B Rated U.S. Dollar-denominated corporate bonds publicly issued in the U.S. domestic market. Qualifying bonds are capitalization-weighted provided the total allocation to an individual issuer (defined by Bloomberg tickers) does not exceed 2%. Issuers that exceed the limit are reduced to 2% and the face value of each of their bonds is adjusted on a pro-rata basis. Similarly, the face value of bonds of all other issuers that fall below the 2% cap are increased on a pro-rata basis. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Total Annual Portfolio Operating Expenses
Administrative	0.60%	0.15%	0.75%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$77	\$240	\$417	\$930

PIMCO Long-Term U.S. Government Portfolio

Principal Investments and Strategies

Investment Objective

Seeks maximum total return, consistent with preservation of capital and prudent investment management

Portfolio Focus

Long-term maturity fixed income securities

Average Portfolio Duration

≥ 8 years

Credit Quality

A to Aaa

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its assets in a diversified portfolio of fixed income securities that are issued or guaranteed by the U.S. Government, its agencies or government-sponsored enterprises (“U.S. Government Securities”), which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Assets not invested in U.S. Government Securities may be invested in other types of Fixed Income Instruments. While PIMCO may invest in derivatives at any time it deems appropriate, it will generally do so when it believes that U.S. Government Securities are overvalued relative to derivative instruments. This Portfolio will normally have a minimum average portfolio duration of eight years. In addition, the dollar-weighted average portfolio maturity of the Portfolio, under normal circumstances, is expected to be more than ten years.

The Portfolio’s investments in Fixed Income Instruments are limited to those of investment grade U.S. dollar-denominated securities of U.S. issuers that are rated at least A by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. In addition, the Portfolio may only invest up to 10% of its total assets in securities rated A by Moody’s, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality and may only invest up to 25% of its total assets in securities rated Aa by Moody’s, or equivalently rated by S&P or Fitch or, if unrated, determined by PIMCO to be of comparable quality.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The “total return” sought by the Portfolio consists of income earned on the Portfolio’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates or improving credit fundamentals for a particular sector or security.

Securities issued by U.S. Government agencies or government-sponsored enterprises may not be guaranteed by the U.S. Treasury. GNMA, a wholly owned U.S. Government corporation, is authorized to guarantee, with the full faith and credit of the U.S. Government, the timely payment of principal and interest on securities issued by institutions approved by GNMA and backed by pools of mortgages insured by the Federal Housing Administration or guaranteed by the Department of Veterans Affairs. Government-related guarantors (*i.e.*, not backed by the full faith and credit of the U.S. Government) include the Federal National Mortgage Association (“FNMA”) and the Federal Home Loan Mortgage Corporation (“FHLMC”). 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 guarantees the timely payment of interest and ultimate collection of principal, but its participation certificates are not backed by the full faith and credit of the U.S. Government. The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- Market Risk
- Issuer Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

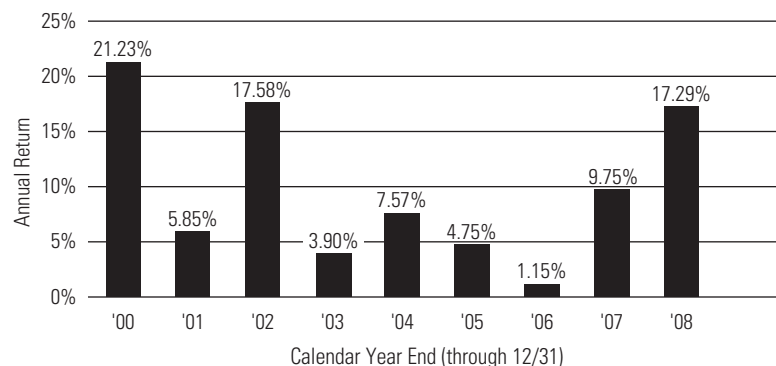
Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio’s average annual returns compare with the returns of a broad-based securities market index. The Portfolio’s performance information reflects applicable fee waivers and/or expense limitations in effect during the periods presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO Long-Term U.S. Government Portfolio (continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (4th Qtr. '08)	15.14%
Lowest (2nd Qtr. '04)	-5.55%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	Since Inception (4/30/99)
Administrative Class	17.29%	7.97%	8.50%
Barclays Capital Long-Term Treasury Index ⁽¹⁾	24.03%	9.73%	8.86%

⁽¹⁾ The Barclays Capital Long-Term Treasury Index (formerly named the Lehman Brothers Long-Term Treasury Index) is an unmanaged index of U.S. Government or investment grade credit securities having a maturity of 10 years. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses. Prior to November 1, 2008, this index was published by Lehman Brothers.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾
Administrative	0.475%	0.15%	0.01%	0.635%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ "Other Expenses" reflect interest expense. Interest expense is based on the amounts incurred during the Portfolio's most recent fiscal year as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio's use of those investments (like reverse repurchase agreements) as an investment strategy.

⁽³⁾ Total Annual Portfolio Operating Expenses excluding interest expense is 0.625%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$65	\$203	\$354	\$792

PIMCO Low Duration Portfolio

Principal Investments and Strategies

Investment Objective

Seeks maximum total return, consistent with preservation of capital and prudent investment management

Portfolio Focus

Short maturity Fixed Income Instruments

Credit Quality

B to Aaa; maximum 10% of total assets below Baa

Average Portfolio Duration

1-3 years

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective 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. The average portfolio duration of this Portfolio normally varies from one to three years based on PIMCO's forecast for interest rates.

The Portfolio invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets. The Portfolio may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The "total return" sought by the Portfolio consists of income earned on the Portfolio's investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security. The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

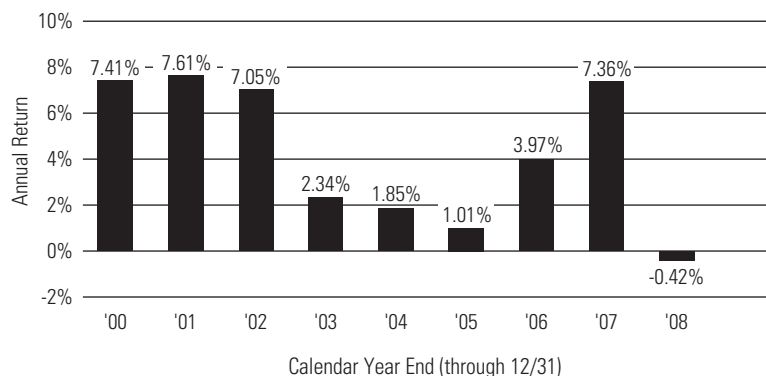
Please see "Summary of Principal Risks" following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio's average annual returns compare with the returns of a broad-based securities market index. The Portfolio's performance information reflects applicable fee waivers and/or expense limitations in effect during the period presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO Low Duration Portfolio (continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns (for periods shown in the bar chart)

Highest (3rd Qtr. '01)	4.23%
Lowest (3rd Qtr. '08)	-2.40%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	Since Inception (2/16/99) ⁽²⁾
Administrative Class	-0.42%	2.72%	4.09%
Merrill Lynch 1-3 Year U.S. Treasury Index ⁽¹⁾	6.61%	4.06%	4.80%

⁽¹⁾ The Merrill Lynch 1-3 Year U.S. Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least 1 year and less than 3 years. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses.

⁽²⁾ The Administrative Class shares commenced operations on 2/16/99. Index comparisons began on 2/28/99.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾
Administrative	0.50%	0.15%	0.05%	0.70%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ "Other Expenses" reflect interest expense. Interest expense is based on the amounts incurred during the Portfolio's most recent fiscal year as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio's use of those investments (like reverse repurchase agreements) as an investment strategy.

⁽³⁾ Total Annual Portfolio Operating Expenses excluding interest expense is 0.65%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$72	\$224	\$390	\$871

PIMCO Money Market Portfolio

Principal Investments and Strategies**Investment Objective**

Seeks maximum current income, consistent with preservation of capital and daily liquidity

Portfolio Focus

Money market instruments

Average Portfolio Maturity

≤ 90 days dollar-weighted average maturity

Credit Quality

Minimum 95% of total assets rated Prime 1; ≤ 5% of total assets rated Prime 2

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective by investing at least 95% of its total assets in a diversified portfolio of money market securities that are in the highest rating category for short-term obligations. The Portfolio also may invest up to 5% of its total assets in money market securities that are in the second-highest rating category for short-term obligations. The Portfolio may only invest in U.S. dollar-denominated securities that mature in 397 days or fewer from the date of purchase. The dollar-weighted average portfolio maturity of the Portfolio may not exceed 90 days. The Portfolio attempts to maintain a stable net asset value of \$1.00 per share, although there is no assurance that it will be successful in doing so.

The Portfolio may invest in the following: obligations of the U.S. Government (including its agencies and government-sponsored enterprises); short-term corporate debt securities of domestic and foreign corporations; obligations of domestic and foreign commercial banks, savings banks, and savings and loan associations; and commercial paper. The Portfolio may invest more than 25% of its total assets in securities or obligations issued by U.S. banks.

The Portfolio's investments will comply with applicable rules governing the quality, maturity and diversification of securities held by money market funds.

Principal Risks

An investment in the Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency, although certain investments in the Portfolio are guaranteed by the U.S. Department of the Treasury's Temporary Guarantee Program for Money Market Funds. The Program imposes a number of restrictions and conditions and does not protect shares in the Portfolio acquired by an investor after September 19, 2008 above the total amount owned by the investor on that date. See "Management of the Portfolios—Temporary Guarantee and Fee Waivers" for additional information. Although the Portfolio seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Portfolio. The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- Market Risk
- Issuer Risk
- Foreign (Non-U.S.) Investment Risk
- Management Risk

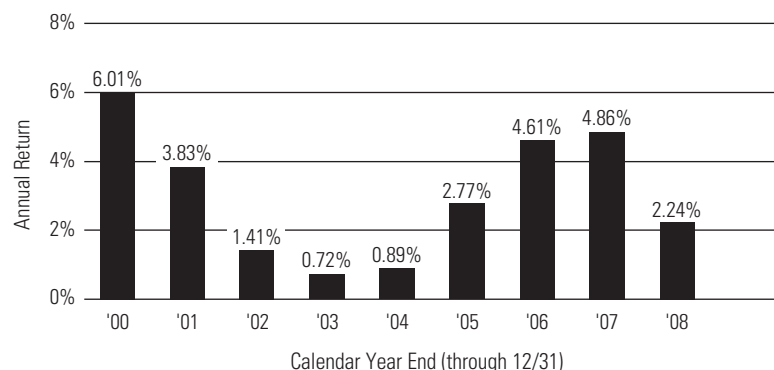
Please see "Summary of Principal Risks" following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio's average annual returns compare with the returns of a broad-based securities market index. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO Money Market Portfolio (continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (4th Qtr. '00)	1.60%
Lowest (1st Qtr. '04)	0.14%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	Since Inception (9/30/99)
Administrative Class	2.24%	3.06%	3.08%
Citigroup 3-Month Treasury Bill Index ⁽¹⁾	1.80%	3.10%	3.19%

⁽¹⁾ The Citigroup 3-Month Treasury Bill Index is an unmanaged index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾
Administrative	0.32%	0.15%	0.01%	0.48%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ "Other Expenses" reflect the payment to the U.S. Department of the Treasury for the Portfolio's participation in the U.S. Department of the Treasury's Temporary Guarantee Program for Money Market Funds. See "Management of the Portfolios—Temporary Guarantee and Fee Waivers" for additional information.

⁽³⁾ To maintain certain net yields for the Portfolio, PIMCO or its affiliates may temporarily and voluntarily waive, reduce or reimburse all or any portion of the Portfolio's fees and expenses. See "Management of the Portfolios—Temporary Guarantee and Fee Waivers" for additional information. Such waivers, if any, are not reflected in these tables.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$49	\$154	\$269	\$604

PIMCO Real Return Portfolio

Principal Investments and Strategies

Investment Objective

Seeks maximum real return, consistent with preservation of real capital and prudent investment management

Portfolio Focus

Inflation-indexed fixed income securities

Credit Quality

B to Aaa; maximum 10% of total assets below Baa

Average Portfolio Duration

See description below

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective by investing under normal circumstances at least 80% of its net assets in inflation-indexed bonds of varying maturities issued by the U.S. and non-U.S. governments, their agencies or instrumentalities and corporations, which may be represented by forwards or derivatives such as options, futures contracts or swap agreements. Inflation-indexed bonds are fixed income securities that are structured to provide protection against inflation. The value of the bond's principal or the interest income paid on the bond is adjusted to track changes in an official inflation measure. The U.S. Treasury uses the Consumer Price Index for Urban Consumers as the inflation measure. Inflation-indexed bonds issued by a foreign government are generally adjusted to reflect a comparable inflation index, calculated by that government. "Real return" equals total return less the estimated cost of inflation, which is typically measured by the change in an official inflation measure. Effective duration takes into account that for certain bonds expected cash flows will fluctuate as interest rates change and is defined in nominal yield terms, which is market convention for most bond investors and managers. Durations for real return bonds, which are based on real yields, are converted to nominal durations through a conversion factor, typically between 20% and 90% of the respective real duration. All security holdings will be measured in effective (nominal) duration terms. Similarly, the effective duration of the Barclays Capital U.S. TIPS Index (formerly named the Lehman Brothers U.S. TIPS Index) will be calculated using the same conversion factors. The effective duration of this Portfolio normally varies within three years (plus or minus) of the effective duration of the Barclays Capital U.S. TIPS Index, which as of March 31, 2009 was 5.61 years.

The Portfolio invests primarily in investment grade securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio may invest up to 10% of its total assets in securities and instruments that are economically tied to emerging market countries. The Portfolio also may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar denominated securities of foreign issuers. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets. The Portfolio is non-diversified, which means that it may invest its assets in a smaller number of issuers than a diversified fund.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Issuer Non-Diversification Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

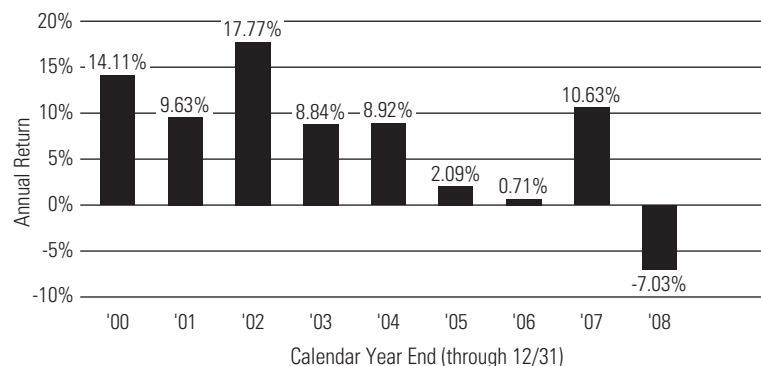
Please see "Summary of Principal Risks" following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio's average annual returns compare with the returns of a broad-based securities market index. The Portfolio's performance information reflects applicable fee waivers and/or expense limitations in effect during the period presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO Real Return Portfolio (continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (3rd Qtr. '02) **8.34%**

Lowest (4th Qtr. '08) **-5.91%**

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	Since Inception (9/30/99)
Administrative Class	-7.03%	2.87%	6.85%
Barclays Capital U.S. TIPS Index ⁽¹⁾	-2.35%	4.07%	7.08%

⁽¹⁾ Barclays Capital U.S. TIPS Index is an unmanaged market index comprised of all U.S. Treasury Inflation-Protected Securities rated investment grade (Baa3 or better), having at least 1 year to final maturity, and at least \$250 million par amount outstanding. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses. Prior to November 1, 2008, this index was published by Lehman Brothers.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾
Administrative	0.50%	0.15%	0.06%	0.71%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ "Other Expenses" reflect interest expense. Interest expense is based on the amounts incurred during the Portfolio's most recent fiscal year as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio's use of those investments (like reverse repurchase agreements) as an investment strategy.

⁽³⁾ Total Annual Portfolio Operating Expenses excluding interest expense is 0.65%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$73	\$227	\$395	\$883

PIMCO Short-Term Portfolio

Principal Investments and Strategies

Investment Objective

Seeks maximum current income, consistent with preservation of capital and daily liquidity

Portfolio Focus

Money market instruments and short maturity Fixed Income Instruments

Average Portfolio Duration

≤1 year

Credit Quality

B to Aaa; maximum 10% of total assets below Baa

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective 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. The average portfolio duration of this Portfolio will vary based on PIMCO's forecast for interest rates and will normally not exceed one year. In addition, the dollar-weighted average portfolio maturity of the Portfolio, under normal circumstances, is expected not to exceed three years.

The Portfolio invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio may invest up to 10% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar denominated securities or currencies) to 20% of its total assets.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Fees and Expenses of the Portfolio

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Issuer Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Currency Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

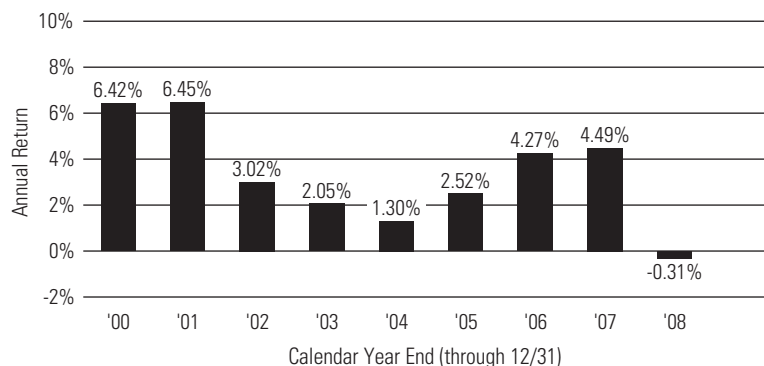
Please see "Summary of Principal Risks" following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio's average annual returns compare with the returns of a broad-based securities market index. The Portfolio's performance information reflects applicable fee waivers and/or expense limitations in effect during the period presented. Absent such fee waivers and/or expense limitations, performance would have been lower. The bar chart and the table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO Short-Term Portfolio (continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (3rd Qtr. '01)	2.37%
Lowest (4th Qtr. '08)	-0.79%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	Since Inception (9/30/99)
Administrative Class	-0.31%	2.44%	3.39%
Citigroup 3-Month Treasury Bill Index ⁽¹⁾	1.80%	3.10%	3.19%

⁽¹⁾ The Citigroup 3-Month Treasury Bill Index is an unmanaged index representing monthly return equivalents of yield averages of the last 3 month Treasury Bill issues. It is not possible to invest directly in the index. The index does not reflect deductions for fees and expenses.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Total Annual Portfolio Operating Expenses
Administrative	0.45%	0.15%	0.60%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$61	\$192	\$335	\$750

PIMCO Small Cap StocksPLUS® TR Portfolio

Principal Investments and Strategies

Investment Objective

Seeks total return which exceeds that of the Russell 2000® Index

Portfolio Focus

Russell 2000® Index derivatives backed by a diversified portfolio of Fixed Income Instruments

Credit Quality

B to Aaa; maximum 10% of total assets below Baa

Average Collateral Fixed Income Duration

See description below

Dividend Frequency

Declared and distributed quarterly

The Portfolio seeks to exceed the total return of the Russell 2000® Index by investing under normal circumstances in Russell 2000® Index derivatives, backed by a diversified portfolio of Fixed Income Instruments actively managed by PIMCO. The Portfolio may invest in common stocks, options, futures, options on futures and swaps. The Portfolio normally uses Russell 2000® Index derivatives instead of Russell 2000® Index stocks to attempt to equal or exceed the performance of the Russell 2000® Index. The Portfolio typically will seek to gain long exposure to its benchmark index in an amount, under normal circumstances, approximately equal to the Portfolio's net assets. The value of Russell 2000® Index derivatives should closely track changes in the value of the index. However, Russell 2000® Index derivatives may be purchased with a small fraction of the assets that would be needed to purchase the equity securities directly, so that the remainder of the assets may be invested in Fixed Income Instruments. PIMCO actively manages the Fixed Income Instruments held by the Portfolio with a view toward enhancing the Portfolio's total return, subject to an overall portfolio duration which normally varies from a one year minimum duration to a maximum of two years above the duration of the Barclays Capital U.S. Aggregate Index (formerly named the Lehman Brothers U.S. Aggregate Index). As of March 31, 2009, the duration of the Barclays Capital U.S. Aggregate Index was 3.73 years. The Barclays Capital U.S. Aggregate 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.

The Russell 2000® Index is composed of 2,000 of the smallest companies in the Russell 3000® Index, which represents approximately 10% of the total market capitalization of the Russell 3000® Index. As of March 31, 2009, the Russell 2000® Index's average market capitalization (dollar-weighted) was \$0.819 billion. The Portfolio seeks to remain invested in Russell 2000® Index derivatives or Russell 2000® Index stocks even when the Russell 2000® Index is declining.

Though the Portfolio does not normally invest directly in Russell 2000® Index securities, when Russell 2000® Index derivatives appear to be overvalued relative to the Russell 2000® Index, the Portfolio may invest all of its assets in a "basket" of Russell 2000® Index stocks. The Portfolio also may invest in exchange traded funds based on the Russell 2000® Index.

Assets not invested in equity securities or derivatives may be invested in Fixed Income Instruments. The Portfolio may invest up to 10% of its total assets in high yield securities ("junk bonds") rated B or higher by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries. The Portfolio may invest up to 30% of its total assets in securities denominated in foreign currencies and may invest beyond this limit in U.S. dollar denominated securities of foreign issuers. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar-denominated securities or currencies) to 20% of its total assets. The Portfolio may also invest up to 10% of its total assets in preferred stocks.

Principal Risks

Under certain conditions, generally in a market where the value of both Russell 2000® Index derivatives and fixed income securities are declining or in periods of heightened market volatility, the Portfolio may experience greater losses or lesser gains than would be the case if it invested directly in a portfolio of Russell 2000® Index stocks. The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Equity Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Leveraging Risk
- Smaller Company Risk
- Management Risk
- Short Sale Risk

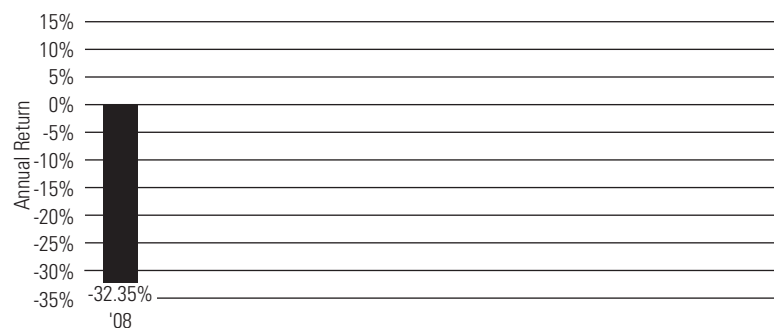
Please see "Summary of Principal Risks" following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

PIMCO Small Cap StocksPLUS® TR Portfolio (continued)

Performance Information

This page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing how the Portfolio's average annual returns compare with the returns of a broad-based securities market index. The Portfolio's performance information reflects applicable fee waivers and/or expense limitations in effect during the period presented. Absent any such fee waivers and/or expense limitations, performance would have been lower. The bar chart and table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

Calendar Year Total Returns — Administrative Class



Calendar Year End (through 12/31)

Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (2nd Qtr. '08)	-0.10%
Lowest (4th Qtr. '08)	-22.71%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	Since Inception (1/31/07)
Administrative Class	-32.35%	-17.76%
Russell 2000® Index	-33.79%	-20.71%

(1) The Russell 2000® Index is composed of 2,000 of the smallest companies in the Russell 3000 Index and is considered to be representative of the small cap market in general. It is not possible to invest directly in the index.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾
Administrative	0.69%	0.15%	1.32%	2.16%

(1) "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolio—Management Fees" for additional information.

(2) "Other Expenses" reflect interest expense. Interest expense is based on the amounts incurred during the Portfolio's most recent fiscal year as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio's use of those investments (like reverse repurchase agreements) as an investment strategy.

(3) Total Annual Portfolio Operating Expenses excluding interest expense is 0.84%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$219	\$676	\$1,159	\$2,493

PIMCO Total Return Portfolio

Principal Investments and Strategies

Investment Objective

Seeks maximum total return, consistent with preservation of capital and prudent investment management

Portfolio Focus

Intermediate maturity Fixed Income Instruments

Average Portfolio Duration

See description below

Credit Quality

B to Aaa; maximum 10% of total assets below Baa

Dividend Frequency

Declared daily and distributed monthly

The Portfolio seeks to achieve its investment objective 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. The average portfolio duration of this Portfolio normally varies within two years (plus or minus) of the duration of the Barclays Capital U.S. Aggregate Index (formerly named the Lehman Brothers U.S. Aggregate Index), which as of March 31, 2009 was 3.73 years.

The Portfolio invests primarily in investment grade debt securities, but may invest up to 10% of its total assets in high yield securities (“junk bonds”) rated B or higher by Moody’s, or equivalently rated by S&P or Fitch or, if unrated, determined by PIMCO to be of comparable quality. The Portfolio may invest up to 15% of its total assets in securities and instruments that are economically tied to emerging market countries. The Portfolio may invest up to 30% of its total assets in securities denominated in foreign currencies, and may invest beyond this limit in U.S. dollar-denominated securities of foreign issuers. The Portfolio will normally limit its foreign currency exposure (from non-U.S. dollar denominated securities or currencies) to 20% of its total assets.

