



P I M C O

PIMCO VARIABLE INSURANCE TRUST  
**Annual Report**

December 31, 2018

PIMCO CommodityRealReturn® Strategy Portfolio



Beginning on January 1, 2021, as permitted by regulations adopted by the Securities and Exchange Commission, you may not be receiving paper copies of the Portfolio's shareholder reports from the insurance company that offers your contract unless you specifically request paper copies from the insurance company or from your financial intermediary. Instead, the shareholder reports will be made available on a website, and the insurance company will notify you by mail each time a report is posted and provide you with a website link to access the report. Instructions for requesting paper copies will be provided by your insurance company.

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

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



## Table of Contents

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	Page
Chairman’s Letter	2
Important Information About the PIMCO CommodityRealReturn® Strategy Portfolio	4
Portfolio Summary	6
Expense Example	7
Financial Highlights (Consolidated)	8
Consolidated Statement of Assets and Liabilities	10
Consolidated Statement of Operations	11
Consolidated Statements of Changes in Net Assets	12
Consolidated Statement of Cash Flows	13
Consolidated Schedule of Investments	14
Notes to Financial Statements	33
Report of Independent Registered Public Accounting Firm	54
Glossary	55
Federal Income Tax Information	56
Management of the Trust	57
Privacy Policy	59
Approval of Investment Advisory Contract and Other Agreements	60

### Dear PIMCO Variable Insurance Trust Shareholder,

Following this letter is the PIMCO Variable Insurance Trust Annual Report, which covers the 12-month reporting period ended December 31, 2018. On the subsequent pages you will find specific details regarding investment results and discussion of the factors that most affected performance during the reporting period.

### For the 12-month reporting period ended December 31, 2018

The U.S. economy continued to expand during the reporting period. Looking back, U.S. gross domestic product ("GDP") grew at an annual pace of 2.2% during the first quarter of 2018. During the second quarter of 2018, GDP growth rose to an annual pace of 4.2%, the strongest since the third quarter of 2014. GDP then expanded at an annual pace of 3.4% during the third quarter of the year. Finally, the Commerce Department's initial reading for fourth-quarter 2018 GDP has been delayed due to the partial government shutdown.

The Federal Reserve (the "Fed") continued to normalize monetary policy during the reporting period. During its meetings that concluded in March, June, September and December 2018, the Fed raised the federal funds rate in 0.25% increments. The Fed's December rate hike pushed the federal funds rate to a range between 2.25% and 2.50%. In addition, the Fed continued to reduce its balance sheet during the reporting period.

Economic activity outside the U.S. initially accelerated during the reporting period, but moderated as it progressed. Against this backdrop, the European Central Bank (the "ECB") and the Bank of Japan largely maintained their highly accommodative monetary policies, while other central banks took a more hawkish stance. The Bank of England raised rates at its meeting in August 2018 and the Bank of Canada raised rates twice during the reporting period. Meanwhile, the ECB ended its quantitative easing program in December 2018, but indicated that it does not expect to raise interest rates "at least through the summer of 2019."

The U.S. Treasury yield curve flattened during the reporting period as short-term rates moved up more than longer-term rates. In our view, the increase in rates at the short end of the yield curve was mostly due to Fed interest rate increases. The yield on the benchmark 10-year U.S. Treasury note was 2.69% at the end of the reporting period, up from 2.40% on December 31, 2017. U.S. Treasuries, as measured by the Bloomberg Barclays U.S. Treasury Index, returned 0.86% over the 12 months ended December 31, 2018. Meanwhile, the Bloomberg Barclays U.S. Aggregate Bond Index, a widely used index of U.S. investment grade bonds, returned 0.01% over the period. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, generated weak results versus the broad U.S. market. The ICE BofAML U.S. High Yield Index returned -2.27% over the reporting period, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global, returned -4.61% over the reporting period. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned -6.21% over the period.

Global equities produced poor results during the reporting period. U.S. equities moved sharply higher over the first nine months of the period. We believe this rally was driven by a number of factors, including corporate profits that often exceeded expectations. However, U.S. equities fell sharply during the fourth quarter of 2018. We believe this was triggered by a number of factors, including signs of moderating global growth, concerns over future Fed rate hikes, the ongoing trade dispute between the U.S. and China and the partial U.S. government shutdown. All told, U.S. equities, as represented by the S&P 500 Index, returned -4.38% during the reporting period. Elsewhere, emerging market equities, as measured by the MSCI Emerging Markets Index, returned -14.58% during the reporting period, whereas global equities, as represented by the MSCI World Index, returned -8.71%. Elsewhere, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned -10.39% during the reporting period and European equities, as represented by the MSCI Europe Index (in EUR), returned -10.57