The Portfolio may invest all of its assets in derivative instruments, such as options, futures contracts or swap agreements, or in mortgage- or asset-backed securities. The Portfolio may not invest in equity securities. The Portfolio may, without limitation, seek to obtain market exposure to the securities in which it primarily invests by entering into a series of purchase and sale contracts or by using other investment techniques (such as buy backs or dollar rolls). The “total return” sought by the Portfolio consists of income earned on the Portfolio’s investments, plus capital appreciation, if any, which generally arises from decreases in interest rates, foreign currency appreciation, or improving credit fundamentals for a particular sector or security.

Principal Risks

The principal risks of investing in the Portfolio, which could adversely affect its net asset value, yield and total return, are:

- Interest Rate Risk
- Credit Risk
- High Yield Risk
- Market Risk
- Issuer Risk
- Liquidity Risk
- Derivatives Risk
- Mortgage-Related and Other Asset-Backed Risk
- Foreign (Non-U.S.) Investment Risk
- Emerging Markets Risk
- Currency Risk
- Leveraging Risk
- Management Risk
- Short Sale Risk

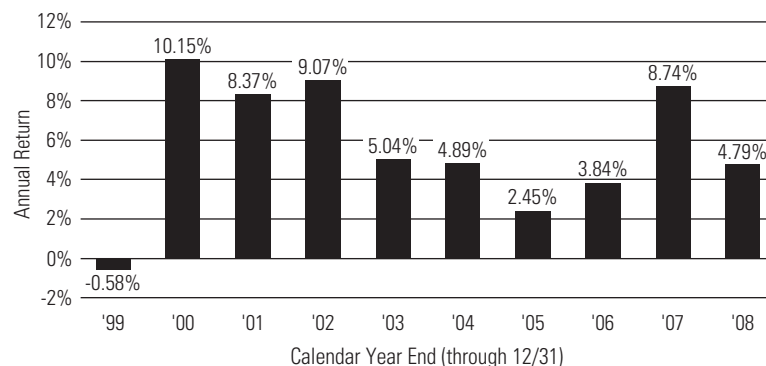
Please see “Summary of Principal Risks” following the Portfolio Summaries for a description of these and other risks of investing in the Portfolio.

Performance Information

The top of the next page shows summary performance information for the Portfolio in a bar chart and an Average Annual Total Returns table. The information provides some indication of the risks of investing in the Portfolio by showing changes in its performance from year to year and by showing how the Portfolio’s average annual returns compare with the returns of a broad-based securities market index. The bar chart and table do not reflect Variable Contract fees and expenses. If they did, performance would have been lower. *Past performance is no guarantee of future results.*

PIMCO Total Return Portfolio (continued)

Calendar Year Total Returns — Administrative Class



Highest and Lowest Quarter Returns

(for periods shown in the bar chart)

Highest (3rd Qtr. '01)	5.42%
Lowest (2nd Qtr. '04)	-2.22%

Average Annual Total Returns (for periods ended 12/31/08)

	1 Year	5 Years	10 Years
Administrative Class	4.79%	4.92%	5.63%
Barclays Capital U.S. Aggregate Index ⁽¹⁾	5.24%	4.65%	5.63%

⁽¹⁾ Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable and U.S. dollar denominated. This 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 the index. The index does not reflect deductions for fees and expenses. Prior November 1, 2008, this index was published by Lehman Brothers.

Fees and Expenses of the Portfolio

These tables describe the fees and expenses you may pay if you buy and hold Administrative Class shares of the Portfolio. Overall fees and expenses of investing in the Portfolio are higher than shown because the table does not reflect Variable Contract fees and expenses.

Shareholder Fees (fees paid directly from your investment)

None

Annual Portfolio Operating Expenses (expenses that are deducted from Portfolio assets)

Share Class	Management Fees ⁽¹⁾	Service Fees	Other Expenses ⁽²⁾	Total Annual Portfolio Operating Expenses ⁽³⁾
Administrative	0.50%	0.15%	0.23%	0.88%

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by the Portfolio to PIMCO. See "Management of the Portfolios—Management Fees" for additional information.

⁽²⁾ "Other Expenses" reflect interest expense. Interest expense is based on the amounts incurred during the Portfolio's most recent fiscal year as a result of entering into certain investments, such as reverse repurchase agreements. This interest expense is required to be treated as an expense of the Portfolio for accounting purposes, but the amount of interest expense (if any) will vary with the Portfolio's use of those investments (like reverse repurchase agreements) as an investment strategy.

⁽³⁾ Total Annual Portfolio Operating Expenses excluding interest expense is 0.65%.

Examples. The Examples are intended to help you compare the cost of investing in Administrative Class shares of the Portfolio with the costs of investing in other mutual funds. The Examples assume that you invest \$10,000 in the noted class of shares for the time periods indicated, and then redeem all your shares at the end of those periods. The Examples also assume that your investment has a 5% return each year, the reinvestment of all dividends and distributions, and that the Portfolio's operating expenses remain the same. Although your actual costs may be higher or lower, the Examples show what your costs would be based on these assumptions.

Share Class	Year 1	Year 3	Year 5	Year 10
Administrative	\$90	\$281	\$488	\$1,084

Summary of Principal Risks

The value of your investment in a Portfolio changes with the values of that Portfolio's investments. Many factors can affect those values. The factors that are most likely to have a material effect on a particular Portfolio's investments as a whole are called "principal risks." The principal risks of each Portfolio are identified in the Portfolio Summaries and are described in this section. Each Portfolio may be subject to risks other than those described below because the types of investments made by a Portfolio can change over time. Securities and investment techniques mentioned in this summary that appear in **bold type** are described in greater detail under "Characteristics and Risks of Securities and Investment Techniques." That section and "Investment Objectives and Policies" in the Statement of Additional Information also include more information about the Portfolios, their investments and the related risks. There is no guarantee that a Portfolio will be able to achieve its investment objective. It is possible to lose money by investing in a Portfolio.

As the Global Multi-Asset Portfolio may invest in shares of Acquired Funds, the risks of investing in the Global Multi-Asset Portfolio may be closely related to the risks associated with the Acquired Funds and their investments. However, as the Global Multi-Asset Portfolio may also invest its assets directly in stocks or bonds of other issuers and in other instruments, such as forwards, options, futures contracts or swap agreements, the Global Multi-Asset Portfolio may be directly exposed to certain risks described below. As such, unless stated otherwise, any reference in this section only to "Portfolios" includes both the Global Multi-Asset Portfolio and Acquired Funds.

Allocation Risk

The All Asset, All Asset All Authority and Global Multi-Asset Portfolios' investment performance depends upon how their assets are allocated and reallocated according to each Portfolio's asset allocation targets and ranges. A principal risk of investing in each Portfolio is that the asset allocation sub-adviser (in the case of the All Asset and All Asset All Authority Portfolios) or PIMCO (in the case of the Global Multi-Asset Portfolio) will make less than optimal or poor asset allocation decisions. The asset allocation sub-adviser or PIMCO, as applicable, attempts to identify investment allocations that will provide consistent, quality performance for each Portfolio, but there is no guarantee that such allocation techniques will produce the desired results. It is possible that the asset allocation sub-adviser or PIMCO, as applicable, will focus on an investment that performs poorly or underperforms other investments under various market conditions. You could lose money on your investment in a Portfolio as a result of these allocation decisions.

Underlying PIMCO Fund Risk

Because the All Asset and All Asset All Authority Portfolios invest substantially all of their assets in Underlying PIMCO Funds, the risks associated with investing in the Portfolios are closely related to the risks associated with the securities and other investments held by the Underlying PIMCO Funds. The ability of the Portfolios to achieve their investment objectives will depend upon the ability of the Underlying PIMCO Funds to achieve their respective investment objectives. There can be no assurance that the investment objective of any Underlying PIMCO Fund will be achieved.

The All Asset and All Asset All Authority Portfolios' net asset values will fluctuate in response to changes in the respective net asset values of the Underlying PIMCO Funds in which they invest. The extent to which the investment performance and risks associated with the Portfolios correlate to those of a particular Underlying PIMCO Fund will depend upon the extent to which the Portfolios' assets are allocated from time to time for investment in the Underlying PIMCO Fund, which will vary.

Acquired Fund Risk

Because the Global Multi-Asset Portfolio may invest its assets in Acquired Funds, the risks associated with investing in the Global Multi-Asset Portfolio may be closely related to the risks associated with the securities and other investments held by the Acquired Funds. The ability of the Global Multi-Asset Portfolio to achieve its investment objective may depend upon the ability of the Acquired Funds to achieve their investment objectives. There can be no assurance that the investment objective of any Acquired Fund will be achieved.

The Global Multi-Asset Portfolio's net asset value will fluctuate in response to changes in the net asset values of the Acquired Funds in which it invests. The extent to which the investment performance and risks associated with the Global Multi-Asset Portfolio correlates to those of a particular Acquired Fund will depend upon the extent to which the Global Multi-Asset Portfolio's assets are allocated from time to time for investment in the Acquired Fund, which will vary.

Interest Rate Risk

Interest rate risk is the risk that fixed income securities will decline in value because of changes in interest rates. As nominal interest rates rise, the value of certain fixed income securities held by a Portfolio is likely to decrease. A nominal interest rate can be described as the sum of a real interest rate and an expected inflation rate. Fixed income securities with longer durations tend to be more sensitive to changes in interest rates, usually making them more volatile than securities with shorter durations. **Inflation-indexed bonds**, including Treasury Inflation-Protected Securities, decline in value when real interest rates rise. In certain interest rate environments, such as when real interest rates are rising faster than nominal interest rates, **inflation-indexed bonds** may experience greater losses than other fixed income securities with similar durations.

Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Inverse floating rate securities may decrease in value if interest rates increase. Inverse floating rate securities may also exhibit greater price volatility than a fixed rate obligation with similar credit quality. When a Portfolio holds variable or floating rate securities, a decrease (or, in the case of inverse floating rate securities, an increase) in market interest rates will adversely affect the income received from such securities and the net asset value of the Portfolio's shares.

Credit Risk

A Portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a **derivatives** contract, **repurchase agreement** or a **loan of portfolio securities**, is unable or unwilling to make timely principal and/or interest payments, or to otherwise honor its obligations. Securities are subject to varying degrees of credit risk, which are often reflected in **credit ratings**. **Municipal bonds** are subject to the risk that litigation, legislation or other political events, local business or economic conditions, or the bankruptcy of the issuer could have a significant effect on an issuer's ability to make payments of principal and/or interest. To the extent that the Money Market Portfolio invests 25% or more of its assets in obligations issued by U.S. banks, the Portfolio will be subject to bank concentration risks, such as adverse changes in economic and regulatory developments affecting the banking industry that could affect the ability of the banks to meet their obligations.

High Yield Risk

Portfolios that invest in **high yield securities** and **unrated securities** of similar credit quality (commonly known as "junk bonds") may be subject to greater levels of credit and liquidity risk than portfolios that do not invest in such securities. These securities are considered predominately speculative with respect to the issuer's continuing ability to make principal and interest payments. An economic downturn or period of rising interest rates could adversely affect the market for high yield securities and reduce a Portfolio's ability to sell these securities (liquidity risk). If the issuer of a security is in default with respect to interest or principal payments, a Portfolio may lose its entire investment.

Market Risk

The market price of securities owned by a Portfolio may go up or down, sometimes rapidly or unpredictably. Securities may decline in value due to factors affecting securities markets generally or particular industries represented in the securities markets. The value of a security may decline due to general market conditions that are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. The value of a security may also decline due to factors that affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously. **Equity securities** generally have greater price volatility than fixed income securities.

Issuer Risk	The value of a security may decline for a number of reasons that directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.
Liquidity Risk	Liquidity risk exists when particular investments are difficult to purchase or sell. A Portfolio's investments in illiquid securities may reduce the returns of the Portfolio because it may be unable to sell the illiquid securities at an advantageous time or price. Additionally, the market for certain investments may become illiquid under adverse market or economic conditions independent of any specific adverse changes in the conditions of a particular issuer. In such cases, a Portfolio, due to limitations on investments in illiquid securities and the difficulty in purchasing and selling such securities or instruments, may be unable to achieve its desired level of exposure to a certain sector. To the extent that a Portfolio's principal investment strategies involve foreign (non-U.S.) securities, derivatives or securities with substantial market and/or credit risk, the Portfolio will tend to have the greatest exposure to liquidity risk.
Derivatives Risk	Derivatives are financial contracts whose value depends on, or is derived from, the value of an underlying asset, reference rate or index. The various derivative instruments that the Portfolios may use are referenced under "Characteristics and Risks of Securities and Investment Techniques—Derivatives" in this prospectus and described in more detail under "Investment Objectives and Policies" in the Statement of Additional Information. The Portfolios typically use derivatives as a substitute for taking a position in the underlying asset and/or part of a strategy designed to reduce exposure to other risks, such as interest rate or currency risk. The Portfolios may also use derivatives for leverage, in which case their use would involve leveraging risk. A Portfolio's use of derivative instruments involves risks different from, or possibly greater than, the risks associated with investing directly in securities and other traditional investments. Derivatives are subject to a number of risks described elsewhere in this section, such as liquidity risk, interest rate risk, market risk, credit risk and management risk. They also involve the risk of mispricing or improper valuation and the risk that changes in the value of the derivative may not correlate perfectly with the underlying asset, rate or index. A Portfolio investing in a derivative instrument could lose more than the principal amount invested. Also, suitable derivative transactions may not be available in all circumstances and there can be no assurance that a Portfolio will engage in these transactions to reduce exposure to other risks when that would be beneficial.
Commodity Risk	A Portfolio's investments in commodity-linked derivative instruments may subject the Portfolio to greater volatility than investments in traditional securities. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, commodity index volatility, changes in interest rates, or factors affecting a particular industry or commodity, such as drought, floods, weather, livestock disease, embargoes, tariffs and international economic, political and regulatory developments. The CommodityRealReturn [®] Strategy Portfolio, the CRRS Subsidiary, the GMA Subsidiary and the CommodityRealReturn Strategy Fund [®] , an Underlying PIMCO Fund, each may concentrate its assets in a particular sector of the commodities market (such as oil, metal or agricultural products). As a result, the CommodityRealReturn [®] Strategy Portfolio, the CRRS Subsidiary, the GMA Subsidiary and, to the extent the All Asset and All Asset All Authority Portfolios invest in the CommodityRealReturn Strategy Fund [®] , the All Asset and All Asset All Authority Portfolios, may be more susceptible to risks associated with those sectors.
Equity Risk	The values of equity securities , such as common stocks and preferred stocks, may decline due to general market conditions which are not specifically related to a particular company, such as real or perceived adverse economic conditions, changes in the general outlook for corporate earnings, changes in interest or currency rates or adverse investor sentiment generally. They may also decline due to factors which affect a particular industry or industries, such as labor shortages or increased production costs and competitive conditions within an industry. Equity securities generally have greater price volatility than fixed income securities.

Mortgage-Related and Other Asset-Backed Risk	<p>Mortgage-related and other asset-backed securities are subject to certain additional risks. Generally, rising interest rates tend to extend the duration of fixed rate mortgage-related securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, if a Portfolio holds mortgage-related securities, it may exhibit additional volatility. This is known as extension risk. In addition, adjustable and fixed rate mortgage-related securities are subject to prepayment risk. When interest rates decline, borrowers may pay off their mortgages sooner than expected. This can reduce the returns of a Portfolio because the Portfolio may have to reinvest that money at the lower prevailing interest rates. A Portfolio's investments in other asset-backed securities are subject to risks similar to those associated with mortgage-related securities, as well as additional risks associated with the nature of the assets and the servicing of those assets.</p>
Foreign (Non-U.S.) Investment Risk	<p>A Portfolio that invests in foreign (non-U.S.) securities may experience more rapid and extreme changes in value than a Portfolio that invests exclusively in securities of U.S. companies. The securities markets of many foreign countries are relatively small, with a limited number of companies representing a small number of industries. Additionally, issuers of foreign securities are usually not subject to the same degree of regulation as U.S. issuers. Reporting, accounting and auditing standards of foreign countries differ, in some cases significantly, from U.S. standards. Also, nationalization, expropriation or confiscatory taxation, currency blockage, political changes or diplomatic developments could adversely affect a Portfolio's investments in a foreign country. In the event of nationalization, expropriation or other confiscation, a Portfolio could lose its entire investment in foreign securities. Adverse conditions in a certain region can adversely affect securities of other countries whose economies appear to be unrelated. To the extent that a Portfolio invests a significant portion of its assets in a specific geographic region, the Portfolio will generally have more exposure to regional economic risks associated with foreign investments.</p>
European Specific Risk	<p>When a Portfolio holds or obtains exposure to European securities or indices of securities, it may be affected significantly by economic, regulatory or political developments affecting European issuers. All countries in Europe may be significantly affected by fiscal and monetary controls implemented by the European Economic and Monetary Union. Eastern European markets are relatively undeveloped and may be particularly sensitive to economic and political events affecting those countries.</p>
Far Eastern (excluding Japan) Specific Risk	<p>A Portfolio that holds or obtains exposure to Far Eastern (excluding Japanese) securities or indices of securities may be affected significantly by economic, regulatory or political developments affecting Far Eastern issuers. The economies and financial markets of some Far Eastern countries have been erratic in recent years, and several countries' currencies have fluctuated in value relative to the U.S. dollar. The trading volume on some Far Eastern stock exchanges is much lower than in the United States, making the securities of issuers traded thereon less liquid and more volatile than similar U.S. securities. Politically, several Far Eastern countries are still developing and could de-stabilize. In addition, it is possible that governments in the region could take action adverse to Far Eastern issuers, such as nationalizing industries or restricting the flow of money in and out of their countries.</p>
Real Estate Risk	<p>A Portfolio that invests in real estate investment trusts ("REITs") or real estate-linked derivative instruments is subject to risks similar to those associated with direct ownership of real estate, including losses from casualty or condemnation, and changes in local and general economic conditions, supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. An investment in a REIT or real estate-linked derivative instrument that is linked to the value of a REIT is subject to additional risks, such as poor performance by the manager of the REIT, adverse changes to the tax laws or failure by the REIT to qualify for tax-free pass-through of income under the Code. In addition, some REITs have limited diversification because they invest in a limited number of properties, a narrow geographic area, or a single type of property. Also, the organizational documents of a REIT may contain provisions that make changes in control of the REIT difficult and time-consuming.</p>

Emerging Markets Risk	<p>Foreign investment risk may be particularly high to the extent that a Portfolio invests in emerging market securities that are economically tied to countries with developing economies. These securities may present market, credit, currency, liquidity, legal, political and other risks different from, or greater than, the risks of investing in developed foreign countries.</p>
Currency Risk	<p>If a Portfolio invests directly in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, foreign (non-U.S.) currencies, or in derivatives that provide exposure to foreign (non-U.S.) currencies, it will be subject to the risk that those currencies will decline in value relative to the U.S. dollar, or, in the case of hedging positions, that the U.S. dollar will decline in value relative to the currency being hedged.</p> <p>Currency rates in foreign countries may fluctuate significantly over short periods of time for a number of reasons, including changes in interest rates, intervention (or the failure to intervene) by U.S. or foreign governments, central banks or supranational entities such as the International Monetary Fund, or by the imposition of currency controls or other political developments in the United States or abroad. As a result, a Portfolio's investments in foreign currency-denominated securities may reduce the returns of the Portfolio.</p>
Issuer Non-Diversification Risk	<p>Focusing investments in a small number of issuers, industries or foreign currencies increases risk. Portfolios that are "non-diversified" may invest a greater percentage of their assets in the securities of a single issuer (such as bonds issued by a particular state) than portfolios that are "diversified." Portfolios that invest in a relatively small number of issuers are more susceptible to risks associated with a single economic, political or regulatory occurrence than a more diversified portfolio might be. Some of those issuers also may present substantial credit or other risks.</p> <p>To the extent that the All Asset and All Asset All Authority Portfolios invest a significant portion of their assets in an Underlying PIMCO Fund, the All Asset and All Asset All Authority Portfolios will be particularly sensitive to the risks associated with that Underlying PIMCO Fund. To the extent that the Global Multi-Asset Portfolio invests a significant portion of its assets in an Acquired Fund, the Global Multi-Asset Portfolio will be particularly sensitive to the risks associated with that Acquired Fund. For a discussion of risks associated with Underlying PIMCO Funds and Acquired Funds, please see "Underlying PIMCO Fund Risk" and "Acquired Fund Risk" above.</p>
Leveraging Risk	<p>Certain transactions may give rise to a form of leverage. Such transactions may include, among others, reverse repurchase agreements, loans of portfolio securities, and the use of when-issued, delayed delivery or forward commitment transactions. The use of derivatives may also create leveraging risk. To mitigate leveraging risk, PIMCO will segregate or " earmark" liquid assets or otherwise cover the transactions that may give rise to such risk. The CRRS Subsidiary and the GMA Subsidiary (each a "Subsidiary", together the "Subsidiaries") will each comply with these asset segregation or " earmarking" requirements to the same extent as the Portfolios. Certain Portfolios also may be exposed to leveraging risk by borrowing money for investment purposes. Leveraging may cause a Portfolio to liquidate portfolio positions to satisfy its obligations or to meet segregation requirements when it may not be advantageous to do so. Leveraging, including borrowing, may cause a Portfolio to be more volatile than if the Portfolio had not been leveraged. This is because leveraging tends to exaggerate the effect of any increase or decrease in the value of a Portfolio's portfolio securities (or the value of the Underlying PIMCO Funds in the case of the All Asset and All Asset All Authority Portfolios or the Acquired Funds in the case of the Global Multi-Asset Portfolio).</p>
Smaller Company Risk	<p>The general risks associated with fixed income securities and equity securities are particularly pronounced for securities issued by companies with smaller market capitalizations. These companies may have limited product lines, markets or financial resources or they may depend on a few key employees. As a result, they may be subject to greater levels of credit, market and issuer risk. Securities of smaller companies may trade less frequently and in lesser volumes than more widely held securities and their values may fluctuate more sharply than other securities. Companies with medium-sized market capitalizations may have risks similar to those of smaller companies.</p>

Management Risk

Each Portfolio, the Subsidiaries and certain Acquired Funds are subject to management risk because they are actively managed investment portfolios. PIMCO, or in the case of a fund that is not managed by PIMCO, such other fund's investment adviser and sub-adviser, as applicable, and each individual portfolio manager will apply investment techniques and risk analysis in making investment decisions for the Portfolios, the Subsidiaries and the Acquired Funds, as applicable, but there can be no guarantee that these decisions will produce the desired results. Additionally, legislative, regulatory, or tax developments may affect the investment techniques available to PIMCO and each individual portfolio manager in connection with managing the Portfolios and may also adversely affect the ability of the Portfolios to achieve their investment objectives. Because the Fundamental IndexPLUS™ Fund, Fundamental IndexPLUS™ TR Fund, Fundamental Advantage Tax Efficient Strategy Fund and Fundamental Advantage Total Return Strategy Fund, which are Underlying PIMCO Funds, invest in derivatives that are linked to Enhanced RAFI™ 1000, and because the EM Fundamental IndexPLUS™ TR Strategy Fund, which is also an Underlying PIMCO Fund, invests in derivatives that are linked to Enhanced RAFI® Emerging Markets Fundamental Index, they will be subject to the risks associated with the management of Enhanced RAFI™ 1000 and Enhanced RAFI® Emerging Markets Fundamental Index, respectively, by the sub-adviser to such Underlying PIMCO Funds.

Short Sale Risk

A Portfolio's **short sales**, if any, are subject to special risks. A **short sale** involves the sale by the Portfolio of a security that it does not own with the hope of purchasing the same security at a later date at a lower price. A Portfolio may also enter into a short derivative position through a futures contract or swap agreement. If the price of the security or derivative has increased during this time, then the Portfolio will incur a loss equal to the increase in price from the time that the **short sale** was entered into plus any premiums and interest paid to the third party. Therefore, **short sales** involve the risk that losses may be exaggerated, potentially losing more money than the actual cost of the investment. Also, there is the risk that the third party to the **short sale** may fail to honor its contract terms, causing a loss to the Portfolio.

Tax Risk

The CommodityRealReturn® Strategy Portfolio, Global Multi-Asset Portfolio and the CommodityRealReturn® Strategy Fund, an Underlying PIMCO Fund, gain exposure to the commodities markets through investments in commodity-linked derivative instruments, including commodity index-linked notes, swap agreements, commodity options, futures, and options on futures. The CommodityRealReturn® Strategy and Global Multi-Asset Portfolios may also gain exposure indirectly to commodity markets by investing in their respective Subsidiaries, which invest primarily in commodity-linked derivative instruments backed by a portfolio of inflation-indexed securities and other Fixed Income Instruments. In order for the CommodityRealReturn® Strategy and Global Multi-Asset Portfolios to qualify as regulated investment companies under Subchapter M of the Code, each Portfolio must derive at least 90 percent of its gross income each taxable year from certain qualifying sources of income.

As more fully described below under "Tax Consequences—A Note on the CommodityRealReturn® Strategy and Global Multi-Asset Portfolios," the Internal Revenue Service (the "IRS") issued a revenue ruling which holds that income derived from commodity-linked swaps is not qualifying income under Subchapter M of the Code. However, the IRS has issued private letter rulings in which the IRS specifically concluded that income from certain commodity index-linked notes is qualifying income. In addition, the IRS has also issued private letter rulings in which the IRS specifically concluded that income derived from an investment in a subsidiary will also constitute qualifying income.

Based on the reasoning in such rulings, the CommodityRealReturn® Strategy and Global Multi-Asset Portfolios will seek to gain exposure to the commodity markets primarily through investments in commodity index-linked notes and through investments in their respective Subsidiaries. The use of commodity index-linked notes and investments in a Subsidiary involve specific risks. See "Characteristics and Risks of Securities and Investment Techniques—Derivatives—A Note on the CommodityRealReturn® Strategy and Global Multi-Asset

Portfolios” below for further information regarding commodity index-linked notes, including the risks associated with these instruments. In addition, see “Characteristics and Risks of Securities and Investment Techniques—Investments in a Wholly-Owned Subsidiary” below for further information regarding the Subsidiaries, including the risks associated with investing in the Subsidiaries.

To the extent the All Asset and All Asset All Authority Portfolios invest in the CommodityRealReturnStrategy Fund[®], an Underlying PIMCO Fund with substantially similar investment objectives and strategies as the CommodityRealReturn[®] Strategy Portfolio, the use of the above noted investments by the Underlying PIMCO Fund could subject shareholders of the Portfolios to risks similar to those borne by shareholders of the CommodityRealReturn[®] Strategy Portfolio. See “Tax Consequences.”

The Fundamental Advantage Tax Efficient Strategy Fund, an Underlying PIMCO Fund in which the All Asset, All Asset All Authority and Global Multi-Asset Portfolios may invest, may seek to simultaneously gain long exposure to Enhanced RAFI[™] 1000 and short exposure to the S&P 500 Index by investing in total return swap agreements. While PIMCO may utilize swap agreements that are tax efficient, the tax treatment of swap agreements and other derivatives may be affected by future legislation or Treasury Regulations and/or guidance issued by the IRS that could affect the character, timing and/or amount of the Underlying PIMCO Fund’s taxable income or gains and distributions made by the Underlying PIMCO Fund.

Management of the Portfolios

Investment Adviser and Administrator

PIMCO serves as the investment adviser and the administrator (serving in its capacity as administrator, the “Administrator”) for the Portfolios. Subject to the supervision of the Board of Trustees, PIMCO is responsible for managing the investment activities of the Portfolios and the Portfolios’ business affairs and other administrative matters. PIMCO also serves as the investment adviser for the CommodityRealReturn[®] Strategy Portfolio’s Subsidiary and the Global Multi-Asset Portfolio’s Subsidiary.

PIMCO is located at 840 Newport Center Drive, Newport Beach, CA 92660. Organized in 1971, PIMCO provides investment management and advisory services to private accounts of institutional and individual clients and to mutual funds. As of December 31, 2008, PIMCO had approximately \$747 billion in assets under management.

PIMCO has engaged Research Affiliates, LLC, a California limited liability company, to serve as the asset allocation sub-adviser to the All Asset and All Asset All Authority Portfolios. Research Affiliates, LLC is located at 620 Newport Center Drive, Suite 900, Newport Beach, CA 92660.

Management Fees

Each Portfolio pays for the advisory and supervisory and administrative services it requires under what is essentially an all-in fee structure. The Management Fees shown in the Annual Portfolio Operating Expenses table reflect both an advisory fee and a supervisory and administrative fee.

• **Advisory Fee.** The Portfolio pays PIMCO fees in return for providing investment advisory services. For the fiscal year ended December 31, 2008, the following Portfolios paid monthly advisory fees to PIMCO at the following annual rates (stated as a percentage of the average daily net assets of each Portfolio taken separately):

Portfolio	Advisory Fees
Money Market Portfolio	0.12%
All Asset Portfolio	0.175%
Long-Term U.S. Government Portfolio	0.225%
Foreign Bond (Unhedged), Foreign Bond (U.S. Dollar-Hedged), Global Bond (Unhedged), High Yield, Low Duration, Real Return, Short-Term and Total Return Portfolios	0.25%
Small Cap StocksPLUS [®] TR Portfolio	0.44%
Emerging Markets Bond Portfolio	0.45%
CommodityRealReturn [®] Strategy Portfolio	0.49%

The All Asset All Authority, Diversified Income and Global Multi-Asset Portfolios were not operational during the fiscal year ended December 31, 2008. The investment advisory fees for the All Asset All Authority, Diversified Income and Global Multi-Asset Portfolios are at annual rates of 0.20%, 0.45% and 0.90%, respectively, based upon the average daily net assets of each Portfolio taken separately.

A discussion of the basis for the Board of Trustees' approval of the Portfolios' investment advisory contract and asset allocation sub-advisory agreements, is available in the Portfolios' Annual Report to shareholders for the fiscal year ended December 31, 2008.

As discussed in its "Principal Investments and Strategies" section, the CommodityRealReturn® Strategy Portfolio may pursue its investment objective by investing in its Subsidiary and the Global Multi-Asset Portfolio may pursue its investment objective by investing in its Subsidiary. Each Subsidiary has entered into a separate contract with PIMCO whereby PIMCO provides investment advisory and other services to the Subsidiary. In consideration of these services, each Subsidiary pays PIMCO a management fee and an administrative services fee at the annual rates of 0.49% and 0.20%, respectively, of its net assets. PIMCO has contractually agreed to waive the advisory fee and the supervisory and administrative fee it receives from the CommodityRealReturn® Strategy Portfolio in an amount equal to the management fee and administrative services fee, respectively, paid to PIMCO by the CRRS Subsidiary. PIMCO has contractually agreed to waive the advisory fee and the supervisory and administrative fee it receives from the Global Multi-Asset Portfolio in an amount equal to the management fee and administrative services fee, respectively, paid to PIMCO by the GMA Subsidiary. These waivers may not be terminated by PIMCO and each waiver will remain in effect for as long as PIMCO's contract with the applicable Subsidiary is in place.

• **Supervisory and Administrative Fee.** Each Portfolio pays for the supervisory and administrative services it requires under what is essentially an all-in fee structure. Administrative Class shareholders of each Portfolio pay a supervisory and administrative fee to PIMCO, computed as a percentage of the Portfolio's assets attributable in the aggregate to that class of shares. PIMCO, in turn, 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 Portfolios do bear other expenses which are not covered under the supervisory and administrative fee which may vary and affect the total level of expenses paid by the Administrative Class shareholders, such as taxes and governmental fees, brokerage fees, commissions and other transaction expenses, costs of borrowing money, including interest expenses, extraordinary expenses (such as litigation and indemnification expenses) and (except for the All Asset and All Asset All Authority Portfolios) fees and expenses of the Trust's Independent Trustees and their counsel. PIMCO generally earns a profit on the supervisory and administrative fee paid by the Portfolios. Also, under the terms of the supervision and administration agreement, PIMCO, and not Portfolio shareholders, would benefit from any price decreases in third-party services, including decreases resulting from an increase in net assets.

For the fiscal year ended December 31, 2008, the following Portfolios paid PIMCO monthly supervisory and administrative fees for Administrative Class shares at the following annual rates (stated as a percentage of the average daily net assets of each Portfolio taken separately):

Portfolio	Supervisory and Administrative Fees
Money Market and Short-Term Portfolios	0.20%
All Asset, CommodityRealReturn® Strategy, Long-Term U.S. Government, Low Duration, Real Return, Small Cap StocksPLUS® TR and Total Return Portfolios	0.25%
High Yield Portfolio	0.35%
Emerging Markets Bond Portfolio	0.40%
Foreign Bond (Unhedged), Foreign Bond (U.S. Dollar-Hedged) and Global Bond (Unhedged) Portfolios	0.50%

The All Asset All Authority, Diversified Income and Global Multi-Asset Portfolios were not operational during the fiscal year ended December 31, 2008. The supervisory and administrative fees for the Administrative

Class shares of the All Asset All Authority, Diversified Income and Global Multi-Asset Portfolios are at annual rates of 0.25%, 0.30% and 0.05%, respectively, based upon the average daily net assets of each Portfolio taken separately.

PIMCO has contractually agreed, through May 1, 2010, for the All Asset All Authority, Diversified Income and Global Multi-Asset Portfolios, to reduce total annual portfolio operating expenses for the respective Administrative Class shares, by waiving a portion of the supervisory and administrative fee or reimbursing the respective Portfolio to the extent that organizational expenses and pro rata Trustees' fees exceed 0.0049% (the "Expense Limit") of the Portfolio's average net assets. Under the Expense Limitation Agreement, which renews annually for a full year unless terminated by PIMCO upon at least 30 days' notice prior to the end of the contract term, PIMCO may recoup these waivers and reimbursements in future periods, not exceeding three years, provided organizational expenses and pro rata Trustees' fees, plus such recoupment, do not exceed the Expense Limit.

Temporary Guarantee and Fee Waivers

- **U.S. Treasury Temporary Guarantee Program.** The Board of Trustees of the Trust has approved the continued participation by the Money Market Portfolio in the U.S. Department of the Treasury's Temporary Guarantee Program for Money Market Funds. The Program insures shares held by money market fund investors as of the close of business September 19, 2008 against loss in the event that a money market fund's net asset value per share falls below \$0.995. Following such an occurrence by a fund participating in the Program, shareholders as of September 19, 2008 will receive \$1.00 per share upon liquidation of the fund. Shares acquired by investors after September 19, 2008 are not eligible for protection under the Program, except in certain circumstances. Guarantee payments under the Program will not exceed the amount available within the U.S. Department of the Treasury's Exchange Stabilization Fund on the date of payment.

The Program is designed to address temporary dislocations and to support ongoing stability in the credit markets. The Program was initially scheduled to terminate on December 18, 2008, was extended until April 30, 2009, and was extended again until September 18, 2009. Participation in the Program extensions (*i.e.*, until September 18, 2009) requires a payment to the U.S. Department of the Treasury in the amount of 0.015% of the net asset value of the Portfolio as of September 19, 2008. This expense will be borne by the Money Market Portfolio.

- **Temporary Fee Waivers, Reductions and Reimbursements.** To maintain certain net yields for the Money Market Portfolio, PIMCO and certain affiliates have entered into a fee and expense limitation agreement with the Portfolio (the "Agreement") pursuant to which PIMCO or its affiliates may temporarily and voluntarily waive, reduce or reimburse all or any portion of: (i) first, any service fees applicable to a class of the Portfolio; (ii) second, to the extent necessary, the Portfolio's supervisory and administrative fee; and (iii) third, to the extent necessary, the Portfolio's advisory fee, each waiver, reduction or reimbursement in an amount and for a period of time as determined by PIMCO or its affiliates.

In any month in which the investment advisory contract or supervision and administration agreement is in effect, PIMCO may recoup from the Money Market Portfolio any portion of the supervisory and administrative fee or advisory fee waived, reduced or reimbursed pursuant to the Agreement (the "Reimbursement Amount") during the previous 36 months, provided that such amount paid to PIMCO will not: 1) together with any recoupment of organizational expenses and pro rata trustee fees pursuant to the expense limitation agreement between PIMCO and the Trust, exceed 0.0049% of the class of the Portfolio's average net assets; 2) exceed the total Reimbursement Amount; 3) include any amounts previously reimbursed to PIMCO; or 4) cause any class of the Portfolio to maintain a net negative yield. The Reimbursement Amount will be reimbursed in the same order that fees were waived as described above, except the Portfolio will not reimburse PIMCO or its affiliates for any portion of the service fees waived, reduced or reimbursed pursuant to the Agreement. There is no guarantee that the Portfolio will maintain a positive net yield.

To the extent PIMCO or its affiliates waive, reduce or reimburse any portion of the service fees pursuant to the Agreement, PIMCO or its affiliates may pay or reimburse financial institutions for services for which such financial institutions normally receive service fees from the Portfolio out of PIMCO's or its affiliates' own assets. These payments and reimbursements may be made from profits received by PIMCO from advisory fees and supervisory and administrative fees paid to PIMCO by the Money Market Portfolio.

Fund of Funds Fees The All Asset, All Asset All Authority and Global Multi-Asset Portfolios pay advisory and supervisory and administrative fees directly to PIMCO at the annual rates stated above, based on the average daily net assets attributable in the aggregate to each Portfolio's Administrative Class shares. The Portfolios also indirectly pay their proportionate share of the advisory and supervisory and administrative fees charged by PIMCO to the Underlying PIMCO Funds in which each Portfolio invests.

PIMCO has contractually agreed, through May 1, 2010, for the All Asset Portfolio, to reduce its advisory fee to the extent that the Underlying PIMCO Fund Expenses attributable to advisory and supervisory and administrative fees exceed 0.64% of the total assets invested in Underlying PIMCO Funds. Similarly, PIMCO has contractually agreed, through May 1, 2010, for the All Asset All Authority Portfolio, to reduce its advisory fee to the extent that the Underlying PIMCO Fund Expenses attributable to advisory and supervisory and administrative fees exceed 0.69% of the total assets invested in Underlying PIMCO Funds. PIMCO may recoup these waivers in future periods, not exceeding three years, provided total expenses, including such recoupment, do not exceed the annual expense limit.

PIMCO has contractually agreed, through May 1, 2010, to waive, first, the supervisory and administrative fee and, to the extent necessary, the advisory fee it receives from the Global Multi-Asset Portfolio in an amount equal to the expenses attributable to advisory and supervisory and administrative fees of Underlying PIMCO Funds indirectly incurred by the Global Multi-Asset Portfolio in connection with the Portfolio's investments in Underlying PIMCO Funds, to the extent the supervisory and administrative fee or the supervisory and administrative fee and advisory fee taken together are greater than or equal to the advisory fees and supervisory and administrative fees of the Underlying PIMCO Funds. This waiver renews annually for a full year unless terminated by PIMCO upon at least 30 days' notice prior to the end of the contract term.

The Acquired Fund Fees and Expenses shown in the Annual Portfolio Operating Expenses table for the All Asset, All Asset All Authority and Global Multi-Asset Portfolios may be higher than the Underlying PIMCO Fund Expenses used for purposes of the Expense Reduction shown in that table due to differences in the methods of calculation. The Acquired Fund Fees and Expenses, as required to be shown in the Annual Portfolio Operating Expenses table, are calculated using the total operating expenses for each Underlying PIMCO Fund (and any unaffiliated funds in the case of Global Multi-Asset Portfolio) over the Portfolio's average net assets. The Underlying PIMCO Fund Expenses that are used for purposes of implementing the expense reduction described above are calculated using the advisory and supervisory and administrative fees for each Underlying PIMCO Fund over the total assets invested in Underlying PIMCO Funds. Thus, the Acquired Fund Fees and Expenses listed in the Annual Portfolio Operating Expenses table will typically be higher than the Underlying PIMCO Fund Expenses used to calculate the Expense Reduction when the All Asset, All Asset All Authority or Global Multi-Asset Portfolios employ leverage as an investment strategy.

The expenses associated with investing in a "fund of funds" are generally higher than those for mutual funds that do not invest primarily in other mutual funds. This is because shareholders in a "fund of funds" indirectly pay a portion of the fees and expenses charged at the underlying fund level. The All Asset and All Asset All Authority Portfolios, and the Global Multi-Asset Portfolio to the extent it invests in Underlying PIMCO Funds, invest in Institutional Class shares of the Underlying PIMCO Funds, which are not subject to any sales charges or 12b-1 fees.

The following table summarizes the annual expenses borne by Institutional Class shareholders of the Underlying PIMCO Funds. Because the All Asset, All Asset All Authority and Global Multi-Asset Portfolios invest in Institutional Class shares of the Underlying PIMCO Funds, shareholders of the All Asset, All Asset All Authority and Global Multi-Asset Portfolios indirectly bear a proportionate share of these expenses, depending on how the Portfolios' assets are allocated from time to time among the Underlying PIMCO Funds.

Annual Underlying PIMCO Fund Expenses

(Based on the average daily net assets attributable to an Underlying PIMCO Fund's Institutional Class shares)

Underlying PIMCO Fund	Management Fees ⁽¹⁾	Other Expenses ⁽²⁾	Total Fund Operating Expenses
California Intermediate Municipal Bond Fund	0.445%	0.00%	0.445%
California Short Duration Municipal Income Fund	0.35	0.00	0.35
CommodityRealReturn Strategy Fund [®]	0.74	0.01	0.75 ⁽³⁾
Convertible Fund	0.65	0.11	0.76
Developing Local Markets Fund	0.85	0.00	0.85
Diversified Income Fund	0.75	0.08	0.83
EM Fundamental IndexPLUS [™] TR Strategy Fund	1.25	0.01	1.26 ⁽⁴⁾
Emerging Local Bond Fund	0.95	0.00	0.95
Emerging Markets Bond Fund	0.85	0.00	0.85
Extended Duration Fund	0.50	0.00	0.50
Floating Income Fund	0.55	0.01	0.56
Foreign Bond Fund (Unhedged)	0.50	0.31	0.81
Foreign Bond Fund (U.S. Dollar-Hedged)	0.50	0.38	0.88
Fundamental Advantage Tax Efficient Strategy Fund	0.89	0.00	0.89
Fundamental Advantage Total Return Strategy Fund	0.89	0.00	0.89
Fundamental IndexPLUS [™] Fund	0.70	0.06	0.76
Fundamental IndexPLUS [™] TR Fund	0.79	0.49	1.28
Global Advantage Strategy Bond Fund	0.95	0.10	1.05 ⁽⁴⁾
Global Bond Fund (Unhedged)	0.55	0.29	0.84
Global Bond Fund (U.S. Dollar-Hedged)	0.55	0.47	1.02
GNMA Fund	0.50	0.45	0.95
High Yield Fund	0.55	0.01	0.56
High Yield Municipal Bond Fund	0.55	0.00	0.55 ⁽⁵⁾
Income Fund	0.45	1.04	1.49 ⁽⁶⁾
International StocksPLUS [®] TR Strategy Fund (Unhedged)	0.64	0.64	1.28
International StocksPLUS [®] TR Strategy Fund (U.S. Dollar-Hedged)	0.75	0.76	1.51
Investment Grade Corporate Bond Fund	0.50	0.07	0.57
Long Duration Total Return Fund	0.50	0.00	0.50
Long-Term U.S. Government Fund	0.475	0.00	0.475
Low Duration Fund	0.46	0.00	0.46
Low Duration Fund II	0.50	0.01	0.51
Low Duration Fund III	0.50	0.04	0.54
Moderate Duration Fund	0.46	0.00	0.46
Money Market Fund	0.32	0.00	0.32
Mortgage-Backed Securities Fund	0.50	0.70	1.20
Municipal Bond Fund	0.465	0.08	0.545
New York Municipal Bond Fund	0.445	0.00	0.445
Real Return Asset Fund	0.55	0.01	0.56
Real Return Fund	0.45	0.00	0.45
RealEstateRealReturn Strategy Fund	0.74	0.01	0.75
Short Duration Municipal Income Fund	0.35	0.00	0.35
Short-Term Fund	0.45	0.01	0.46
Small Cap StocksPLUS [®] TR Fund	0.69	0.79	1.48
StocksPLUS [®] Fund	0.50	0.09	0.59
StocksPLUS [®] Long Duration Fund	0.59	0.02	0.61
StocksPLUS [®] Total Return Fund	0.64	1.58	2.22
StocksPLUS [®] TR Short Strategy Fund	0.69	0.50	1.19
Total Return Fund	0.46	0.06	0.52
Total Return Fund II	0.50	0.32	0.82
Total Return Fund III	0.50	0.25	0.75
Unconstrained Bond Fund	0.90	0.02	0.92 ⁽⁴⁾
Unconstrained Tax Managed Bond Fund	0.70	0.04	0.74 ⁽⁴⁾

⁽¹⁾ "Management Fees" reflect an advisory fee and a supervisory and administrative fee payable by an Underlying PIMCO Fund to PIMCO.

⁽²⁾ Other Expenses includes expenses such as organizational expenses, interest expenses, taxes, governmental fees, pro rata Trustees' fees and acquired fund fees and expenses attributable to the Institutional Class shares. For the EM Fundamental IndexPLUS[™] TR Strategy Fund, Global Advantage Strategy Bond

- Fund, Unconstrained Bond Fund and Unconstrained Tax Managed Bond Fund, Other Expenses are based on estimated amounts for the initial fiscal year of each Fund's Institutional Class shares and include each Fund's organizational expenses.
- (3) PIMCO has contractually agreed to waive the advisory fee and the supervisory and administrative fee it receives from the Fund in an amount equal to the management and administrative services fee, respectively, paid to PIMCO by the Fund's subsidiary. This waiver may not be terminated by PIMCO and will remain in effect for as long as PIMCO's contract with the subsidiary is in place.
- (4) PIMCO has contractually agreed, through July 31, 2010, to waive its supervisory and administrative fee, or reimburse the Underlying PIMCO Fund, to the extent that organizational expenses and pro rata Trustees' fees exceed 0.0049% of the Underlying PIMCO Fund's average net assets attributable to Institutional Class shares (the "Expense Limit"). Under the Expense Limitation Agreement, which renews annually for a full year unless terminated by PIMCO upon at least 30 days' notice prior to the end of the contract term, PIMCO may recoup these waivers and reimbursements in future periods, not exceeding three years, provided organizational expenses and pro rata Trustees' fees, plus such recoupment, do not exceed the Expense Limit.
- (5) PIMCO has contractually agreed, through July 31, 2010, to waive a portion of the Underlying PIMCO Fund's advisory fee equal to 0.01% of average daily net assets.
- (6) PIMCO has contractually agreed, through July 31, 2010, to waive a portion of the Underlying PIMCO Fund's advisory fee equal to 0.05% of average daily net assets.

Individual Portfolio Managers

The table below provides information about the individual portfolio managers responsible for management of the Portfolios, including their occupations for the past five years.

Portfolio	Portfolio Manager(s)	Since	Recent Professional Experience
All Asset All Asset All Authority	Robert D. Arnott	4/03* **	Chairman and Founder, Research Affiliates, LLC since July 2002. Previously, Mr. Arnott was Chairman of First Quadrant, L.P until April 30, 2004. He first joined First Quadrant in April 1998.
CommodityRealReturn® Strategy Real Return	Mihir Worah	12/07 12/07	Managing Director, PIMCO. Mr. Worah is a Portfolio Manager and member of the government and derivatives desk. He joined PIMCO in 2001 as a member of the analytics team.
Diversified Income	Michael Gomez	**	Executive Vice President, PIMCO. He has been a member of the emerging markets team since joining PIMCO in 2003. Prior to joining PIMCO, Mr. Gomez was associated with Goldman Sachs where he was responsible for proprietary trading of bonds issued by Latin American countries. Mr. Gomez joined Goldman Sachs in July 1999.
Emerging Markets Bond Global Multi-Asset***	Curtis Mewbourne	10/06 4/09*	Managing Director, PIMCO. He is a Portfolio Manager and senior member of PIMCO's portfolio management and strategy group, specializing in credit portfolios. He joined PIMCO in 1999.
Foreign Bond (Unhedged) Foreign Bond (U.S. Dollar-Hedged)	Scott A. Mather	4/08* 2/08	Managing Director, PIMCO. He is a member of PIMCO's Investment Committee and head of global portfolio management. Mr. Mather joined PIMCO in 1998.
Global Bond (Unhedged)	Changhong Zhu	5/09	Managing Director, PIMCO. He is a member of PIMCO's Investment Committee, global and global Libor plus teams and is PIMCO's derivatives specialist. He joined PIMCO in 1999.
Global Multi-Asset***	Mohamed El-Erian	4/09*	CEO and Co-CIO, PIMCO. He re-joined PIMCO in December 2007 after serving for 2 years as President and CEO of Harvard Management Company (HMC), the entity that manages Harvard University's endowment and related accounts. Dr. El-Erian also served as a member of the faculty of Harvard Business School and as deputy treasurer of Harvard University. Dr. El-Erian initially joined PIMCO in 1999 and was a Managing Director and a senior member of PIMCO's portfolio management and investment strategy group.
Global Multi-Asset***	Vineer Bhansali	4/09*	Managing Director, PIMCO. He is a Portfolio Manager, the firm-wide head of analytics for portfolio management, and a senior member of PIMCO's portfolio management group. Dr. Bhansali joined PIMCO in 2000, previously having been associated with Credit Suisse First Boston as a vice president in proprietary fixed-income trading.
High Yield	Mark T. Hudoff	4/07	Executive Vice President, PIMCO. He joined PIMCO as a Senior Credit Analyst in 1996, and has managed fixed income accounts for various institutional clients since that time.
Long-Term U.S. Government	Stephen Rodosky	7/07	Executive Vice President, PIMCO. Mr. Rodosky joined PIMCO in 2001 and specializes in portfolio management of treasuries, agencies and futures.
Low Duration Small Cap StocksPLUS® TR Total Return	William H. Gross	2/99* 1/07* 12/97*	Managing Director, Co-Chief Investment Officer and a founding partner of PIMCO. Mr. Gross has been associated with PIMCO since 1971.
Money Market Short-Term	Paul A. McCulley	9/99* 9/99*	Managing Director, PIMCO. He has managed fixed income assets since joining PIMCO in 1999. Prior to joining PIMCO, Mr. McCulley was associated with Warburg Dillon Read as a Managing Director from 1992-1999 and Head of Chief Economist for the Americas from 1995 -1999, where he managed macro research world-wide.

* Since inception of the Portfolio.

** The Portfolio has not commenced operations as of the date of this prospectus.

*** Dr. El-Erian has overall responsibility for managing the Portfolio. Mr. Mewbourne is responsible for tactical allocations and Dr. Bhansali is responsible for risk management.

Please see the Statement of Additional Information for additional information about other accounts managed by the portfolio managers, the portfolio managers' compensation and the portfolio managers' ownership of shares of the Portfolios.

Distributor

The Trust's Distributor is Allianz Global Investors Distributors LLC ("AGID" or "Distributor"), an indirect subsidiary of Allianz Global Investors of America L.P. ("AGI"), PIMCO's parent company. The Distributor, located at 1345 Avenue of the Americas, New York, NY 10105-4800, is a broker-dealer registered with the Securities and Exchange Commission ("SEC").

**Regulatory and
Litigation Matters**

Since February 2004, PIMCO, Allianz Global Investors of America L.P. (formerly known as Allianz Dresdner Asset Management of America L.P.) (PIMCO's parent company), and certain of their affiliates, including PIMCO Funds (a complex of mutual funds managed by PIMCO) and Allianz Funds (formerly known as PIMCO Funds: Multi-Manager Series) (a complex of mutual funds managed by affiliates of PIMCO), certain trustees of PIMCO Funds, and certain employees of PIMCO have been named as defendants in eleven lawsuits filed in various jurisdictions. These lawsuits concern "market timing," and they have been transferred to and consolidated for pre-trial proceedings in a multi-district litigation proceeding in the U.S. District Court for the District of Maryland. The lawsuits have been commenced as putative class actions on behalf of investors who purchased, held or redeemed shares of the various series of PIMCO Funds and Allianz Funds during specified periods, or as derivative actions on behalf of PIMCO Funds and Allianz Funds. These lawsuits seek, among other things, unspecified compensatory damages plus interest and in some cases, punitive damages, the rescission of investment advisory contracts, the return of fees paid under those contracts and restitution.

These actions generally allege that certain hedge funds were allowed to engage in "market timing" in certain funds of PIMCO Funds and Allianz Funds and this alleged activity was not disclosed. Pursuant to tolling agreements dated January 14, 2005 entered into with the derivative and class action plaintiffs, PIMCO, certain trustees of PIMCO Funds, and certain employees of PIMCO who were previously named as defendants have all been removed as defendants in the market timing actions; however, the plaintiffs continue to assert claims on behalf of the shareholders of PIMCO Funds or on behalf of PIMCO Funds itself against other defendants. By order dated November 3, 2005, the U.S. District Court for the District of Maryland granted PIMCO Funds' motion to dismiss claims asserted against it in a consolidated amended complaint where PIMCO Funds were named, in the complaint, as a nominal defendant. Thus, at present PIMCO Funds is not a party to any "market timing" lawsuit.

Pacific Investment Management Company LLC ("PIMCO"), a subsidiary of Allianz Global Investors of America L.P., and PIMCO Funds are the subject of a lawsuit in the Northern District of Illinois Eastern Division in which the complaint alleges that plaintiffs each purchased and sold a 10-year Treasury note futures contract and suffered damages from an alleged shortage when PIMCO held both physical and futures positions in 10-year Treasury notes for its client accounts in violation of the federal Commodity Exchange Act provisions on market manipulation. In July 2007, the court granted class certification of a class consisting of those persons who purchased futures contracts to offset short positions between May 9, 2005 and June 30, 2005. In December 2007, the U.S. Court of Appeals for the Seventh Circuit granted the petition of PIMCO and PIMCO Funds for leave to appeal the class certification ruling. Oral arguments on the appeal are expected to be held on April 1, 2009. Management currently believes that the complaint is without merit and PIMCO and PIMCO Funds intend to vigorously defend against this action. The outcome of this action cannot be predicted at this time.

In April 2006, certain registered investment companies and other funds managed by PIMCO were served in an adversary proceeding brought by the Official Committee of Asbestos Claimants of G-I Holdings, Inc. in G-I Holdings, Inc.'s bankruptcy in the District of New Jersey. In July 2004, PIMCO was named in this lawsuit and remains a defendant. The plaintiff seeks to recover for the bankruptcy estate assets that were transferred by the predecessor entity of G-I Holdings, Inc. to a wholly-owned subsidiary in 1994. The subsidiary has since issued notes, of which certain registered investment companies and other funds managed by PIMCO are alleged to be holders. The complaint alleges that in 2000, more than two hundred noteholders—including certain registered investment companies and other funds managed by PIMCO—were granted a second priority lien on

the assets of the subsidiary in exchange for their consent to a refinancing transaction and the granting of a first priority lien to the lending banks. The plaintiff is seeking invalidation of the lien in favor of the noteholders and/or the value of the lien. A Plan of Reorganization (the “Plan”) is currently under consideration by the Court in the underlying bankruptcy case. If the Plan is approved, it is expected that the adversary proceeding to which PIMCO and other funds managed by PIMCO (“PIMCO Entities”) are parties will be dismissed. It is not known at this time when the Plan may be approved, if at all. In the meantime, the adversary proceeding is stayed. This matter is not expected to have a material adverse effect on the relevant PIMCO Entities.

In October 2007, the PIMCO High Yield Fund, a series of PIMCO Funds, was named in an amended complaint filed in connection with an adversary proceeding brought by the Adelpia Recovery Trust relating to the bankruptcy of Adelpia Communications Corporation (“Adelpia”) in the Southern District of New York. The plaintiff alleged that investment banks and agent banks were instrumental in developing a form of financing for Adelpia and its affiliates, known as co-borrowing facilities. According to the amended complaint, the co-borrowing facilities facilitated Adelpia’s fraud and concealed its corporate looting, and the banks who structured or made the loans knew that Adelpia was misappropriating and misusing a significant portion of the proceeds. The amended complaint asserted that such bank loans were tainted and that the purchasers of bank debt, such as the PIMCO High Yield Fund, who received payments from Adelpia on account of the bank debt, received voidable payments subject to the infirmities caused by the conduct of their transferors. The amended complaint sought to recover the payments made by Adelpia or its affiliates to the defendants, including the PIMCO High Yield Fund, by reason of the co-borrowing facilities and the disgorgement of the consideration paid to the bank debt under the Adelpia plan of reorganization. No wrongdoing was alleged against the PIMCO High Yield Fund. PIMCO and other non-agent lenders filed motions to dismiss all claims pleaded against them in the amended complaint. On June 27, 2008, the District Court Judge to whom the case was assigned issued an opinion dismissing all claims against the non-agent lenders, including PIMCO. The Judge held that the plaintiff lacked standing to bring the claims since all creditors of the debtor in the Adelpia bankruptcy were paid in full. The non-agent lenders filed a motion for entry of final judgments pursuant to Federal Rule of Civil Procedure so that the plaintiff can take an immediate appeal of the order that disposes of any remaining claims against the non-agent lenders. It is the intent that the status of the claims against the non-agent lenders can be finally determined by the Second Circuit. A stipulation and agreed order to this effect have been submitted to the District Court by counsel for the plaintiff and the non-agent lenders. The District Court has entered the order. The plaintiff has filed a notice of appeal of the ruling to the Second Circuit. As a general rule, it can be expected such an appeal will take a year or more to be fully determined.

It is possible that these matters and/or other developments resulting from these matters could result in increased fund redemptions or other adverse consequences to the Portfolios. However, PIMCO and AGID believe that these matters are not likely to have a material adverse effect on the Portfolios or on PIMCO’s or AGID’s ability to perform their respective investment advisory or distribution services relating to the Portfolios.

The foregoing speaks only as of the date of this prospectus. While there may be additional litigation or regulatory developments in connection with the matters discussed above, the foregoing disclosure of litigation and regulatory matters will be updated only if those developments are material.

Administrative Class Shares

The Trust offers investors Administrative Class shares of the Portfolios in this prospectus. The Trust does not charge any sales charges (loads) or other fees in connection with purchases or sales (redemptions) of Administrative Class shares.

• **Service Fees—Administrative Class Shares.** The Trust has adopted an Administrative Services Plan (the “Plan”) for the Administrative Class shares of each Portfolio. The Plan allows a Portfolio to use its Administrative Class assets to reimburse financial intermediaries that provide services relating to Administrative Class shares. The services that will be provided under the Plan include, among other things, teleservicing support in connection with Portfolios; recordkeeping services; provision of support services, including providing information about the Trust and its Portfolios and answering questions concerning the Trust and its Portfolios, including questions respecting investors’ interests in one or more Portfolios; provision and administration of insurance features for the benefit of investors in connection with the Portfolios; receiving, aggregating and forwarding purchase and redemption orders; processing dividend payments; issuing investor reports and transaction confirmations; providing subaccounting services; general account administration activities; and providing such similar services as the Trust may reasonably request to the extent the service provider is permitted to do so under applicable statutes, rules or regulation. The Plan also permits payment for services in connection with the administration of plans or programs that use Administrative Class shares of the Portfolios as their funding medium and for related expenses.

The Plan permits a Portfolio to make total payments at an annual rate of 0.15% of the Portfolio’s average daily net assets attributable to its Administrative Class shares. Because these fees are paid out of a Portfolio’s Administrative Class assets on an ongoing basis, over time they will increase the cost of an investment in Administrative Class shares and may cost an investor more than sales charges.

• **Arrangements with Service Agents.** Administrative Class shares of the Portfolios may be offered through certain brokers and financial intermediaries (“service agents”) that have established a shareholder servicing relationship with the Trust on behalf of their customers. The Trust pays no compensation to such entities other than Plan fees paid with respect to Administrative Class shares. Service agents may impose additional or different conditions than the Trust on purchases, redemptions or exchanges of Portfolio shares by their customers. Service agents may also independently establish and charge their customers transaction fees, account fees and other amounts in connection with purchases and sales of Portfolio shares in addition to any fees charged by the Trust. These additional fees may vary over time and would increase the cost of the customer’s investment and lower investment returns. Each service agent is responsible for transmitting to its customers a schedule of any such fees and information regarding any additional or different conditions regarding purchases, redemptions and exchanges. Shareholders who are customers of service agents should consult their service agents for information regarding these fees and conditions.

• **Payments by PIMCO.** PIMCO uses its own assets and resources, including its profits from advisory or supervisory and administrative fees paid by a Portfolio, to pay insurance companies for services rendered to current and prospective owners of Variable Contracts, including the provision of support services such as providing information about the Trust and the Portfolios, the delivery of Trust documents, and other services. In addition, PIMCO may pay certain expenses, such as printing and mailing charges, incurred by such insurance companies in connection with their services. Any such payments are made by PIMCO, and not by the Trust, and PIMCO does not receive any separate fees for such expenses.

The fees paid to insurance companies, as described in the preceding paragraph, generally will not exceed 0.25% of the total assets of the Portfolio held by the insurance company, on an annual basis. Although the payments described in the preceding paragraph are not intended to compensate the insurance companies for marketing the Portfolios, they may provide an additional incentive to insurance companies to actively promote the Portfolios and, depending on the arrangements an insurance company may have in place with other mutual funds or their sponsors at any particular time, an insurance company may have a financial incentive to promote a particular Portfolio (or share class of a Portfolio) over other mutual fund options (or other Portfolios or share classes of the Portfolio) available under a particular Variable Contract.

From time to time, PIMCO may pay or reimburse insurance companies, broker-dealers, banks, recordkeepers or other financial institutions for PIMCO's attendance at investment forums sponsored by such firms, or PIMCO may co-sponsor such investment forums with such financial institutions. Payments and reimbursements for such activities are made out of PIMCO's own assets and at no cost to the Portfolios. These payments and reimbursements may be made from profits received by PIMCO from advisory fees and supervisory and administrative fees paid to PIMCO by the Portfolios. Such activities by PIMCO may provide incentives to financial institutions to sell shares of the Portfolios. Additionally, these activities may give PIMCO additional access to sales representatives of such financial institutions, which may increase sales of Portfolio shares.

The Statement of Additional Information contains further details about the payments made by PIMCO to insurance companies. In addition, you can ask the insurance company that sponsors the Variable Contract in which you invest for information about any payments it receives from PIMCO and any services provided for such payments.

From time to time, PIMCO or its affiliates may pay investment consultants or their parent or affiliated companies for certain services including technology, operations, tax, or audit consulting services, and may pay such firms for PIMCO's attendance at investment forums sponsored by such firms or for various studies, surveys, or access to databases. Subject to applicable law, PIMCO and its affiliates may also provide investment advisory services to investment consultants and their affiliates and may execute brokerage transactions on behalf of the Portfolios with such investment consultants and their affiliates. These consultants or their affiliates may, in the ordinary course of their investment consultant business, recommend that their clients utilize PIMCO's investment advisory services or invest in the Portfolios or in other products sponsored by PIMCO and its affiliates.

Purchases and Redemptions

Purchasing Shares

Investors do not deal directly with the Portfolios to purchase and redeem shares. Please refer to the prospectus for the Separate Account for information on the allocation of premiums and on transfers of accumulated value among sub-accounts of the Separate Account that invest in the Portfolio.

As of the date of this prospectus, shares of the Portfolios are offered for purchase by Separate Accounts to serve as an investment medium for Variable Contracts issued by life insurance companies. All purchase orders are effected at the net asset value ("NAV") next determined after a purchase order is received.

While the Portfolios currently do not foresee any disadvantages to Variable Contract Owners if the Portfolios serve as an investment medium for both variable annuity contracts and variable life insurance policies, due to differences in tax treatment or other considerations, it is theoretically possible that the interest of owners of annuity contracts and insurance policies for which the Portfolios serves as an investment medium might at some time be in conflict. However, the Trust's Board of Trustees and each insurance company with a separate account allocating assets to the Portfolios are required to monitor events to identify any material conflicts between variable annuity contract owners and variable life insurance policy owners, and would have to determine what action, if any, should be taken in the event of such a conflict. If such a conflict occurred, an insurance company participating in the Portfolios might be required to redeem the investment of one or more of its separate accounts from the Portfolios, which might force the Portfolios to sell securities at disadvantageous prices.

The Trust and its Distributor each reserves the right, in its sole discretion, to suspend the offering of shares of the Portfolios or to reject any purchase order, in whole or in part, when, in the judgment of management, such suspension or rejection is in the best interests of the Trust. In addition, the Trust and its Distributor each reserves the right, in its sole discretion, to redeem shares, in whole or in part, when, in the judgment of

management, such redemption is necessary in order to maintain qualification under the rules for variable annuities and/or variable life contracts with respect to other shareholders, to maintain qualification as a regulated investment company under the Code, or for any reason under terms set by the Trustees, including the failure of a shareholder to supply a personal identification number if required to do so, or to have the minimum investment required, or to pay when due for the purchase of shares issued to the shareholder. The sale of shares will be suspended when trading on the New York Stock Exchange (“NYSE”) is restricted or during an emergency which makes it impracticable for the Portfolios to dispose of their securities or to determine fairly the value of their net assets, or during any other period as permitted by the SEC for the protection of investors. In the event that a Portfolio ceases offering its shares, any investments allocated to the Portfolio will, subject to any necessary regulatory approvals, be invested in another Portfolio.

Redeeming Shares

Shares may be redeemed without charge on any day that the NAV is calculated. All redemption requests received by the Trust or its designee prior to the close of regular trading on the NYSE (normally 4:00 pm, Eastern time), on a day the Trust is open for business, are effective on that day. Redemption requests received after that time become effective on the next business day. Redemption requests for Portfolio shares are effected at the NAV per share next determined after receipt of a redemption request by the Trust or its designee. Payment for shares redeemed normally will be made within seven days.

For shareholder protection, a request to change information contained in an account registration (for example, a request to change the bank designated to receive wire redemption proceeds) must be received in writing, signed by the minimum number of persons designated on the Client Registration Application that are required to effect a redemption, and accompanied by a signature guarantee from any eligible guarantor institution, as determined in accordance with the Trust’s procedures, as more fully described below. Shareholders should inquire as to whether a particular institution is an eligible guarantor institution. A signature guarantee cannot be provided by a notary public. In addition, corporations, trusts, and other institutional organizations are required to furnish evidence of the authority of the persons designated on the Client Registration Application to effect transactions for the organization.

When a signature guarantee is called for, a “Medallion” signature guarantee will be required. A Medallion signature guarantee may be obtained from a domestic bank or trust company, broker, dealer, clearing agency, savings association or other financial institution which is participating in a Medallion program recognized by the Securities Transfer Association. The three recognized Medallion programs are the Securities Transfer Agents Medallion Program, Stock Exchange Medallion Program and New York Stock Exchange, Inc. Medallion Signature Program. Signature guarantees from financial institutions which are not participating in one of these programs will not be accepted. Please note that financial institutions participating in a recognized Medallion program may still be ineligible to provide a signature guarantee for transactions of greater than a specified dollar amount. The Trust may change the signature guarantee requirements from time to time upon notice to shareholders, which may be given by means of a new or supplemented prospectus.

Redemptions of Portfolio shares may be suspended when trading on the NYSE is restricted or during an emergency which makes it impractical for the Portfolios to dispose of their securities or to determine fairly the value of their net assets, or during any other period as permitted by the SEC for the protection of investors. Under these and other unusual circumstances, the Trust may suspend redemption or postpone payment for more than seven days, as permitted by law. In consideration of the best interests of the remaining shareholders, the Trust reserves the right to pay redemption proceeds in whole or in part by a distribution in kind of securities held by a Portfolio in lieu of cash. It is highly unlikely that shares would ever be redeemed in kind. If shares are redeemed in kind, however, the redeeming shareholder should expect to incur transaction costs upon the disposition of the securities received in the distribution.

**Frequent or
Excessive
Purchases,
Exchanges and
Redemptions**

The Trust encourages shareholders to invest in the Portfolios as part of a long-term investment strategy and discourages excessive, short-term trading, sometimes referred to as “market timing,” and other abusive trading practices. However, because the Trust will not always be able to detect market timing or other abusive trading activity, investors should not assume that the Trust will be able to detect or prevent all market timing or other trading practices that may disadvantage the Portfolios.

Certain of the Portfolios’ investment strategies may make the Portfolios more susceptible to market timing activities. For example, since certain Portfolios may invest in non-U.S. securities, they may be subject to the risk that an investor may seek to take advantage of a delay between the change in value of the Portfolios’ non-U.S. portfolio securities and the determination of the Portfolios’ NAV as a result of different closing times of U.S. and non-U.S. markets by buying or selling Portfolio shares at a price that does not reflect their true value. A similar risk exists for a Portfolio’s potential investment in securities of small capitalization companies, securities of issuers located in emerging markets or high yield securities that are thinly traded and therefore may have actual values that differ from their market prices.

To discourage excessive, short-term trading and other abusive trading practices, the Board of Trustees of the Trust has adopted policies and procedures reasonably designed to detect and prevent short-term trading activity that may be harmful to the Portfolios and their shareholders. Such activities may have a detrimental effect on the Portfolios and their shareholders. For example, depending upon various factors such as the size of a Portfolio and the amount of its assets maintained in cash, short-term or excessive trading by Portfolio shareholders may interfere with the efficient management of the Portfolio’s investments, increase transaction costs and taxes, and may harm the performance of the Portfolio and its shareholders.

The Trust seeks to deter and prevent abusive trading practices, and to reduce these risks, through several methods. First, to the extent that there is a delay between a change in the value of a Portfolio’s holdings, and the time when that change is reflected in the NAV of the Portfolio’s shares, the Portfolio is exposed to the risk that investors may seek to exploit this delay by purchasing or redeeming shares at net asset values that do not reflect appropriate fair value prices. The Trust seeks to deter and prevent this activity, sometimes referred to as “stale price arbitrage,” by the appropriate use of “fair value” pricing of a Portfolio’s securities. See “How Portfolio Shares Are Priced” below for more information.

Second, the Trust and PIMCO seek to monitor shareholder account activities in order to detect and prevent excessive and disruptive trading practices. The Trust and PIMCO each reserves the right to restrict or refuse any purchase or exchange transactions if, in the judgment of the Trust or PIMCO, the transaction may adversely affect the interests of the Portfolios or their shareholders. Notice of any such restrictions, if any, will vary according to the particular circumstances. When PIMCO notices a pattern of trading that may be indicative of excessive or abusive trading by Variable Contract Owners, the Trust and/or PIMCO will seek the cooperation of insurance companies in attempting to determine whether the activity is the result of trading by one or more related Variable Contract Owners. In the event that the insurance company informs PIMCO that the trading activity is the result of excessive or abusive trading by Variable Contract Owners, PIMCO will request that the insurance company take appropriate action to ensure that the excessive or abusive trading ceases. If the trading pattern continues, PIMCO will request that the insurance company restrict purchases of or exchanges into the Portfolio by the Variable Contract Owner identified as having engaged in excessive or abusive trading. There can be no assurances that an insurance company will comply with PIMCO’s request. The Trust and PIMCO will also cooperate with efforts by insurance companies to limit excessive exchanges in their products.

Although the Trust and its service providers seek to use these methods to detect and prevent abusive trading activities, and although the Trust will consistently apply such methods, there can be no assurances that such activities can be mitigated or eliminated. By their nature, insurance company separate accounts, in which purchases and sales of Portfolio shares by Variable Contract Owners are aggregated for presentation to the

Portfolios on a net basis, conceal the identity of the individual Variable Contract Owners from the Portfolios. This makes it more difficult for the Trust and/or PIMCO to identify short-term transactions in the Portfolios.

How Portfolio Shares are Priced

The NAV of a Portfolio's Administrative Class shares is determined by dividing the total value of a Portfolio's investments and other assets attributable to that class, less any liabilities, by the total number of shares outstanding of that class.

Portfolio shares are valued at the close of regular trading (normally 4:00 p.m., Eastern time) (the "NYSE Close") on each day that the NYSE is open. Information that becomes known to the Portfolios or its agents after the NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day.

Except for the Money Market Portfolio, for purposes of calculating 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 last reported sales prices, or if no sales are reported, based on quotes obtained from a quotation reporting system, established market makers, or pricing services. Domestic and foreign fixed income securities and non-exchange traded derivatives 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 independent pricing services use 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. Short-term investments having a maturity of 60 days or less are generally valued at amortized cost. Exchange traded options, futures and options on futures are valued at the settlement price determined by the relevant exchange. With respect to any portion of a Portfolio's assets that are invested in one or more open-end management investment companies, a Portfolio's NAV will be calculated based upon the NAVs of such investments. A 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.

The Money Market Portfolio's securities are valued using the amortized cost method of valuation, which involves valuing a security at cost on the date of acquisition and thereafter assuming a constant accretion of a discount or amortization of a premium to maturity, regardless of the impact of fluctuating interest rates on the market value of the instrument. While this method provides certainty in valuation, it may result in periods during which value, as determined by amortized cost, is higher or lower than the price the Portfolio would receive if it sold the instrument.

Investments initially 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 NAV of a Portfolio's shares may be affected by changes in the value of currencies in relation to the U.S. dollar. The value of securities traded in markets outside the United States or denominated in currencies other than the U.S. dollar may be affected significantly on a day that the NYSE is closed and an investor is not able to purchase, redeem or exchange shares.

Securities and other assets for which market quotes are not readily available are valued at fair value as determined in good faith by the Board of Trustees or persons acting at its direction. The Board of Trustees has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to PIMCO the responsibility for applying the valuation methods. For instance, certain securities or investments for which daily market quotes are not readily available may be valued, pursuant

to guidelines established by the Board of Trustees, with reference to other securities or indices. In the event that market quotes are not readily available, and the security or asset cannot be valued pursuant to one of the valuation methods, the value of the security or asset will be determined in good faith by the Valuation Committee of the Board of Trustees, generally based upon recommendations provided by PIMCO.

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/asked information, broker quotes), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of a 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 PIMCO the responsibility for monitoring significant events that may materially affect the values of a Portfolio's securities or assets and for determining whether the value of the applicable securities or assets should be re-evaluated in light of such significant events.

When a Portfolio uses fair value pricing to determine its NAV, securities 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 of Trustees or persons acting at their direction believe accurately reflects fair value. Fair value pricing may require subjective determinations about the value of a security. While the Trust's policy is intended to result in a calculation of a 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 of Trustees or persons acting at their direction would accurately reflect the price that a 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 price used by a Portfolio may differ from the value that would be realized if the securities were sold. The Portfolios' use of fair valuation may also help to deter "stale price arbitrage" as discussed above under "Frequent or Excessive Purchases, Exchanges and Redemptions."

Tax Consequences

Each Portfolio intends to qualify as a regulated investment company annually and to elect to be treated as a regulated investment company for federal income tax purposes. As such, a Portfolio generally will not pay federal income tax on the income and gains it pays as dividends to its shareholders. In order to avoid a 4% federal excise tax, each Portfolio intends to distribute each year substantially all of its net income and gains.

Each Portfolio intends to diversify its investments in a manner intended to comply with tax requirements generally applicable to mutual funds. In addition, each Portfolio will diversify its investments so that on the last day of each quarter of a calendar year, no more than 55% of the value of its total assets is represented by any one investment, no more than 70% is represented by any two investments, no more than 80% is represented by any three investments, and no more than 90% is represented by any four investments. For this purpose, securities of a single issuer are treated as one investment and each U.S. Government agency or instrumentality is treated as a separate issuer. Any security issued, guaranteed, or insured (to the extent so guaranteed or insured) by the U.S. Government or any agency or instrumentality of the U.S. Government is treated as a security issued by the U.S. Government or its agency or instrumentality, whichever is applicable.

If a Portfolio fails to meet the diversification requirement under Section 817(h), income with respect to Variable Contracts invested in the Portfolio at any time during the calendar quarter in which the failure occurred could become currently taxable to the owners of the Variable Contracts and income for prior periods with respect to such contracts also could be taxable, most likely in the year of the failure to achieve the required diversification. Other adverse tax consequences could also ensue.

Please refer to the prospectus for the Separate Account and Variable Contract for information regarding the federal income tax treatment of distributions to the Separate Account. See "Additional Information—

Additional Tax Information” in the Portfolios’ Statement of Additional Information for more information on taxes.

- **A Note on the CommodityRealReturn® Strategy and Global Multi-Asset Portfolios.** One of the requirements for favorable tax treatment as a regulated investment company under the Code is that each Portfolio derive at least 90% of its gross income from certain qualifying sources of income. The IRS has issued a revenue ruling which holds that income derived from commodity-linked swaps is not qualifying income under Subchapter M of the Code. As such, each Portfolio’s ability to utilize commodity-linked swaps as part of its investment strategy is limited to a maximum of 10 percent of its gross income.

However, in a subsequent revenue ruling, the IRS provides that income from alternative investment instruments (such as certain commodity index-linked notes) that create commodity exposure may be considered qualifying income under the Code. The IRS has also issued private letter rulings in which the IRS specifically concluded that income from certain commodity index-linked notes is qualifying income. In addition, the IRS has also issued private letter rulings in which the IRS specifically concluded that income derived from an investment in a subsidiary will also constitute qualifying income, even if that Subsidiary itself owns commodity-linked swaps. Based on the reasoning in such rulings, the Portfolios will continue to seek to gain exposure to the commodity markets primarily through investments in commodity index-linked notes and through investments in their respective Subsidiary.

This “Tax Consequences” section relates only to federal income tax; the consequences under other tax laws may differ. Shareholders should consult their tax advisors as to the possible application of foreign, state and local income tax laws to Portfolio dividends and capital distributions. Please see the Statement of Additional Information for additional information regarding the tax aspects of investing in the Portfolios.

Characteristics and Risks of Securities and Investment Techniques

This section provides additional information about some of the principal investments and related risks of the Portfolios and of certain Acquired Funds described under “Portfolio Summaries” and “Summary of Principal Risks” above. It also describes characteristics and risks of additional securities and investment techniques that may be used by the Portfolios and certain Acquired Funds from time to time. Generally, the characteristics and risks of securities and investment techniques that may be used by the Acquired Funds from time to time are similar to those described below. However, the risks associated with an Acquired Fund’s investments are described more fully in each Acquired Fund’s prospectus. Accordingly, please see an Acquired Fund’s prospectus for a more complete description of the Acquired Fund and the risks associated with its investments.

Most of these securities and investment techniques described herein are discretionary, which means that PIMCO, or in the case of a fund that is not managed by PIMCO, such fund’s investment adviser and sub-adviser, as applicable, can decide whether to use them or not. This prospectus does not attempt to disclose all of the various types of securities and investment techniques that may be used by the Portfolios or Acquired Funds. As with any mutual fund, investors in the Portfolios rely on the professional investment judgment and skill of PIMCO and the individual portfolio managers. The investments made by the Portfolios at any given time are not expected to be the same as those made by other mutual funds for which PIMCO acts as investment adviser, including mutual funds with investment objectives and strategies similar to those of the Portfolios. Accordingly, the performance of the Portfolios can be expected to vary from that of the other mutual funds. Please see “Investment Objectives and Policies” in the Statement of Additional Information for more detailed information about the securities and investment techniques described in this section and about other strategies and techniques that may be used by the Portfolios.

Because the CommodityRealReturn[®] Strategy and Global Multi-Asset Portfolios may each invest a portion of their assets in their respective Subsidiary, each of which may hold some of the investments described in this prospectus, these Portfolios may be indirectly exposed to the risks associated with those investments. With respect to their investments, each Subsidiary will generally be subject to the same fundamental, non-fundamental and certain other investment restrictions as the Portfolios; however, each Subsidiary (unlike the Portfolios) may invest without limitation in commodity-linked swap agreements and other commodity-linked derivative instruments. The CommodityRealReturn[®] Strategy Portfolio and its Subsidiary may test for compliance with certain investment restrictions on a consolidated basis, except that with respect to their investments in certain securities that may involve leverage, the Subsidiary will comply with asset segregation or “earmarking” requirements to the same extent as the Portfolio. Also, the Global Multi-Asset Portfolio and its Subsidiary may test for compliance with certain investment restrictions on a consolidated basis, except that with respect to their investments in certain securities that may involve leverage, the Subsidiary will comply with asset segregation or “earmarking” requirements to the same extent as the Portfolio.

The All Asset and All Asset All Authority Portfolios invest substantially all of their assets in shares of the Underlying PIMCO Funds, and as such (unless otherwise indicated) do not invest directly in the securities described below. The Underlying PIMCO Funds, however, may invest in such securities. Because the value of an investment in the All Asset and All Asset All Authority Portfolios is directly related to the investment performance of the Underlying PIMCO Funds in which they invest, the risks of investing in the All Asset and All Asset All Authority Portfolios are closely related to the risks associated with the Underlying PIMCO Funds and their investments in the securities described below. Please see “Description of the Underlying PIMCO Funds.” Similarly, as the Global Multi-Asset Portfolio may invest in shares of the Acquired Funds, the risks of investing in the Global Multi-Asset Portfolio may be closely related to the risks associated with the Acquired Funds and their investments. However, as the Global Multi-Asset Portfolio may also invest its assets directly in Fixed Income Instruments, equity securities, forwards or derivatives, such as options, futures contracts or swap agreements, other affiliated or unaffiliated funds, and other investments, the Global Multi-Asset Portfolio may be directly exposed to certain risks described below.

Securities Selection

Most of the Portfolios seek maximum total return. The total return sought by a Portfolio consists of both income earned on a Portfolio’s investments and capital appreciation, if any, arising from increases in the market value of a Portfolio’s holdings. Capital appreciation of fixed income securities generally results from decreases in market interest rates, foreign currency appreciation, or improving credit fundamentals for a particular market sector or security.

In selecting securities for a Portfolio, PIMCO develops an outlook for interest rates, currency exchange rates and the economy; analyzes credit and call risks, and uses other security selection techniques. The proportion of a Portfolio’s assets committed to investment in securities with particular characteristics (such as quality, sector, interest rate or maturity) varies based on PIMCO’s outlook for the U.S. and foreign economies, the financial markets and other factors.

PIMCO attempts to identify areas of the bond market that are undervalued relative to the rest of the market. PIMCO identifies these areas by grouping bonds into the following sectors: money markets, governments, corporates, mortgages, asset-backed and international. Sophisticated proprietary software then assists in evaluating sectors and pricing specific securities. Once investment opportunities are identified, PIMCO will shift assets among sectors depending upon changes in relative valuations and credit spreads. There is no guarantee that PIMCO’s security selection techniques will produce the desired results.

U.S. Government Securities

U.S. Government securities are obligations of, or guaranteed by, the U.S. Government, its agencies or government-sponsored enterprises. U.S. Government securities are subject to market and interest rate risk, and may be subject to varying degrees of credit risk. Some U.S. Government securities are issued or guaranteed by

the U.S. Treasury and are supported by the full faith and credit of the United States. Other types of U.S. Government securities are supported by the full faith and credit of the United States (but not issued by the U.S. Treasury). These securities have the lowest credit risk. Still other types of U.S. Government securities are: (1) supported by the ability of the issuer to borrow from the U.S. Treasury; (2) supported only by the credit of the issuing agency, instrumentality or government-sponsored corporation; or (3) supported by the United States in some other way. These securities may be subject to greater credit risk. U.S. Government securities include zero coupon securities, which tend to be subject to greater market risk than interest-paying securities of similar maturities.

Municipal Bonds

Municipal bonds are generally issued by states and local governments and their agencies, authorities and other instrumentalities. Municipal bonds are subject to interest rate, credit and market risk. The ability of an issuer to make payments could be affected by litigation, legislation or other political events or the bankruptcy of the issuer. Lower rated municipal bonds are subject to greater credit and market risk than higher quality municipal bonds. The types of municipal bonds in which the Portfolios may invest include municipal lease obligations. The Portfolios may also invest in industrial development bonds, which are municipal bonds issued by a government agency on behalf of a private sector company and, in most cases, are not backed by the credit of the issuing municipality and may therefore involve more risk. The Portfolios may also invest in securities issued by entities whose underlying assets are municipal bonds.

The Portfolios (except the Money Market Portfolio) may invest, without limitation, in residual interest bonds (“RIBs”), which brokers create by depositing a municipal bond in a trust. The trust in turn issues a variable rate security and RIBs. The interest rate for the variable rate security is determined by an index or an auction process held approximately every 7 to 35 days, while the RIB holder receives the balance of the income from the underlying municipal bond less an auction fee. The market prices of RIBs may be highly sensitive to changes in market rates and may decrease significantly when market rates increase.

In a transaction in which a Portfolio purchases a RIB from a trust, and the underlying municipal bond was held by the Portfolio prior to being deposited into the trust, the Portfolio treats the transaction as a secured borrowing for financial reporting purposes. As a result, the Portfolio will incur a non-cash interest expense with respect to interest paid by the trust on the variable rate securities, and will recognize additional interest income in an amount directly corresponding to the non-cash interest expense. Therefore, the Portfolio’s NAV per share and performance are not affected by the non-cash interest expense. This accounting treatment does not apply to RIBs acquired by the Portfolios where the Portfolios did not previously own the underlying municipal bond.

Mortgage-Related and Other Asset-Backed Securities

Mortgage-related securities include mortgage pass-through securities, collateralized mortgage obligations (“CMOs”), commercial mortgage-backed securities, mortgage dollar rolls, CMO residuals, stripped mortgage-backed securities (“SMBSs”) and other securities that directly or indirectly represent a participation in, or are secured by and payable from, mortgage loans on real property.

The value of some mortgage- or asset-backed securities may be particularly sensitive to changes in prevailing interest rates. Early repayment of principal on some mortgage-related securities may expose a Portfolio to a lower rate of return upon reinvestment of principal. When interest rates rise, the value of a mortgage-related security generally will decline; however, when interest rates are declining, the value of mortgage-related securities with prepayment features may not increase as much as other fixed income securities. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may shorten or extend the effective maturity of the security beyond what was anticipated at the time of purchase. If unanticipated rates of prepayment on underlying mortgages increase the effective maturity of a mortgage-related security, the volatility of the security can be expected to increase. The value of these securities may fluctuate in response to the market’s perception of the creditworthiness of the issuers. Additionally, although mortgages and

mortgage-related securities are generally supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

One type of SMBS has one class receiving all of the interest from the mortgage assets (the interest-only, or “IO” class), while the other class will receive all of the principal (the principal-only, or “PO” class). The yield to maturity on an IO class is extremely sensitive to the rate of principal payments (including prepayments) on the underlying mortgage assets, and a rapid rate of principal payments may have a material adverse effect on a Portfolio’s yield to maturity from these securities. Each Portfolio (except the Monet Market Portfolio) may invest up to 5% of its total assets in any combination of mortgage-related or other asset-backed IO, PO or inverse floater securities.

Each Portfolio (except the Money Market Portfolio) may invest in collateralized debt obligations (“CDOs”), which 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. Certain Portfolios may invest in other asset-backed securities that have been offered to investors.

**Loan
Participations and
Assignments**

Each Portfolio (except the Money Market Portfolio) may invest in fixed- and floating-rate loans, which investments generally will be in the form of loan participations and assignments of portions of such loans. Participations and assignments involve special types of risk, including credit risk, interest rate risk, liquidity risk, and the risks of being a lender. If a Portfolio purchases a participation, it may only be able to enforce its rights through the lender, and may assume the credit risk of the lender in addition to the borrower.

**Corporate Debt
Securities**

Corporate debt securities are subject to the risk of the issuer’s inability to meet principal and interest payments on the obligation and may also be subject to price volatility due to such factors as interest rate sensitivity, market perception of the credit-worthiness of the issuer and general market liquidity. When interest rates rise, the value of corporate debt securities can be expected to decline. Debt securities with longer maturities tend to be more sensitive to interest rate movements than those with shorter maturities.

**High Yield
Securities**

Securities rated lower than Baa by Moody’s, or equivalently rated by S&P or Fitch, are sometimes referred to as “high yield securities” or “junk bonds.” Investing in these securities involves special risks in addition to the risks associated with investments in higher-rated fixed income securities. While offering a greater potential opportunity for capital appreciation and higher yields, high yield securities typically entail greater potential price volatility and may be less liquid than higher-rated securities. High yield securities may be regarded as predominately speculative with respect to the issuer’s continuing ability to meet principal and interest payments. They may also be more susceptible to real or perceived adverse economic and competitive industry conditions than higher-rated securities. Issuers of securities in default may fail to resume principal or interest payments, in which case a Portfolio may lose its entire investment. The Diversified Income, Emerging Markets Bond and Global Multi-Asset Portfolios may invest in securities that are in default with respect to the payment of interest or repayment of principal, or present an imminent risk of default with respect to such payments.

**Variable and
Floating Rate
Securities**

Variable and floating rate securities provide for a periodic adjustment in the interest rate paid on the obligations. Each Portfolio may invest in floating rate debt instruments (“floaters”) and (except for the Money Market Portfolio) engage in credit spread trades. Variable and floating rate securities generally are less sensitive to interest rate changes but may decline in value if their interest rates do not rise as much, or as quickly, as interest rates in general. Conversely, floating rate securities will not generally increase in value if interest rates decline. Each Portfolio (except the Money Market Portfolio) may also invest in inverse floating rate debt instruments

(“inverse floaters”). An inverse floater may exhibit greater price volatility than a fixed rate obligation of similar credit quality. Each Portfolio (except the Money Market Portfolio) may invest no more than 5% of its total assets in any combination of mortgage-related or other asset-backed IO, PO, or inverse floater securities. Additionally, each Portfolio (except the Money Market Portfolio) may also invest, without limitation, in RIBs.

Inflation-Indexed Bonds

Inflation-indexed bonds (other than municipal inflation-indexed bonds and certain corporate inflation-indexed bonds, which are more fully described below) are fixed income securities whose principal value is periodically adjusted according to the rate of inflation. If the index measuring inflation falls, the principal value of inflation-indexed bonds (other than municipal inflation-indexed bonds and certain corporate inflation-indexed bonds) will be adjusted downward, and consequently the interest payable on these securities (calculated with respect to a smaller principal amount) will be reduced. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds. 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.

With regard to municipal inflation-indexed bonds and certain corporate inflation-indexed bonds, the inflation adjustment is reflected in the semi-annual coupon payment. As a result, the principal value of municipal inflation-indexed bonds and such corporate inflation-indexed bonds does not adjust according to the rate of inflation.

The value of inflation-indexed bonds is expected to change in response to changes in real interest rates. Real interest rates are tied to the relationship between nominal interest rates and the rate of inflation. If nominal interest rates increase at a faster rate than inflation, real interest rates may rise, leading to a decrease in value of inflation-indexed bonds. Any increase in the principal amount of an inflation-indexed bond will be considered taxable ordinary income, even though investors do not receive their principal until maturity.

Event-Linked Exposure

Each Portfolio (except the Money Market Portfolio) may obtain event-linked exposure by investing in “event-linked bonds” or “event-linked swaps” or implement “event-linked strategies.” Event-linked exposure results in gains or losses that typically are contingent, or formulaically related to defined trigger events. Examples of trigger events include hurricanes, earthquakes, weather-related phenomena, or statistics relating to such events. Some event-linked bonds are commonly referred to as “catastrophe bonds.” If a trigger event occurs, a Portfolio may lose a portion or its entire principal invested in the bond or notional amount on a swap. Event-linked exposure often provides for an extension of maturity to process and audit loss claims where a trigger event has, or possibly has, occurred. An extension of maturity may increase volatility. Event-linked exposure may also expose a Portfolio to certain unanticipated risks including credit risk, counterparty risk, adverse regulatory or jurisdictional interpretations, and adverse tax consequences. Event-linked exposures may also be subject to liquidity risk.

Convertible and Equity Securities

Each Portfolio, except the Total Return and Money Market Portfolios, may invest in convertible securities and equity securities. The Total Return Portfolio may not invest in equity securities but may invest in convertible securities that are not considered equities. Convertible securities are generally preferred stocks and other securities, including fixed income securities and warrants, that are convertible into or exercisable for common stock at a stated price or rate. The price of a convertible security will normally vary in some proportion to changes in the price of the underlying common stock because of this conversion or exercise feature. However, the value of a convertible security may not increase or decrease as rapidly as the underlying common stock. A convertible security will normally also provide income and is subject to interest rate risk. Convertible securities may be lower-rated securities subject to greater levels of credit risk. A Portfolio may be forced to convert a security before it would otherwise choose, which may have an adverse effect on the Portfolio’s ability to achieve its investment objective.

Preferred stock represents an equity interest in a company that generally entitles the holder to receive, in preference to the holders of other stocks such as common stocks, dividends and a fixed share of the proceeds resulting from a liquidation of the company. Preferred stocks may pay fixed or adjustable rates of return. Preferred stock is subject to issuer-specific and market risks applicable generally to equity securities. In addition, a company's preferred stock generally pays dividends only after the company makes required payments to holders of its bonds and other debt. For this reason, the value of preferred stock will usually react more strongly than bonds and other debt to actual or perceived changes in the company's financial condition or prospects.

While some countries or companies may be regarded as favorable investments, pure fixed income opportunities may be unattractive or limited due to insufficient supply, or legal or technical restrictions. In such cases, subject to its applicable investment restrictions, a Portfolio may consider convertible securities or equity securities to gain exposure to such investments.

While the Small Cap StocksPLUS® TR Portfolio will generally invest in equity derivatives and will not normally invest directly in equity securities, the Portfolio may invest without limitation directly in equity securities, including common stocks, preferred stocks and convertible securities. In addition, the CommodityRealReturn™ Strategy Portfolio may invest in equity securities of issuers in commodity-related industries. When investing directly in equity securities, a Portfolio will not be limited to only those equity securities with any particular weighting in such Portfolio's respective benchmark index, if any. Generally, the Portfolios may consider investing directly in equity securities when derivatives on the underlying securities appear to be overvalued.

At times, in connection with the restructuring of a preferred stock or Fixed Income Instrument either outside of bankruptcy court or in the context of bankruptcy proceedings, a Portfolio (except the Total Return and Money Market Portfolios) may determine or be required to accept equity securities, such as common stocks, in exchange for all or a portion of a preferred stock or Fixed Income Instrument. Depending upon, among other things, PIMCO's evaluation of the potential value of such securities in relation to the price that could be obtained by a Portfolio at any given time upon sale thereof, a Portfolio (except the Total Return and Money Market Portfolios) may determine to hold such securities in its portfolio.

Equity securities generally have greater price volatility than fixed income securities. The market price of equity securities owned by a Portfolio may go up or down, sometimes rapidly or unpredictably. Equity securities may decline in value due to factors affecting equity securities markets generally or particular industries represented in those markets. The value of an equity security may also decline for a number of reasons which directly relate to the issuer, such as management performance, financial leverage and reduced demand for the issuer's goods or services.

Foreign (Non-U.S.) Securities

Certain Portfolios may invest in securities and instruments that are economically tied to foreign (non-U.S.) countries. PIMCO generally considers an instrument to be economically tied to a non-U.S. country if the issuer is a foreign government (or any political subdivision, agency, authority or instrumentality of such government), or if the issuer is organized under the laws of a non-U.S. country. In the case of certain money market instruments, such instruments will be considered economically tied to a non-U.S. country if either the issuer or the guarantor of such money market instrument is organized under the laws of a non-U.S. country. With respect to derivative instruments, PIMCO generally considers such instruments to be economically tied to non-U.S. countries if the underlying assets are foreign currencies (or baskets or indexes of such currencies), or instruments or securities that are issued by foreign governments or issuers organized under the laws of a non-U.S. country (or if the underlying assets are certain money market instruments, if either the issuer or the guarantor of such money market instruments is organized under the laws of a non-U.S. country).

Investing in foreign securities involves special risks and considerations not typically associated with investing in U.S. securities. Shareholders should consider carefully the substantial risks involved for Portfolios that invest

in securities issued by foreign companies and governments of foreign countries. These risks include: differences in accounting, auditing and financial reporting standards; generally higher commission rates on foreign portfolio transactions; the possibility of nationalization, expropriation or confiscatory taxation; adverse changes in investment or exchange control regulations; and political instability. Individual foreign economies may differ favorably or unfavorably from the U.S. economy in such respects as growth of gross domestic product, rates of inflation, capital reinvestment, resources, self-sufficiency and balance of payments position. The securities markets, values of securities, yields and risks associated with foreign securities markets may change independently of each other. Also, foreign securities and dividends and interest payable on those securities may be subject to foreign taxes, including taxes withheld from payments on those securities. Foreign securities often trade with less frequency and volume than domestic securities and therefore may exhibit greater price volatility. Investments in foreign securities may also involve higher custodial costs than domestic investments and additional transaction costs with respect to foreign currency conversions. Changes in foreign exchange rates also will affect the value of securities denominated or quoted in foreign currencies.

Certain Portfolios also may invest in sovereign debt issued by governments, their agencies or instrumentalities, or other government-related entities. Holders of sovereign debt may be requested to participate in the rescheduling of such debt and to extend further loans to governmental entities. In addition, there is no bankruptcy proceeding by which defaulted sovereign debt may be collected.

• **Emerging Market Securities.** Each Portfolio that may invest in foreign (non-U.S.) securities (other than the Money Market Portfolio) may invest in securities and instruments that are economically tied to emerging market countries. The Short-Term Portfolio may invest up to 5% of its total assets in such securities and instruments, and each other Portfolio is subject to the limitation on investment in emerging market securities noted in the Portfolio's Portfolio Summary. PIMCO generally considers an instrument to be economically tied to an emerging market country if the issuer or guarantor is a government of an emerging market country (or any political subdivision, agency, authority or instrumentality of such government), if the issuer or guarantor is organized under the laws of an emerging market country, or if the currency of settlement of the security is a currency of an emerging market country. With respect to derivative instruments, PIMCO generally considers such instruments to be economically tied to emerging market countries if the underlying assets are currencies of emerging market countries (or baskets or indexes of such currencies), or instruments or securities that are issued or guaranteed by governments of emerging market countries or by entities organized under the laws of emerging market countries. PIMCO has broad discretion to identify countries that it considers to qualify as emerging markets. In making investments in emerging market securities, a Portfolio emphasizes those countries with relatively low gross national product per capita and with the potential for rapid economic growth. Emerging market countries are generally located in Asia, Africa, the Middle East, Latin America and Eastern Europe. PIMCO will select the country and currency composition based on its evaluation of relative interest rates, inflation rates, exchange rates, monetary and fiscal policies, trade and current account balances, legal and political developments and any other specific factors it believes to be relevant.

Investing in emerging market securities imposes risks different from, or greater than, risks of investing in domestic securities or in foreign, developed countries. These risks include: smaller market capitalization of securities markets, which may suffer periods of relative illiquidity; significant price volatility; restrictions on foreign investment; possible repatriation of investment income and capital. In addition, foreign investors may be required to register the proceeds of sales; future economic or political crises could lead to price controls, forced mergers, expropriation or confiscatory taxation, seizure, nationalization, or creation of government monopolies. The currencies of emerging market countries may experience significant declines against the U.S. dollar, and devaluation may occur subsequent to investments in these currencies by a Portfolio. Inflation and rapid fluctuations in inflation rates have had, and may continue to have, negative effects on the economies and securities markets of certain emerging market countries.

Additional risks of emerging markets securities may include: greater social, economic and political uncertainty and instability; more substantial governmental involvement in the economy; less governmental supervision and regulation; unavailability of currency hedging techniques; companies that are newly organized and small; differences in auditing and financial reporting standards, which may result in unavailability of material information about issuers; and less developed legal systems. In addition, emerging securities markets may have different clearance and settlement procedures, which may be unable to keep pace with the volume of securities transactions or otherwise make it difficult to engage in such transactions. Settlement problems may cause a Portfolio to miss attractive investment opportunities, hold a portion of its assets in cash pending investment, or be delayed in disposing of a portfolio security. Such a delay could result in possible liability to a purchaser of the security.

Each Portfolio (except the Long-Term U.S. Government and Money Market Portfolios) may invest in Brady Bonds, which are securities created through the exchange of existing commercial bank loans to sovereign entities for new obligations in connection with a debt restructuring. Investments in Brady Bonds may be viewed as speculative. Brady Bonds acquired by a Portfolio may be subject to restructuring arrangements or to requests for new credit, which may cause the Portfolio to suffer a loss of interest or principal on any of its holdings of relevant Brady Bonds.

Foreign (Non-U.S.) Currencies

A Portfolio that invests directly in foreign currencies or in securities that trade in, or receive revenues in, foreign currencies will be subject to currency risk. Foreign currency exchange rates may fluctuate significantly over short periods of time. They generally are determined by supply and demand in the foreign exchange markets and the relative merits of investments in different countries, actual or perceived changes in interest rates and other complex factors. Currency exchange rates also can be affected unpredictably by intervention (or the failure to intervene) by U.S. or foreign governments or central banks, or by currency controls or political developments.

- **Foreign Currency Transactions.** Portfolios that invest in securities denominated in foreign currencies may enter into forward foreign currency exchange contracts and invest in foreign currency futures contracts and options on foreign currencies and futures. A forward foreign currency exchange contract, which involves an obligation to purchase or sell a specific currency at a future date at a price set at the time of the contract, reduces a Portfolio's exposure to changes in the value of the currency it will deliver and increases its exposure to changes in the value of the currency it will receive for the duration of the contract. Certain foreign currency transactions may also be settled in cash rather than the actual delivery of the relevant currency. The effect on the value of a Portfolio is similar to selling securities denominated in one currency and purchasing securities denominated in another currency. A contract to sell foreign currency would limit any potential gain which might be realized if the value of the hedged currency increases. A Portfolio may enter into these contracts to hedge against foreign exchange risk, to increase exposure to a foreign currency or to shift exposure to foreign currency fluctuations from one currency to another. Suitable hedging transactions may not be available in all circumstances and there can be no assurance that a Portfolio will engage in such transactions at any given time or from time to time. Also, such transactions may not be successful and may eliminate any chance for a Portfolio to benefit from favorable fluctuations in relevant foreign currencies. A Portfolio may use one currency (or a basket of currencies) to hedge against adverse changes in the value of another currency (or a basket of currencies) when exchange rates between the two currencies are positively correlated. A Portfolio will segregate or " earmark " assets determined to be liquid by PIMCO in accordance with the procedures established by the Board of Trustees (or, as permitted by applicable law, enter into certain offsetting positions) to cover its obligations under forward foreign currency exchange contracts entered into for non-hedging purposes.

Repurchase Agreements

Each Portfolio (including the All Asset and All Asset All Authority Portfolios) may enter into repurchase agreements, in which the Portfolio purchases a security from a bank or broker-dealer, which agrees to repurchase the security at the Portfolio's cost plus interest within a specified time. If the party agreeing to repurchase should default, the Portfolio will seek to sell the securities which it holds. This could involve procedural costs or delays

in addition to a loss on the securities if their value should fall below their repurchase price. Repurchase agreements maturing in more than seven days are considered illiquid securities.

**Reverse
Repurchase
Agreements,
Dollar Rolls and
Other Borrowings**

Each Portfolio may enter into reverse repurchase agreements and dollar rolls, subject to the Portfolio's limitations on borrowings. A reverse repurchase agreement or dollar roll involves the sale of a security by a Portfolio and its agreement to repurchase the instrument at a specified time and price, and may be considered a form of borrowing for some purposes. A Portfolio will segregate or " earmark " assets determined to be liquid by PIMCO in accordance with procedures established by the Board of Trustees to cover its obligations under reverse repurchase agreements and dollar rolls. Reverse repurchase agreements, dollar rolls and other forms of borrowings may create leveraging risk for a Portfolio.

Each Portfolio may borrow money to the extent permitted under the 1940 Act. This means that, in general, a Portfolio may borrow money from banks for any purpose in an amount up to $\frac{1}{3}$ of the Portfolio's total assets. A Portfolio may also borrow money for temporary administrative purposes in an amount not to exceed 5% of the Portfolio's total assets.

Derivatives

Each Portfolio (except the Money Market Portfolio) may, but is not required to, use derivative instruments for risk management purposes or as part of its investment strategies. Generally, derivatives are financial contracts whose value depends upon, or is derived from, the value of an underlying asset, reference rate or index, and may relate to stocks, bonds, interest rates, currencies or currency exchange rates, commodities, and related indexes. Examples of derivative instruments include options contracts, futures contracts, options on futures contracts and swap agreements (including, but not limited to, credit default swaps and swaps on exchange traded funds). Each Portfolio (except the Money Market Portfolio) may invest all of its assets in derivative instruments, subject to the Portfolio's objective and policies. A portfolio manager may decide not to employ any of these strategies and there is no assurance that any derivatives strategy used by a Portfolio will succeed. A description of these and other derivative instruments that the Portfolios may use are described under "Investment Objectives and Policies" in the Statement of Additional Information.

A Portfolio's use of derivative instruments involves risks different from, or greater than, the risks associated with investing directly in securities and other more traditional investments. A description of various risks associated with particular derivative instruments is included in "Investment Objectives and Policies" in the Statement of Additional Information. The following provides a more general discussion of important risk factors relating to all derivative instruments that may be used by the Portfolios.

Management Risk. Derivative products are highly specialized instruments that require investment techniques and risk analyses different from those associated with stocks and bonds. The use of a derivative requires an understanding not only of the underlying instrument but also of the derivative itself, without the benefit of observing the performance of the derivative under all possible market conditions.

Credit Risk. The use of a derivative instrument involves the risk that a loss may be sustained as a result of the failure of another party to the contract (usually referred to as a "counterparty") to make required payments or otherwise comply with the contract's terms. Additionally, credit default swaps could result in losses if a Portfolio does not correctly evaluate the creditworthiness of the company on which the credit default swap is based.

Liquidity Risk. Liquidity risk exists when a particular derivative instrument is difficult to purchase or sell. If a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many privately negotiated derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous time or price.

Leverage Risk. Because many derivatives have a leverage component, adverse changes in the value or level of the underlying asset, reference rate or index can result in a loss substantially greater than the amount invested in

the derivative itself. Certain derivatives have the potential for unlimited loss, regardless of the size of the initial investment. When a Portfolio uses derivatives for leverage, investments in that Portfolio will tend to be more volatile, resulting in larger gains or losses in response to market changes. To limit leverage risk, each Portfolio will segregate, or “ earmark ” on its records, assets determined to be liquid by PIMCO in accordance with procedures established by the Board of Trustees (or, as permitted by applicable regulation, enter into certain offsetting positions) to cover its obligations under derivative instruments.

Lack of Availability. Because the markets for certain derivative instruments (including markets located in foreign countries) are relatively new and still developing, suitable derivatives transactions may not be available in all circumstances for risk management or other purposes. Upon the expiration of a particular contract, a portfolio manager may wish to retain a Portfolio’s position in the derivative instrument by entering into a similar contract, but may be unable to do so if the counterparty to the original contract is unwilling to enter into the new contract and no other suitable counterparty can be found. There is no assurance that a Portfolio will engage in derivatives transactions at any time or from time to time. A Portfolio’s ability to use derivatives may also be limited by certain regulatory and tax considerations.

Market and Other Risks. Like most other investments, derivative instruments are subject to the risk that the market value of the instrument will change in a way detrimental to a Portfolio’s interest. If a portfolio manager incorrectly forecasts the values of securities, currencies or interest rates or other economic factors in using derivatives for a Portfolio, the Portfolio might have been in a better position if it had not entered into the transaction at all. While some strategies involving derivative instruments can reduce the risk of loss, they can also reduce the opportunity for gain or even result in losses by offsetting favorable price movements in other Portfolio investments. A Portfolio may also have to buy or sell a security at a disadvantageous time or price because the Portfolio is legally required to maintain offsetting positions or asset coverage in connection with certain derivatives transactions.

Other risks in using derivatives include the risk of mispricing or improper valuation of derivatives and the inability of derivatives to correlate perfectly with underlying assets, rates and indexes. Many derivatives, in particular privately negotiated derivatives, are complex and often valued subjectively. Improper valuations can result in increased cash payment requirements to counterparties or a loss of value to a Portfolio. Also, the value of derivatives may not correlate perfectly, or at all, with the value of the assets, reference rates or indexes they are designed to closely track. For example, a swap agreement on an exchange traded fund would not correlate perfectly with the index upon which the exchange traded fund is based because the fund’s return is net of fees and expenses. In addition, a Portfolio’s use of derivatives may cause the Portfolio to realize higher amounts of short-term capital gains (generally taxed at ordinary income tax rates) than if the Portfolio had not used such instruments.

• **A Note on the CommodityRealReturn[®] Strategy and Global Multi-Asset Portfolios.** In light of certain revenue rulings and private letter rulings issued by the IRS, as discussed above under “Tax Consequences—A Note on the CommodityRealReturn[®] Strategy and Global Multi-Asset Portfolios,” the Portfolios will seek to gain exposure to the commodity markets primarily through investments in leveraged or unleveraged commodity index-linked notes, which are derivative debt instruments with principal and/or coupon payments linked to the performance of commodity indices, and through investments in their respective Subsidiary (as discussed below). The Portfolios may also invest in commodity-linked notes with principal and/or coupon payments linked to the value of particular commodities or commodity futures contracts, or a subset of commodities and commodities futures contracts. These notes are sometimes referred to as “structured notes” because the terms of these notes may be structured by the issuer and the purchaser of the note. The value of these notes will rise or fall in response to changes in the underlying commodity, commodity futures contract, subset of commodities, subset of commodities futures contracts or commodity index.

These notes expose the Portfolios economically to movements in commodity prices. These notes also are subject to risks, such as credit, market and interest rate risks, that in general affect the values of debt securities. In addition, these notes are often leveraged, increasing the volatility of each note's market value relative to changes in the underlying commodity, commodity futures contract or commodity index. Therefore, at the maturity of the note, the Portfolios may receive more or less principal than it originally invested. The Portfolios might receive interest payments on the note that are more or less than the stated coupon interest payments.

The Portfolios may also invest in other commodity-linked derivative instruments, including swap agreements, commodity options, futures and options on futures. The value of a commodity-linked derivative investment generally is based upon the price movements of a physical commodity (such as energy, mineral, or agricultural products), a commodity futures contract, a subset of commodities, a subset of commodities futures contracts or commodity index, or other economic variable based upon changes in the value of commodities or the commodities markets. Swap transactions are privately negotiated agreements between a Portfolio and a counterparty to exchange or swap investment cash flows or assets at specified intervals in the future. The obligations may extend beyond one year. There is no central exchange or market for swap transactions and therefore they are less liquid investments than exchange-traded instruments.

As described below under "Characteristics and Risks of Securities and Investment Techniques—Investments in a Wholly-Owned Subsidiary," each Portfolio may gain exposure to commodity markets by investing in its respective Subsidiary. It is expected that each Subsidiary will invest primarily in commodity-linked derivative instruments, including swap agreements, commodity options, futures and options on futures.

The IRS issued a revenue ruling that limits the extent to which the Portfolios may invest directly in commodity-linked swaps or certain other commodity-linked derivatives. Each Subsidiary, on the other hand, may invest in these commodity-linked derivatives without limitation. See "Tax Consequences—A Note on the CommodityRealReturn[®] Strategy and Global Multi-Asset Portfolios," above for further information.

Investments in a Wholly-Owned Subsidiary

Investments in its respective Subsidiary are expected to provide the CommodityRealReturn[®] Strategy and Global Multi-Asset Portfolios with exposure to the commodity markets within the limitations of Subchapter M of the Code and recent IRS revenue rulings, as discussed above under "Tax Consequences—A Note on the CommodityRealReturn[®] Strategy and Global Multi-Asset Portfolios."

It is expected that each Subsidiary will invest primarily in commodity-linked derivative instruments, including swap agreements, commodity options, futures and options on futures, backed by a portfolio of inflation-indexed securities and other Fixed Income Instruments. Although the CommodityRealReturn[®] Strategy and Global Multi-Asset Portfolios may enter into these commodity-linked derivative instruments directly, each Portfolio will likely gain exposure to these derivative instruments indirectly by investing in its respective Subsidiary. To the extent that PIMCO believes that these commodity-linked derivative instruments are better suited to provide exposure to the commodities market than commodity index-linked notes, each Portfolio's investment in its Subsidiary will likely increase. Each Subsidiary will also invest in inflation-indexed securities and other Fixed Income Instruments, which are intended to serve as margin or collateral for the Subsidiary's derivatives position, common and preferred stocks as well as convertible securities of issuers in commodity-related industries, collateralized debt obligations, event-linked bonds and event-linked swaps. To the extent that a Portfolio invests in its Subsidiary, it may be subject to the risks associated with those derivative instruments and other securities, which are discussed elsewhere in this prospectus.

While each Subsidiary may be considered similar to an investment company, they are not registered under the 1940 Act and, unless otherwise noted in the prospectus, are not subject to all of the investor protections of the 1940 Act. In addition, changes in the laws of the United States and/or the Cayman Islands could result in the inability of the CommodityRealReturn[®] Strategy Portfolio and/or Global Multi-Asset Portfolio and/or each

Subsidiary to operate as described in this prospectus and the Statement of Additional Information and could adversely affect the Portfolios.

**Real Estate
Investment Trusts
(REITs)**

REITs are pooled investment vehicles that own, and usually operate, income-producing real estate. Some REITs also finance real estate. If a REIT meets certain requirements, including distributing to shareholders substantially all of its taxable income (other than net capital gains), then it is not taxed on the income distributed to shareholders. Therefore, REITs tend to pay higher dividends than other issuers.

REITs can be divided into three basic types: Equity REITs, Mortgage REITs and Hybrid REITs. Equity REITs invest the majority of their assets directly in real property. They derive their income primarily from rents received and any profits on the sale of their properties. Mortgage REITs invest the majority of their assets in real estate mortgages and derive most of their income from mortgage interest payments. As its name suggests, Hybrid REITs combine characteristics of both Equity REITs and Mortgage REITs.

An investment in a REIT, or in a real estate linked derivative instrument linked to the value of a REIT, is subject to the risks that impact the value of the underlying properties of the REIT. These risks include loss to casualty or condemnation, and changes in supply and demand, interest rates, zoning laws, regulatory limitations on rents, property taxes and operating expenses. Other factors that may adversely affect REITs include poor performance by management of the REIT, changes to the tax laws, or failure by the REIT to qualify for tax-free distribution of income. REITs are also subject to default by borrowers and self-liquidation, and are heavily dependent on cash flow. Some REITs lack diversification because they invest in a limited number of properties, a narrow geographic area, or a single type of property. Mortgage REITs may be impacted by the quality of the credit extended.

**Exchange-Traded
Notes**

Each Portfolio (except the Money Market Portfolio) may invest in exchange-traded notes (“ETNs”). ETNs are senior, unsecured, unsubordinated debt securities whose returns are linked to the performance of a particular market benchmark or strategy minus applicable fees. ETNs are traded on an exchange (e.g., the NYSE) during normal trading hours. However, investors can also hold the ETN until maturity. At maturity, the issuer pays to the investor a cash amount equal to the principal amount, subject to the day’s market benchmark or strategy factor.

ETNs do not make periodic coupon payments or provide principal protection. ETNs are subject to credit risk and the value of the ETN may drop due to a downgrade in the issuer’s credit rating, despite the underlying market benchmark or strategy remaining unchanged. The value of an ETN may also be influenced by time to maturity, level of supply and demand for the ETN, volatility and lack of liquidity in underlying assets, changes in the applicable interest rates, changes in the issuer’s credit rating, and economic, legal, political, or geographic events that affect the referenced underlying asset. When a Portfolio invests in ETNs it will, bear its proportionate share of any fees and expenses borne by the ETN. A Portfolio’s decision to sell its ETN holdings may be limited by the availability of a secondary market. ETNs are also subject to tax risk. The IRS and Congress are considering proposals that would change the timing and character of income and gains from ETNs. There may be times when an ETN share trades at a premium or discount to its market benchmark or strategy.

**Delayed Funding
Loans and
Revolving Credit
Facilities**

Each Portfolio (except the Money Market Portfolio) may also enter into, or acquire participations in, delayed funding loans and revolving credit facilities, in which a lender agrees to make loans up to a maximum amount upon demand by the borrower during a specified term. These commitments may have the effect of requiring a Portfolio to increase its investment in a company at a time when it might not otherwise decide to do so (including at a time when the company’s financial condition makes it unlikely that such amounts will be repaid). To the extent that a Portfolio is committed to advance additional funds, it will segregate or “ earmark” assets determined to be liquid by PIMCO in accordance with procedures established by the Board of Trustees in an amount sufficient to meet such commitments. Delayed funding loans and revolving credit facilities are subject to credit, interest rate and liquidity risk and the risks of being a lender.

When-Issued, Delayed Delivery and Forward Commitment Transactions	<p>Each Portfolio may purchase securities which it is eligible to purchase on a when-issued basis, may purchase and sell such securities for delayed delivery and may make contracts to purchase such securities for a fixed price at a future date beyond normal settlement time (forward commitments). When-issued transactions, delayed delivery purchases and forward commitments involve a risk of loss if the value of the securities declines prior to the settlement date. This risk is in addition to the risk that the Portfolio's other assets will decline in value. Therefore, these transactions may result in a form of leverage and increase a Portfolio's overall investment exposure. Typically, no income accrues on securities a Portfolio has committed to purchase prior to the time delivery of the securities is made, although a Portfolio may earn income on securities it has segregated or "earmarked" to cover these positions.</p>
Investment in Other Investment Companies	<p>The All Asset and All Asset All Authority Portfolios invest substantially all of their assets in other investment companies. Each of the All Asset and All Asset All Authority Portfolio's investment in a particular Underlying PIMCO Fund normally will not exceed 50% of its total assets. The Global Multi-Asset Portfolio may invest in Underlying PIMCO Funds and, to the extent permitted by the 1940 Act or exemptive relief therefrom, other affiliated and unaffiliated funds, which may or may not be registered under the 1940 Act, such as open-end or closed-end management investment companies, exchange traded funds and exchange traded vehicles. Each Portfolio may invest in securities of other investment companies, such as open- end or closed-end management investment companies, including exchange-traded funds, or in pooled accounts, or other unregistered accounts or investment vehicles to the extent permitted by the 1940 Act and the rules and regulations thereunder and any exemptive relief therefrom. The limitation described in the foregoing sentence shall not apply to the CommodityRealReturn[®] Strategy Portfolio's investment in its Subsidiary or the Global Multi-Asset Portfolio's investment in its Subsidiary. As a shareholder of an investment company or other pooled vehicle, a Portfolio may indirectly bear service and other fees which are in addition to the fees the Portfolio pays its service providers.</p> <p>Each Portfolio may invest in the PIMCO Funds Private Account Portfolio Series: Short-Term Floating NAV Portfolio ("PAPS Short-Term Floating NAV Portfolio"), to the extent permitted by the 1940 Act, the rules thereunder or exemptive relief therefrom. The PAPS Short-Term Floating NAV Portfolio is a registered investment company created for use solely by the series of the Trust and series of the PIMCO Funds in connection with their cash management activities. The main investments of the PAPS Short-Term Floating NAV Portfolio are money market instruments and short maturity Fixed Income Instruments. The PAPS Short-Term Floating NAV Portfolio may incur expenses related to its investment activities, but does not pay investment advisory or supervisory and administrative fees to PIMCO</p> <p>Subject to the restrictions and limitations of the 1940 Act, each Portfolio may, in the future, elect to pursue its investment objective by investing in one or more underlying investment vehicles or companies that have substantially similar investment objectives and policies as the Portfolio.</p>
Short Sales	<p>Each Portfolio may make short sales as part of its overall portfolio management strategies or to offset a potential decline in value of a security. A short sale involves the sale of a security that is borrowed from a broker or other institution to complete the sale. Short sales expose a Portfolio to the risk that it will be required to acquire, convert or exchange securities to replace the borrowed securities (also known as "covering" the short position) at a time when the securities sold short have appreciated in value, thus resulting in a loss to the Portfolio. Each Portfolio making a short sale (other than a "Short sale against the box") must segregate or " earmark" assets determined to be liquid by PIMCO in accordance with procedures established by the Board of Trustees or otherwise cover its position in a permissible manner. A Portfolio may engage in short selling to the extent permitted by the 1940 Act and rules and interpretations thereunder and other federal securities laws. To the extent a Portfolio engages in short selling in foreign (non-U.S.) jurisdictions, the Portfolio will do so to the extent permitted by the laws and regulations of such jurisdiction.</p>

Illiquid Securities	Each Portfolio may invest up to 15% (10% in the case of the Money Market Portfolio) of its net assets in illiquid securities. Certain illiquid securities may require pricing at fair value as determined in good faith under the supervision of the Board of Trustees. A portfolio manager may be subject to significant delays in disposing of illiquid securities, and transactions in illiquid securities may entail registration expenses and other transaction costs that are higher than those for transactions in liquid securities. The term “illiquid securities” for this purpose means securities that cannot be disposed of within seven days in the ordinary course of business at approximately the amount at which a Portfolio has valued the securities. Restricted securities, <i>i.e.</i> , securities subject to legal or contractual restrictions on resale, may be illiquid. However, some restricted securities (such as securities issued pursuant to Rule 144A under the Securities Act of 1933, as amended, and certain commercial paper) may be treated as liquid, although they may be less liquid than registered securities traded on established secondary markets.
Loans of Portfolio Securities	For the purpose of achieving income, each Portfolio may lend its portfolio securities to brokers, dealers, and other financial institutions provided a number of conditions are satisfied, including that the loan is fully collateralized. Please see “Investment Objectives and Policies” in the Statement of Additional Information for details. When a Portfolio lends portfolio securities, its investment performance will continue to reflect changes in the value of the securities loaned, and the Portfolio will also receive a fee or interest on the collateral. Securities lending involves the risk of loss of rights in the collateral or delay in recovery of the collateral if the borrower fails to return the security loaned or becomes insolvent. A Portfolio may pay lending fees to a party arranging the loan.
Portfolio Turnover	The length of time a Portfolio has held a particular security is not generally a consideration in investment decisions. A change in the securities held by a Portfolio is known as “portfolio turnover.” Each 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 (<i>e.g.</i> , over 100%) involves correspondingly greater expenses to a Portfolio, including brokerage commissions or dealer mark-ups and other transaction costs on the sale of securities and reinvestments in other securities. The trading costs associated with portfolio turnover may adversely effect a Portfolio’s performance. In addition to indirectly bearing the expenses associated with portfolio turnover of the Acquired Funds, the Global Multi-Asset Portfolio will directly bear these expenses to the extent that it invests in other securities and instruments.
Temporary Defensive Positions	For temporary or defensive purposes, the Portfolios may invest without limit in U.S. debt securities, including taxable securities and short-term money market securities, when PIMCO deems it appropriate to do so. When a Portfolio engages in such strategies, it may not achieve its investment objective.
Changes in Investment Objectives and Policies	The investment objectives of each of the All Asset All Authority, Foreign Bond (Unhedged), Global Multi-Asset and Small Cap StocksPLUS® TR Portfolios may be changed by the Board of Trustees without shareholder approval. The investment objectives of each other Portfolio are fundamental and may not be changed without shareholder approval. Unless otherwise stated, all other investment policies of the Portfolios may be changed by the Board of Trustees without shareholder approval.
Percentage Investment Limitations	Unless otherwise stated, all percentage limitations on Portfolio investments listed in this prospectus will apply at the time of investment. A Portfolio would not violate these limitations unless an excess or deficiency occurs or exists immediately after and as a result of an investment. Each of the Emerging Markets Bond, High Yield, Long-Term U.S. Government, Global Bond (Unhedged), Foreign Bond (Unhedged) and Foreign Bond (U.S. Dollar-Hedged) Portfolios has adopted a non-fundamental investment policy to invest at least 80% of its assets in investments suggested by its name. For purposes of this policy, the term “assets” means net assets plus the amount of borrowings for investment purposes.

Credit Ratings and Unrated Securities

Rating agencies are private services that provide ratings of the credit quality of fixed income securities, including convertible securities. Appendix A to this prospectus describes the various ratings assigned to fixed income securities by Moody's, S&P and Fitch. Ratings assigned by a rating agency are not absolute standards of credit quality and do not evaluate market risks. Rating agencies may fail to make timely changes in credit ratings and an issuer's current financial condition may be better or worse than a rating indicates. A Portfolio will not necessarily sell a security when its rating is reduced below its rating at the time of purchase. PIMCO does not rely solely on credit ratings, and develops its own analysis of issuer credit quality.

A Portfolio may purchase unrated securities (which are not rated by a rating agency) if its portfolio manager determines that the security is of comparable quality to a rated security that the Portfolio may purchase. Unrated securities may be less liquid than comparable rated securities and involve the risk that the portfolio manager may not accurately evaluate the security's comparative credit rating. Analysis of the creditworthiness of issuers of high yield securities may be more complex than for issuers of higher-quality fixed income securities. To the extent that a Portfolio invests in high yield and/or unrated securities, the Portfolio's success in achieving its investment objective may depend more heavily on the portfolio manager's creditworthiness analysis than if the Portfolio invested exclusively in higher-quality and rated securities.

Other Investments and Techniques

The Portfolios may invest in other types of securities and use a variety of investment techniques and strategies which are not described in this prospectus. These securities and techniques may subject the Portfolios to additional risks. Please see the Statement of Additional Information for additional information about the securities and investment techniques described in this prospectus and about additional securities and techniques that may be used by the Portfolios.

Descriptions of the Underlying PIMCO Funds

Because the All Asset and All Asset All Authority Portfolios may invest substantially all of their assets in some or all of the Underlying PIMCO Funds and because the Global Multi-Asset Portfolio may invest its assets in some or all of the Underlying PIMCO Funds as discussed above, and the Underlying PIMCO Funds are not offered in this prospectus, the following provides a general description of the main investments and other information about the Underlying PIMCO Funds. At the discretion of PIMCO and without shareholder approval, the All Asset, All Asset All Authority and Global Multi-Asset Portfolios may invest in additional PIMCO Funds created in the future. **For a complete description of an Underlying PIMCO Fund, please see that Fund's Institutional Class prospectus, which is incorporated herein by reference and is available free of charge by telephoning 1-800-927-4648.**

Category	Underlying PIMCO Fund	Main Investments	Duration	Credit Quality ⁽¹⁾	Non-U.S. Dollar Denominated Securities ⁽²⁾
Short Duration Bond Funds	Money Market	Money market instruments	≤ 90 days dollar-weighted average maturity	Min 95% of total assets Prime 1; ≤ 5% of total assets Prime 2	0%
	Floating Income	Variable and floating-rate fixed income instruments and their economic equivalents	≤ 1 year	Caa to Aaa; max 10% of total assets below B	No Limitation
	Short-Term	Money market instruments and short maturity fixed income instruments	≤ 1 year	B to Aaa; max 10% of total assets below Baa	0-10% of total assets
	Low Duration	Short maturity fixed income instruments	1-3 years	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Low Duration II	Short maturity fixed income instruments with quality and non-U.S. issuer restrictions	1-3 years	A to Aaa	0%
	Low Duration III	Short maturity fixed income instruments with prohibitions on firms engaged in socially sensitive practices	1-3 years	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
Intermediate Duration Bond Funds	Moderate Duration	Short and intermediate maturity fixed income securities	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	GNMA	Short and intermediate maturity mortgage-related fixed income securities issued by the Government National Mortgage Association	1-7 years	Baa to Aaa; max 10% of total assets below Aaa	0%
	High Yield	Higher yielding fixed income securities	+/- 2 years of its benchmark	Caa to Aaa; min 80% of assets below Baa subject to max 5% of total assets rated Caa	0-20% of total assets
	Mortgage-Backed Securities	Short and intermediate maturity mortgage-related fixed income instruments	1-7 years	Baa to Aaa; max 10% of total assets below Aaa	0%
	Total Return	Intermediate maturity fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Total Return II	Intermediate maturity fixed income instruments with quality and non-U.S. issuer restrictions	+/- 2 years of its benchmark	Baa to Aaa	0%
	Total Return III	Intermediate maturity fixed income instruments with prohibitions on firms engaged in socially sensitive practices	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Investment Grade Corporate Bond	Corporate fixed income securities	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
Long Duration Bond Funds	Long Duration Total Return	Long-term maturity fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Extended Duration	Long-term maturity fixed income instruments	+/- 3 years of its benchmark	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Long-Term U.S. Government	Long-term maturity fixed income securities	≥ 8 years	A to Aaa	0%

Descriptions of the Underlying PIMCO Funds (continued)

Category	Underlying PIMCO Fund	Main Investments	Duration	Credit Quality ⁽¹⁾	Non-U.S. Dollar Denominated Securities ⁽²⁾
	Long-Term Credit	Long-term maturity fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 20% of total assets below Baa	0-30% of total assets
Income Fund	Income	Broad range of fixed income instruments	2-8 years	Caa to Aaa; max 50% of total assets below Baa	No Limitation
Real Return Strategy Funds	Real Return	Inflation-indexed fixed income instruments	+/- 3 years of its benchmark	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Real Return Asset	Inflation-indexed fixed income securities	+/- 4 years of its benchmark	B to Aaa; max 20% of total assets below Baa	0-30% of total assets
	CommodityReal-Return Strategy®	Commodity-linked derivative instruments backed by a portfolio of inflation-indexed and other fixed income instruments	≤ 10 years	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	RealEstateReal-Return Strategy	Real estate-linked derivative instruments backed by a portfolio of inflation-indexed and other fixed income instruments	≤ 10 years	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
Tax Exempt Bond Funds	California Short Duration Municipal Income	Short to intermediate maturity municipal securities (exempt from federal and California income tax)	≤ 3 years	Caa to Aaa; max 10% of total assets below Baa	0%
	Short Duration Municipal Income	Short to intermediate maturity municipal securities (exempt from federal income tax)	≤ 3 years	Baa to Aaa	0%
	California Intermediate Municipal Bond	Intermediate maturity municipal securities (exempt from federal and California income tax)	3-7 years	B to Aaa; max 10% of total assets below Baa	0%
	Municipal Bond	Intermediate to long-term maturity municipal securities (exempt from federal income tax)	3-10 years	Ba to Aaa; max 10% of total assets below Baa	0%
	New York Municipal Bond	Intermediate to long-term maturity municipal securities (exempt from federal and New York income tax)	3-12 years	B to Aaa; max 10% of total assets below Baa	0%
	High Yield Municipal Bond	Intermediate to long-term maturity high yield municipal securities (exempt from federal income tax)	4-11 years	No Limitation	0%
International Bond Funds	Developing Local Markets	Currencies or fixed income instruments denominated in currencies of non-U.S. countries	≤ 8 years	Max 15% of total assets below B	≥ 80% ⁽³⁾ of assets
	Emerging Markets Bond	Emerging market fixed income instruments	≤ 8 years	Max 15% of total assets below B	≥ 80% ⁽³⁾ of assets
	Foreign Bond (U.S. Dollar-Hedged)	Intermediate maturity hedged non-U.S. fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	≥ 80% ⁽³⁾ of assets
	Foreign Bond (Unhedged)	Intermediate maturity non-U.S. fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	≥ 80% ⁽³⁾ of assets
	Global Advantage Strategy Bond	U.S. and non-U.S. fixed income instruments	≤ 8 years	Max 15% of total assets below B	No Limitation
	Global Bond (U.S. Dollar-Hedged)	U.S. and hedged non-U.S. intermediate maturity fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	25-75% ⁽³⁾ of total assets
	Global Bond (Unhedged)	U.S. and non-U.S. intermediate maturity fixed income instruments	+/- 2 years of its benchmark	B to Aaa; max 10% of total assets below Baa	25-75% ⁽³⁾ of total assets
	Diversified Income	Investment grade corporate, high yield and emerging market fixed income instruments	3-8 years	Max 10% below B	No Limitation
	Emerging Local Bond	Fixed income instruments denominated in currencies of non-U.S. countries	+/- 2 years of its benchmark	Max 15% of total assets below B	≥ 80% ⁽³⁾ of assets
Convertible Fund	Convertible	Convertible securities	N/A	Max 20% of total assets below B	0-30% of total assets
Absolute Return Fund	Unconstrained Bond	Broad range of fixed income instruments	(-3) to 8 years	Max 40% of total assets below Baa	No Limitation
	Unconstrained Tax Managed Bond	Broad range of fixed income instruments	(-3) to 10 years	Max 40% of total assets below Baa	0-50% of total assets

Descriptions of the Underlying PIMCO Funds (continued)

Category	Underlying PIMCO Fund	Main Investments	Duration	Credit Quality ⁽¹⁾	Non-U.S. Dollar Denominated Securities ⁽²⁾
Domestic Equity-Related Funds	Fundamental Advantage Tax Efficient Strategy	Long exposure to Enhanced RAFI™ 1000 hedged by short exposure to the S&P 500 stock index, backed by a portfolio of fixed income instruments, a substantial portion of which is comprised of high yield municipal securities	4-11 years	No Limitation	No Limitation
	Fundamental Advantage Total Return Strategy	Long exposure to Enhanced RAFI™ 1000 hedged by short exposure to the S&P 500 stock index, backed by a portfolio of fixed income instruments	Min. 1 year; max 2 years above the BCAG ⁽⁴⁾	B to Aaa; max 10% of total assets below Baa	No Limitation
	Fundamental IndexPLUS™	Enhanced RAFI 1000 Index derivatives backed by a portfolio of short-term fixed income instruments	≤ 1 year	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Fundamental IndexPLUS™ TR	Enhanced RAFI 1000 Index derivatives backed by a portfolio of fixed income instruments	Min. 1 year; max 2 years above the BCAG ⁽⁴⁾	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	Small Cap StocksPLUS® TR	Russell 2000® Index derivatives backed by a diversified portfolio of fixed income instruments	Min. 1 year; max 2 years above the BCAG ⁽⁴⁾	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	StocksPLUS® Long Duration	S&P 500 Index derivatives backed by a portfolio of actively managed long-term fixed income instruments	+/- 2 years of Barclays Capital Long-Term Government/Credit Index ⁽⁵⁾	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	StocksPLUS® Total Return	S&P 500 Index derivatives backed by a portfolio of fixed income instruments	Min. 1 year; max 2 years above the BCAG ⁽⁴⁾	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	StocksPLUS®	S&P 500 Index derivatives backed by a portfolio of short-term fixed income instruments	≤ 1 year	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
International Equity-Related Funds	StocksPLUS® TR Short Strategy	Short S&P 500 Index derivatives backed by a portfolio of fixed income instruments	Min. 1 year; max 2 years above the BCAG ⁽⁴⁾	B to Aaa; max 10% of total assets below Baa	0-30% of total assets
	EM Fundamental IndexPLUS™ TR Strategy	Enhanced RAFI® Emerging Markets Fundamental Index® derivatives backed by a portfolio of fixed income instruments	Min. 1 year; max 2 years above the BCAG ⁽⁴⁾	B to Aaa; max 10% of total assets below Baa	No Limitation
	International StocksPLUS® TR Strategy (Unhedged)	Non-U.S. equity derivatives backed by a portfolio of fixed income instruments	Min. 1 year; max 2 years above the BCAG ⁽⁴⁾	B to Aaa; max 10% of total assets below Baa	0-30% ⁽⁶⁾ of total assets
	International StocksPLUS® TR Strategy (U.S. Dollar Hedged)	Non-U.S. equity derivatives hedged to U.S. dollars backed by a portfolio of fixed income instruments	Min. 1 year; max 2 years above the BCAG ⁽⁴⁾	B to Aaa; max 10% of total assets below Baa	0-30% ⁽⁶⁾ of total assets

⁽¹⁾ As rated by Moody's, or equivalently rated by S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality.

⁽²⁾ Each Underlying PIMCO Fund (except the California Intermediate Municipal Bond, California Short Duration Municipal Income, High Yield Municipal Bond, Long-Term U.S. Government, Low Duration II, Municipal Bond, New York Municipal Bond, Short Duration Municipal Income and Total Return II Funds) may invest beyond these limits in U.S. dollar-denominated securities of non-U.S. issuers.

⁽³⁾ The percentage limitation relates to securities of non-U.S. issuers denominated in any currency.

⁽⁴⁾ The Barclays Capital U.S. Aggregate Index ("BCAG") 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.

⁽⁵⁾ The Barclays Capital Long-Term Government/Credit Index (formerly named the Lehman Brothers Long-Term Government/Credit Index) is an unmanaged index of U.S. Government or investment grade credit securities having a maturity of 10 years or more.

⁽⁶⁾ Limitation with respect to the Underlying PIMCO Fund's fixed income investments. The Underlying PIMCO Fund may invest without limit in equity securities denominated in non-U.S. currencies.

Financial Highlights

The financial highlights table is intended to help a shareholder understand the Portfolios' financial performance for the last five fiscal years or, if shorter, the period since a Portfolio or class commenced operations. Certain information reflects financial results for a single Portfolio share. The total returns in the table represent the rate that an investor would have earned or lost on an investment in the Administrative Class shares of a Portfolio (assuming reinvestment of all dividends and distributions). No performance information is provided for the All Asset All Authority, Diversified Income and Global Multi-Asset Portfolios as these Portfolios had not commenced operations during the periods shown. The performance does not reflect Variable Contract fees or expenses. This information has been audited by PricewaterhouseCoopers LLP, the Portfolio's independent registered public accounting firm. Their report, along with full financial statements, appears in the Trust's Annual Report, which is available upon request.

All Asset

Selected Per Share Data for the Year Ended:	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 11.72	\$ 11.67	\$ 11.81	\$ 11.62	\$ 10.77
Net investment income (a)	0.54	0.86	0.63	0.83	1.50
Net realized/unrealized gain (loss) on investments	(2.36)	0.09	(0.10)	(0.11)	(0.27)
Total income (loss) from investment operations	(1.82)	0.95	0.53	0.72	1.23
Dividends from net investment income	(0.60)	(0.90)	(0.64)	(0.49)	(0.37)
Distributions from net realized capital gains	(0.03)	0.00	(0.03)	(0.04)	(0.01)
Tax basis return of capital	(0.07)	0.00	0.00	0.00	0.00
Total distributions	(0.70)	(0.90)	(0.67)	(0.53)	(0.38)
Net asset value end of year	\$ 9.20	\$ 11.72	\$ 11.67	\$ 11.81	\$ 11.62
Total return	(15.84)%	8.33%	4.66%	6.23%	11.49%
Net assets end of year (000s)	\$ 168,540	\$ 255,691	\$ 251,076	\$ 251,482	\$ 102,183
Ratio of expenses to average net assets (b)	0.555%(e)	0.555%(e)	0.585%(d)	0.59%(c)	0.57%(c)
Ratio of expenses to average net assets excluding interest expense (b)	0.555%(e)	0.555%(e)	0.585%(d)	0.59%(c)	0.57%(c)
Ratio of net investment income to average net assets	4.92%	7.06%	5.39%	6.98%	13.02%
Portfolio turnover rate	91%	101%	66%	75%	93%

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

(b) Ratio of expenses to average net assets excluding underlying Funds' expenses in which the Portfolio invests.

(c) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 0.60%.

(d) Effective October 1, 2006, the advisory fee was reduced to 0.175%.

(e) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 0.575%.

Financial Highlights (continued)

CommodityRealReturn® Strategy

Selected Per Share Data for the Year or Period Ended:	12/31/2008	12/31/2007	12/31/2006	12/31/2005	06/30/2004-12/31/2004
Administrative Class					
Net asset value beginning of year or period	\$ 13.35	\$ 11.31	\$ 12.25	\$ 10.49	\$ 10.00
Net investment income (a)	0.44	0.47	0.42	0.35	0.07
Net realized/unrealized gain (loss) on investments	(6.08)	2.11	(0.80)	1.64	0.58
Total income (loss) from investment operations	(5.64)	2.58	(0.38)	1.99	0.65
Dividends from net investment income	(0.59)	(0.54)	(0.51)	(0.22)	0.00
Distributions from net realized capital gains	(0.12)	0.00	(0.05)	(0.01)	(0.16)
Total distributions	(0.71)	(0.54)	(0.56)	(0.23)	(0.16)
Net asset value end of year or period	\$ 7.00	\$ 13.35	\$ 11.31	\$ 12.25	\$ 10.49
Total return	(43.79)%	23.24%	(3.10)%	19.08%	6.51%
Net assets end of year or period (000s)	\$ 214,053	\$ 287,125	\$ 180,810	\$ 106,943	\$ 3,358
Ratio of expenses to average net assets	1.06%(e)	0.93%(c)	0.93%	0.89%	0.90%*(b)
Ratio of expenses to average net assets excluding interest expense	0.89%(f)	0.87%(d)	0.93%	0.89%	0.89%*(b)
Ratio of net investment income to average net assets	3.33%	3.90%	3.48%	2.92%	1.36%*
Portfolio turnover rate	1,156%	856%	993%	1,415%	700%

* Annualized

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

(b) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 1.58%.

(c) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 1.00%.

(d) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 0.94%.

(e) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 1.15%.

(f) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 0.98%.

Emerging Markets Bond

Selected Per Share Data for the Year Ended:	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 13.67	\$ 13.96	\$ 13.66	\$ 13.21	\$ 12.97
Net investment income (a)	0.75	0.74	0.70	0.67	0.48
Net realized/unrealized gain (loss) on investments	(2.70)	0.05	0.52	0.71	1.03
Total income (loss) from investment operations	(1.95)	0.79	1.22	1.38	1.51
Dividends from net investment income	(0.83)	(0.80)	(0.73)	(0.68)	(0.51)
Distributions from net realized capital gains	(0.57)	(0.28)	(0.19)	(0.25)	(0.76)
Total distributions	(1.40)	(1.08)	(0.92)	(0.93)	(1.27)
Net asset value end of year	\$ 10.32	\$ 13.67	\$ 13.96	\$ 13.66	\$ 13.21
Total return	(14.57)%	5.80%	9.25%	10.75%	12.11%
Net assets end of year (000s)	\$ 127,501	\$ 196,497	\$ 207,298	\$ 133,142	\$ 64,598
Ratio of expenses to average net assets	1.13%	1.00%	1.00%	1.00%	1.01%
Ratio of expenses to average net assets excluding interest expense	1.00%	1.00%	1.00%	1.00%	1.00%
Ratio of net investment income to average net assets	5.87%	5.33%	5.15%	5.01%	3.70%
Portfolio turnover rate	198%	145%	283%	242%	484%

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

Foreign Bond (Unhedged)

Selected Per Share Data for the Period Ended:

04/30/2008-12/31/2008

Administrative Class

Net asset value beginning of period	\$ 10.00
Net investment income (a)	0.05
Net realized/unrealized gain on investments	0.53
Total income from investment operations	0.58
Dividends from net investment income	(0.05)
Total distributions	(0.05)
Net asset value end of period	\$ 10.53
Total return	5.84%
Net assets end of period (000s)	\$ 5,182
Ratio of expenses to average net assets	0.79%*(b)(c)
Ratio of expenses to average net assets excluding interest expense	0.79%*(b)(c)
Ratio of net investment income to average net assets	0.71%*
Portfolio turnover rate	891%

* Annualized

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

(b) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 1.84%.

(c) If the investment manager hadn't waived Administrative fees, the ratio of expenses to average net assets would have been 0.90%.

Foreign Bond (U.S. Dollar-Hedged)

Selected Per Share Data for the Year Ended:

12/31/2008

12/31/2007

12/31/2006

12/31/2005

12/31/2004

Administrative Class

	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Net asset value beginning of year	\$ 10.12	\$ 10.10	\$ 10.34	\$ 10.15	\$ 10.03
Net investment income (a)	0.35	0.35	0.36	0.28	0.23
Net realized/unrealized gain (loss) on investments	(0.59)	0.01	(0.14)	0.24	0.33
Total income (loss) from investment operations	(0.24)	0.36	0.22	0.52	0.56
Dividends from net investment income	(0.30)	(0.34)	(0.33)	(0.25)	(0.21)
Distributions from net realized capital gains	0.00	0.00	(0.13)	(0.08)	(0.23)
Total distributions	(0.30)	(0.34)	(0.46)	(0.33)	(0.44)
Net asset value end of year	\$ 9.58	\$ 10.12	\$ 10.10	\$ 10.34	\$ 10.15
Total return	(2.40)%	3.62%	2.19%	5.15%	5.56%
Net assets end of year (000s)	\$ 76,215	\$ 68,312	\$ 61,193	\$ 49,640	\$ 38,141
Ratio of expenses to average net assets	0.91%	0.90%	0.90%	0.90%	0.90%
Ratio of expenses to average net assets excluding interest expense	0.90%	0.90%	0.90%	0.90%	0.90%
Ratio of net investment income to average net assets	3.56%	3.49%	3.55%	2.70%	2.26%
Portfolio turnover rate	655%	621%	281%	453%	515%

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

Financial Highlights (continued)

Global Bond (Unhedged)

Selected Per Share Data for the Year:

	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 12.78	\$ 12.06	\$ 11.91	\$ 13.27	\$ 13.03
Net investment income (a)	0.48	0.41	0.42	0.35	0.26
Net realized/unrealized gain (loss) on investments	(0.58)	0.74	0.13	(1.22)	1.08
Total income (loss) from investment operations	(0.10)	1.15	0.55	(0.87)	1.34
Dividends from net investment income	(0.43)	(0.40)	(0.40)	(0.32)	(0.24)
Distributions from net realized capital gains	0.00	(0.03)	0.00	(0.17)	(0.86)
Total distributions	(0.43)	(0.43)	(0.40)	(0.49)	(1.10)
Net asset value end of year	\$ 12.25	\$ 12.78	\$ 12.06	\$ 11.91	\$ 13.27
Total return	(0.85)%	9.73%	4.63%	(6.61)%	10.60%
Net assets end of year (000s)	\$ 293,365	\$ 240,711	\$ 173,894	\$ 94,214	\$ 41,695
Ratio of expenses to average net assets	0.97%	0.90%	0.90%	0.90%	0.90%
Ratio of expenses to average net assets excluding interest expense	0.90%	0.90%	0.90%	0.90%	0.90%
Ratio of net investment income to average net assets	3.72%	3.36%	3.49%	2.82%	2.03%
Portfolio turnover rate	661%	560%	224%	320%	319%

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

High Yield

Selected Per Share Data for the Year Ended:

	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 8.05	\$ 8.34	\$ 8.19	\$ 8.40	\$ 8.19
Net investment income (a)	0.54	0.56	0.56	0.54	0.53
Net realized/unrealized gain (loss) on investments	(2.35)	(0.28)	0.16	(0.21)	0.22
Total income (loss) from investment operations	(1.81)	0.28	0.72	0.33	0.75
Dividends from net investment income	(0.53)	(0.57)	(0.57)	(0.54)	(0.54)
Distributions from net realized capital gains	(0.02)	0.00	0.00	0.00	0.00
Tax basis return of capital	(0.03)	0.00	0.00	0.00	0.00
Total distributions	(0.58)	(0.57)	(0.57)	(0.54)	(0.54)
Net asset value end of year	\$ 5.66	\$ 8.05	\$ 8.34	\$ 8.19	\$ 8.40
Total return	(23.51)%	3.50%	9.08%	4.11%	9.54%
Net assets end of year (000s)	\$ 318,753	\$ 452,291	\$ 516,823	\$ 460,926	\$ 414,062
Ratio of expenses to average net assets	0.75%	0.75%	0.75%	0.75%	0.75%
Ratio of expenses to average net assets excluding interest expense	0.75%	0.75%	0.75%	0.75%	0.75%
Ratio of net investment income to average net assets	7.53%	6.83%	6.90%	6.50%	6.48%
Portfolio turnover rate	313%	131%	81%	109%	97%

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

Long-Term U.S. Government

Selected Per Share Data for the Year Ended:

	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 10.94	\$ 10.43	\$ 11.00	\$ 11.19	\$ 11.01
Net investment income (a)	0.41	0.48	0.46	0.40	0.33
Net realized/unrealized gain (loss) on investments	1.42	0.50	(0.34)	0.12	0.49
Total income from investment operations	1.83	0.98	0.12	0.52	0.82
Dividends from net investment income	(0.41)	(0.47)	(0.46)	(0.40)	(0.34)
Distributions from net realized capital gains	(0.13)	0.00	(0.23)	(0.31)	(0.30)
Total distributions	(0.54)	(0.47)	(0.69)	(0.71)	(0.64)
Net asset value end of year	\$ 12.23	\$ 10.94	\$ 10.43	\$ 11.00	\$ 11.19
Total return	17.29%	9.75%	1.15%	4.75%	7.57%
Net assets end of year (000s)	\$ 141,575	\$ 125,434	\$ 100,762	\$ 89,426	\$ 92,122
Ratio of expenses to average net assets	0.635%	0.625%	0.625%	0.65%(b)	0.66%
Ratio of expenses to average net assets excluding interest expense	0.625%	0.625%	0.625%	0.65%(b)	0.62%
Ratio of net investment income to average net assets	3.73%	4.58%	4.34%	3.52%	2.93%
Portfolio turnover rate	338%	188%	785%	533%	237%

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

(b) Effective October 31, 2005, the advisory fee was reduced to 0.225

Low Duration

Selected Per Share Data for the Year Ended:

	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 10.30	\$ 10.06	\$ 10.09	\$ 10.30	\$ 10.27
Net investment income (a)	0.41	0.48	0.43	0.29	0.13
Net realized/unrealized gain (loss) on investments	(0.46)	0.24	(0.04)	(0.18)	0.06
Total income (loss) from investment operations	(0.05)	0.72	0.39	0.11	0.19
Dividends from net investment income	(0.41)	(0.48)	(0.42)	(0.29)	(0.13)
Distributions from net realized capital gains	(0.16)	0.00	0.00	(0.03)	(0.03)
Total distributions	(0.57)	(0.48)	(0.42)	(0.32)	(0.16)
Net asset value end of year	\$ 9.68	\$ 10.30	\$ 10.06	\$ 10.09	\$ 10.30
Total return	(0.42)%	7.36%	3.97%	1.01%	1.85%
Net assets end of year (000s)	\$ 1,143,209	\$ 1,412,835	\$ 764,846	\$ 458,677	\$ 281,711
Ratio of expenses to average net assets	0.70%	0.65%	0.65%	0.65%	0.65%
Ratio of expenses to average net assets excluding interest expense	0.65%	0.65%	0.65%	0.65%	0.65%
Ratio of net investment income to average net assets	4.00%	4.72%	4.24%	2.83%	1.24%
Portfolio turnover rate	293%	72%	200%	184%	483%

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

Financial Highlights (continued)

Money Market

Selected Per Share Data for the Year Ended:	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Net investment income (a)	0.02	0.05	0.05	0.03	0.01
Dividends from net investment income	(0.02)	(0.05)	(0.05)	(0.03)	(0.01)
Net asset value end of year	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
Total return	2.24%	4.86%	4.61%	2.77%	0.89%
Net assets end of year (000s)	\$ 58,511	\$ 167,465	\$ 66,240	\$ 43,434	\$ 32,184
Ratio of expenses to average net assets	0.48%	0.49%(b)	0.50%	0.50%	0.50%
Ratio of expenses to average net assets excluding interest expense	0.48%	0.49%(b)	0.50%	0.50%	0.50%
Ratio of net investment income to average net assets	2.58%	4.76%	4.61%	2.81%	0.91%

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

(b) Effective October 1, 2007, the advisory fee was reduced to 0.12%.

Real Return

Selected Per Share Data for the Year Ended:	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 12.57	\$ 11.93	\$ 12.69	\$ 12.92	\$ 12.36
Net investment income (a)	0.45	0.56	0.53	0.36	0.13
Net realized/unrealized gain (loss) on investments	(1.30)	0.67	(0.43)	(0.09)	0.97
Total income (loss) from investment operations	(0.85)	1.23	0.10	0.27	1.10
Dividends from net investment income	(0.44)	(0.56)	(0.53)	(0.36)	(0.13)
Distributions from net realized capital gains	(0.02)	(0.03)	(0.33)	(0.14)	(0.41)
Total distributions	(0.46)	(0.59)	(0.86)	(0.50)	(0.54)
Net asset value end of year	\$ 11.26	\$ 12.57	\$ 11.93	\$ 12.69	\$ 12.92
Total return	(7.03)%	10.63%	0.71%	2.09%	8.92%
Net assets end of year (000s)	\$ 1,187,217	\$ 1,082,777	\$ 1,033,666	\$ 1,012,042	\$ 636,565
Ratio of expenses to average net assets	0.71%	0.65%	0.65%	0.66%	0.65%
Ratio of expenses to average net assets excluding interest expense	0.65%	0.65%	0.65%	0.65%	0.65%
Ratio of net investment income to average net assets	3.62%	4.69%	4.22%	2.79%	1.03%
Portfolio turnover rate	1,014%	901%	963%	1,102%	1,064%

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

Short-Term

Selected Per Share Data for the Year Ended:

	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 10.01	\$ 10.04	\$ 10.05	\$ 10.08	\$ 10.10
Net investment income (a)	0.36	0.47	0.44	0.28	0.12
Net realized/unrealized gain (loss) on investments	(0.39)	(0.03)	(0.02)	(0.03)	0.01
Total income (loss) from investment operations	(0.03)	0.44	0.42	0.25	0.13
Dividends from net investment income	(0.36)	(0.47)	(0.43)	(0.28)	(0.13)
Distributions from net realized capital gains	0.00	0.00	0.00	0.00	(0.02)
Total distributions	(0.36)	(0.47)	(0.43)	(0.28)	(0.15)
Net asset value end of year	\$ 9.62	\$ 10.01	\$ 10.04	\$ 10.05	\$ 10.08
Total return	(0.31)%	4.49%	4.27%	2.52%	1.30%
Net assets end of year (000s)	\$ 12,385	\$ 12,991	\$ 9,211	\$ 8,186	\$ 8,274
Ratio of expenses to average net assets	0.60%	0.60%	0.60%	0.60%	0.60%
Ratio of expenses to average net assets excluding interest expense	0.60%	0.60%	0.60%	0.60%	0.60%
Ratio of net investment income to average net assets	3.65%	4.73%	4.40%	2.77%	1.18%
Portfolio turnover rate	191%	160%	111%	154%	251%

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

Small Cap StocksPLUS® TR Portfolio

Selected Per Share Data for the Year or Period Ended:

	12/31/2008	01/31/2007-12/31/2007
Administrative Class		
Net asset value beginning of year or period	\$ 9.93	\$ 10.00
Net investment income (a)	0.34	0.41
Net realized/unrealized (loss) on investments	(3.54)	(0.24)
Total income (loss) from investment operations	(3.20)	0.17
Dividends from net investment income	(0.36)	(0.24)
Distributions from net realized capital gains	(0.29)	0.00
Total distributions	(0.65)	(0.24)
Net asset value end of year or period	\$ 6.08	\$ 9.93
Total return	(32.35)%	1.64%
Net assets end of year or period (000s)	\$ 2,033	\$ 3,011
Ratio of expenses to average net assets	2.16%	1.07%*(b)(c)
Ratio of expenses to average net assets excluding interest expense	0.84%	0.88%*(b)(d)
Ratio of net investment income to average net assets	4.00%	4.40%*
Portfolio turnover rate	271%	462%

* Annualized

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

(b) Effective October 1, 2007, the advisory fee was reduced to 0.44%.

(c) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 3.40%.

(d) If the investment manager had not reimbursed expenses, the ratio of expenses to average net assets would have been 3.21%.

Financial Highlights (continued)

Total Return

Selected Per Share Data for the Year Ended:

	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Administrative Class					
Net asset value beginning of year	\$ 10.49	\$ 10.12	\$ 10.24	\$ 10.51	\$ 10.36
Net investment income (a)	0.46	0.49	0.44	0.35	0.19
Net realized/unrealized gain (loss) on investments	0.03	0.37	(0.06)	(0.09)	0.31
Total income from investment operations	0.49	0.86	0.38	0.26	0.50
Dividends from net investment income	(0.47)	(0.49)	(0.45)	(0.36)	(0.20)
Distributions from net realized capital gains	(0.20)	0.00	(0.05)	(0.17)	(0.15)
Total distributions	(0.67)	(0.49)	(0.50)	(0.53)	(0.35)
Net asset value end of year	\$ 10.31	\$ 10.49	\$ 10.12	\$ 10.24	\$ 10.51
Total return	4.79%	8.74%	3.84%	2.45%	4.89%
Net assets end of year (000s)	\$ 4,057,408	\$ 3,893,715	\$ 3,114,697	\$ 2,704,383	\$ 2,352,679
Ratio of expenses to average net assets	0.88%	0.83%	0.67%	0.65%	0.65%
Ratio of expenses to average net assets excluding interest expense	0.65%	0.65%	0.65%	0.65%	0.65%
Ratio of net investment income to average net assets	4.38%	4.78%	4.36%	3.38%	1.79%
Portfolio turnover rate	355%	298%	303%	344%	373%

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

Appendix A— Description of Securities Ratings

Each Portfolio's investments may range in quality from securities rated in the lowest category in which the Portfolio is permitted to invest to securities rated in the highest category (as rated by Moody's, S&P or Fitch, or, if unrated, determined by PIMCO to be of comparable quality). The percentage of a Portfolio's assets invested in securities in a particular rating category will vary. The following terms are generally used to describe the credit quality of fixed income securities:

High Quality Debt Securities are those rated in one of the two highest rating categories (the highest category for commercial paper) or, if unrated, deemed comparable by PIMCO.

Investment Grade Debt Securities are those rated in one of the four highest rating categories, or if unrated deemed comparable by PIMCO.

Below Investment Grade High Yield Securities ("Junk Bonds") are those rated lower than Baa by Moody's, BBB by S&P or Fitch, and comparable securities. They are deemed predominantly speculative with respect to the issuer's ability to repay principal and interest.

The following is a description of Moody's, S&P's and Fitch's rating categories applicable to fixed income securities.

Moody's Investors Service, Inc.

Long-Term Obligation Ratings

Moody's long-term obligation ratings are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honored as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

Aaa: Obligations rated Aaa are judged to be of the highest quality, with minimal credit risk.

Aa: Obligations rated Aa are judged to be of high quality and are subject to very low credit risk.

A: Obligations rated A are considered upper-medium grade and are subject to low credit risk.

Baa: Obligations rated Baa are subject to moderate credit risk. They are considered medium-grade and as such may possess certain speculative characteristics.

Ba: Obligations rated Ba are judged to have speculative elements and are subject to substantial credit risk.

B: Obligations rated B are considered speculative and are subject to high credit risk.

Caa: Obligations rated Caa are judged to be of poor standing and are subject to very high credit risk.

Ca: Obligations rated Ca are highly speculative and are likely in, or very near, default, with some prospect of recovery of principal and interest.

C: Obligations rated C are the lowest rated class of bonds and are typically in default, with little prospect for recovery of principal or interest.

Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category.

Short-Term Ratings

Moody's short-term ratings are opinions of the ability of issuers to honor short-term financial obligations. Ratings may be assigned to issuers, short-term programs or to individual short-term debt instruments. Such obligations generally have an original maturity not exceeding thirteen months, unless explicitly noted.

Moody's employs the following designations to indicate the relative repayment ability of rated issuers:

P-1: Issuers (or supporting institutions) rated Prime-1 have a superior ability to repay short-term debt obligations.

P-2: Issuers (or supporting institutions) rated Prime-2 have a strong ability to repay short-term debt obligations.

P-3: Issuers (or supporting institutions) rated Prime-3 have an acceptable ability to repay short-term obligations.

NP: Issuers (or supporting institutions) rated Not Prime do not fall within any of the Prime rating categories.

US Municipal Short-Term Debt and Demand Obligation Ratings

Short-Term Obligation Ratings

There are three rating categories for short-term municipal obligations that are considered investment grade. These ratings are designated as Municipal Investment Grade (MIG) and are divided into three levels—MIG 1 through MIG 3. In addition, those short-term obligations that are of speculative quality are designated SG, or speculative grade. MIG ratings expire at the maturity of the obligation.

MIG 1: This designation denotes superior credit quality. Excellent protection is afforded by established cash flows, highly reliable liquidity support, or demonstrated broad-based access to the market for refinancing.

MIG 2: This designation denotes strong credit quality. Margins of protection are ample, although not as large as in the preceding group.

MIG 3: This designation denotes acceptable credit quality. Liquidity and cash-flow protection may be narrow, and market access for refinancing is likely to be less well-established.

SG: This designation denotes speculative-grade credit quality. Debt instruments in this category may lack sufficient margins of protection.

Demand Obligation Ratings

In the case of variable rate demand obligations (VRDOs), a two-component rating is assigned; a long or short-term debt rating and a demand obligation rating. The first element represents Moody's evaluation of the degree of risk associated with scheduled principal and interest payments. The second element represents Moody's evaluation of the degree of risk associated with the ability to receive purchase price upon demand ("demand feature"), using a variation of the MIG rating scale, the Variable Municipal Investment Grade or VMIG rating. When either the long- or short-term aspect of a VRDO is not rated, that piece is designated NR, e.g., Aaa/NR or NR/VMIG 1. VMIG rating expirations are a function of each issue's specific structural or credit features.

VMIG rating expirations are a function of each issue's specific structural or credit features.

VMIG 1: This designation denotes superior credit quality. Excellent protection is afforded by the superior short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 2: This designation denotes strong credit quality. Good protection is afforded by the strong short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

VMIG 3: This designation denotes acceptable credit quality. Adequate protection is afforded by the satisfactory short-term credit strength of the liquidity provider and structural and legal protections that ensure the timely payment of purchase price upon demand.

SG: This designation denotes speculative-grade credit quality. Demand features rated in this category may be supported by a liquidity provider that does not have an investment grade short-term rating or may lack the structural and/or legal protections necessary to ensure the timely payment of purchase price upon demand.

Standard & Poor's Ratings Services

Long-Term Issue Credit Ratings

Issue credit ratings are based, in varying degrees, on the following considerations:

- Likelihood of payment—capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation;
- Nature of and provisions of the obligation;
- Protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights.

Issue ratings are an assessment of default risk, but may incorporate an assessment of relative seniority or ultimate recovery in the event of default. Junior obligations are typically rated lower than senior obligations, to reflect the lower priority in bankruptcy, as noted above. (Such differentiation may apply when an entity has both senior and subordinated obligations, secured and unsecured obligations, or operating company and holding company obligations.)

Investment Grade

AAA: An obligation rated 'AAA' has the highest rating assigned by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is extremely strong.

AA: An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A: An obligation rated 'A' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

BBB: An obligation rated 'BBB' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Speculative Grade

Obligations rated 'BB', 'B', 'CCC', 'CC', and 'C' are regarded as having significant speculative characteristics. 'BB' indicates the least degree of speculation and 'C' the highest. While such obligations will likely have some quality and protective characteristics, these may be outweighed by large uncertainties or major exposures to adverse conditions.

BB: An obligation rated 'BB' is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B: An obligation rated 'B' is more vulnerable to nonpayment than obligations rated 'BB', but the obligor currently has the capacity to meet its financial commitment on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitment on the obligation.

CCC: An obligation rated 'CCC' is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. In the event of adverse business, financial, or economic conditions, the obligor is not likely to have the capacity to meet its financial commitment on the obligation.

CC: An obligation rated 'CC' is currently highly vulnerable to nonpayment.

C: A 'C' rating is assigned to obligations that are currently highly vulnerable to nonpayment, obligations that have payment arrearages allowed by the terms of the documents, or obligations of an issuer that is the subject of a bankruptcy petition or similar action which have not experienced a payment default. Among other, the 'C' rating may be assigned to subordinated debt, preferred stock or other obligations on which cash payments have been suspended in accordance with the instrument's terms.

D: An obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

Plus (+) or minus (-): The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

NR: This indicates that no rating has been requested, that there is insufficient information on which to base a rating, or that Standard & Poor's does not rate a particular obligation as a matter of policy.

Short-Term Issue Credit Ratings

A-1: A short-term obligation rated 'A-1' is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong. Within this category, certain obligations are designated with a plus sign (+). This indicates that the obligor's capacity to meet its financial commitment on these obligations is extremely strong.

A-2: A short-term obligation rated 'A-2' is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rating categories. However, the obligor's capacity to meet its financial commitment on the obligation is satisfactory.

A-3: A short-term obligation rated 'A-3' exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

B: A short-term obligation rated 'B' is regarded as having significant speculative characteristics. Ratings of 'B-1', 'B-2', and 'B-3' may be assigned to indicate finer distinctions within the 'B' category. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it faces major ongoing uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

B-1: A short-term obligation rated 'B-1' is regarded as having significant speculative characteristics, but the obligor has a relatively stronger capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-2: A short-term obligation rated 'B-2' is regarded as having significant speculative characteristics, and the obligor has an average speculative-grade capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

B-3: A short-term obligation rated 'B-3' is regarded as having significant speculative characteristics, and the obligor has a relatively weaker capacity to meet its financial commitments over the short-term compared to other speculative-grade obligors.

C: A short-term obligation rated 'C' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.

D: A short-term obligation rated 'D' is in payment default. The 'D' rating category is used when payments on an obligation are not made on the date due even if the applicable grace period has not expired, unless Standard & Poor's believes that such payments will be made during such grace period. The 'D' rating also will be used upon the filing of a bankruptcy petition or the taking of a similar action if payments on an obligation are jeopardized.

Dual Ratings: Standard & Poor's assigns "dual" ratings to all debt issues that have a put option or demand feature as part of their structure. The first rating addresses the likelihood of repayment of principal and interest as due, and the second rating addresses only the demand feature. The long-term rating symbols are used for bonds to denote the long-term maturity and the short-term rating symbols for the put option (for example, 'AAA/A-1+'). With U.S. municipal short-term demand debt, note rating symbols are used with the short-term issue credit rating symbols (for example, 'SP-1+/A-1+').

Active Qualifiers (currently applied and/or outstanding)

i: This subscript is used for issues in which the credit factors, terms, or both, that determine the likelihood of receipt of payment of interest are different from the credit factors, terms or both that determine the likelihood of receipt of principal on the obligation. The 'i' subscript indicates that the rating addresses the interest portion of the obligation only. The 'i' subscript will always be used in conjunction with the 'p' subscript, which addresses likelihood of receipt of principal. For example, a rated obligation could be assigned ratings of "AAA_p NR_i" indicating that the principal portion is rated "AAA" and the interest portion of the obligation is not rated.

L: Ratings qualified with 'L' apply only to amounts invested up to federal deposit insurance limits.

P: This subscript is used for issues in which the credit factors, the terms, or both, that determine the likelihood of receipt of payment of principal are different from the credit factors, terms or both that determine the likelihood of receipt of interest on the obligation. The 'p' subscript indicates that the rating addresses the principal portion of the obligation only. The 'p' subscript will always be used in conjunction with the 'i' subscript, which addresses likelihood of receipt of interest. For example, a rated obligation could be assigned ratings of "AAA_p NR_i" indicating that the principal portion is rated "AAA" and the interest portion of the obligation is not rated.

pi: Ratings with a 'pi' subscript are based on an analysis of an issuer's published financial information, as well as additional information in the public domain. They do not, however, reflect in-depth meetings with an issuer's management and are therefore based on less comprehensive information than ratings without a 'pi' subscript. Ratings with a 'pi' subscript are reviewed annually based on a new year's financial statements, but may be reviewed on an interim basis if a major event occurs that may affect the issuer's credit quality.

pr: The letters 'pr' indicate that the rating is provisional. A provisional rating assumes the successful completion of the project financed by the debt being rated and indicates that payment of debt service requirements is largely or entirely dependent upon the successful, timely completion of the project. This rating, however, while addressing credit quality subsequent to completion of the project, makes no comment on the likelihood of or the risk of default upon failure of such completion. The investor should exercise his own judgment with respect to such likelihood and risk.

Preliminary: Preliminary ratings are assigned to issues, including financial programs, in the following circumstances.

- Preliminary ratings may be assigned to obligations, most commonly structured and project finance issues, pending receipt of final documentation and legal opinions. Assignment of a final rating is conditional on

the receipt and approval by Standard & Poor's of appropriate documentation. Changes in the information provided to Standard & Poor's could result in the assignment of a different rating. In addition, Standard & Poor's reserves the right not to issue a final rating.

- Preliminary ratings are assigned to Rule 415 Shelf Registrations. As specific issues, with defined terms, are offered from the master registration, a final rating may be assigned to them in accordance with Standard & Poor's policies. The final rating may differ from the preliminary rating.

t: This symbol indicates termination structures that are designed to honor their contracts to full maturity or, should certain events occur, to terminate and cash settle all their contracts before their final maturity date.

Unsolicited: Unsolicited ratings are those credit ratings assigned at the initiative of Standard & Poor's and not at the request of the issuer or its agents.

Inactive Qualifiers (no longer applied or outstanding)

*: This symbol indicated continuance of the ratings is contingent upon Standard & Poor's receipt of an executed copy of the escrow agreement or closing documentation confirming investments and cash flows. Discontinued use in August 1998.

c: This qualifier was used to provide additional information to investors that the bank may terminate its obligation to purchase tendered bonds if the long-term credit rating of the issuer is below an investment-grade level and/or the issuer's bonds are deemed taxable. Discontinued use in January 2001.

q: A 'q' subscript indicates that the rating is based solely on quantitative analysis of publicly available information. Discontinued use in April 2001.

r: The 'r' modifier was assigned to securities containing extraordinary risks, particularly market risks, that are not covered in the credit rating. The absence of an 'r' modifier should not be taken as an indication that an obligation will not exhibit extraordinary non-credit related risks. Standard & Poor's discontinued the use of the 'r' modifier for most obligations in June 2000 and for the balance of obligations (mainly structured finance transactions) in November 2002.

Local Currency and Foreign Currency Risks: Country risk considerations are a standard part of Standard & Poor's analysis for credit ratings on any issuer or issue. Currency of repayment is a key factor in this analysis. An obligor's capacity to repay foreign currency obligations may be lower than its capacity to repay obligations in its local currency due to the sovereign government's own relatively lower capacity to repay external versus domestic debt. These sovereign risk considerations are incorporated in the debt ratings assigned to specific issues. Foreign currency issuer ratings are also distinguished from local currency issuer ratings to identify those instances where sovereign risks make them different for the same issuer.

Fitch, Inc.

**Long-Term Credit Ratings
Investment Grade**

AAA: Highest credit quality. 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

AA: Very high credit quality. "AA" ratings denote expectations of very low credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

A: High credit quality. "A" ratings denote low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

BBB: Good credit quality. “BBB” ratings indicate that expectations of credit risk are currently low. The capacity for payment of financial commitments is considered adequate, but adverse business or economic conditions are more likely to impair this capacity.

Speculative Grade

BB: Speculative. ‘BB’ ratings indicate an elevated vulnerability to credit risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial alternatives may be available to allow financial commitments to be met.

B: Highly speculative. ‘B’ ratings indicate that material credit risk is present.

CCC: Substantial credit risk. ‘CCC’ ratings indicate that substantial credit risk is present.

CC: Very high levels of credit risk. ‘CC’ ratings indicate very high levels of credit risk.

C: Exceptionally high levels of credit risk. ‘C’ indicates exceptionally high levels of credit risk.

Defaulted obligations typically are not assigned ‘D’ ratings, but are instead rated in the ‘B’ to ‘C’ rating categories, depending upon their recovery prospects and other relevant characteristics. This approach better aligns obligations that have comparable overall expected loss but varying vulnerability to default and loss.

Recovery Ratings

Recovery Ratings are assigned to selected individual securities and obligations. These currently are published for most individual obligations of corporate issuers with IDRs in the ‘B’ rating category and below, and for selected structured finance obligations in low speculative grade.

Among the factors that affect recovery rates for securities are the collateral, the seniority relative to other obligations in the capital structure (where appropriate), and the expected value of the company or underlying collateral in distress.

The Recovery Rating scale is based upon the expected relative recovery characteristics of an obligation upon the curing of a default, emergence from insolvency or following the liquidation or termination of the obligor or its associated collateral. For structured finance, Recovery Ratings are designed to estimate recoveries on a forward-looking basis while taking into account the time value of money.

Recovery Ratings are an ordinal scale and do not attempt to precisely predict a given level of recovery. As a guideline in developing the rating assessments, the agency employs broad theoretical recovery bands in its ratings approach based on historical averages, but actual recoveries for a given security may deviate materially from historical averages.

RR1: *Outstanding recovery prospects given default.* ‘RR1’ rated securities have characteristics consistent with securities historically recovering 91%-100% of current principal and related interest.

RR2: *Superior recovery prospects given default.* ‘RR2’ rated securities have characteristics consistent with securities historically recovering 71%-90% of current principal and related interest.

RR3: *Good recovery prospects given default.* ‘RR3’ rated securities have characteristics consistent with securities historically recovering 51%-70% of current principal and related interest.

RR4: *Average recovery prospects given default.* ‘RR4’ rated securities have characteristics consistent with securities historically recovering 31%-50% of current principal and related interest.

RR5: *Below average recovery prospects given default.* ‘RR5’ rated securities have characteristics consistent with securities historically recovering 11%-30% of current principal and related interest.

RR6: *Poor recovery prospects given default.* ‘RR6’ rated securities have characteristics consistent with securities historically recovering 0%-10% of current principal and related interest.

Short-Term Credit Ratings

A short-term issuer or obligation rating is based in all cases on the short-term vulnerability to default of the rated entity or security stream, and relates to the capacity to meet financial obligations in accordance with the documentation governing the relevant obligation. Short-Term Ratings are assigned to obligations whose initial maturity is viewed as “short term” based on market convention. Typically, this means up to 13 months for corporate, structured and sovereign obligations, and up to 36 months for obligations in US public finance markets.

F1: Highest short-term credit quality. Indicates the strongest intrinsic capacity for timely payment of financial commitments; may have an added “+” to denote any exceptionally strong credit feature.

F2: Good short-term credit quality. Good intrinsic capacity for timely payment of financial commitments.

F3: Fair short-term credit quality. The intrinsic capacity for timely payment of financial commitments is adequate.

B: Speculative short-term credit quality. Minimal capacity for timely payment of financial commitments, plus heightened vulnerability to near term adverse changes in financial and economic conditions.

C: High short-term default risk. Default is a real possibility.

RD: Restricted default. Indicates an entity that has defaulted on one or more of its financial commitments, although it continues to meet other financial obligations. Applicable to entity ratings only.

D: Default. Indicates a broad-based default event for an entity, or the default of a specific short-term obligation.

INVESTMENT ADVISER AND ADMINISTRATOR

PIMCO, 840 Newport Center Drive, Newport Beach, CA 92660

DISTRIBUTOR

Allianz Global Investors Distributors LLC, 1345 Avenue of the Americas,
New York, NY 10105-4800

CUSTODIAN

State Street Bank & Trust Co., 801 Pennsylvania, Kansas City, MO 64105

TRANSFER AGENT

Boston Financial Data Services-Midwest, 330 W. 9th Street, Kansas City, MO 64105

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP, 1100 Walnut Street, Suite 1300, Kansas City, MO 64106-2197

LEGAL COUNSEL

Dechert LLP, 1775 I Street N.W., Washington, D.C. 20006

The Trust's Statement of Additional Information ("SAI") and annual and semi-annual reports to shareholders include additional information about the Portfolios. The SAI and the financial statements included in the Portfolios' most recent annual report to shareholders are incorporated by reference into this prospectus, which means they are part of this prospectus for legal purposes. The Portfolios' annual report discusses the market conditions and investment strategies that significantly affected each Portfolio's performance during its last fiscal year.

You may get free copies of any of these materials, request other information about a Portfolio, or make shareholder inquiries by calling the Trust at **1-800-927-4648** or by writing to:

PIMCO Variable Insurance Trust
840 Newport Center Drive
Newport Beach, CA 92660

You may review and copy information about the Trust, including its SAI, at the Securities and Exchange Commission's public reference room in Washington, D.C. You may call the Commission at **1-202-551-8090** for information about the operation of the public reference room. You may also access reports and other information about the Trust on the EDGAR database on the Commission's Web site at **www.sec.gov**. You may get copies of this information, with payment of a duplication fee, by writing the Public Reference Section of the Commission, 100 F Street, N.E. Washington, D.C. 20549-0102, or by e-mailing your request to **publicinfo@sec.gov**. You can also visit our Web site at **www.pimco.com** for additional information about the Portfolios, including the SAI and the annual and semi-annual reports which are available for download free of charge.

Reference the Trust's Investment Company Act file number in your correspondence.

Investment Company Act file number: 811-08399

P I M C O
F U N D S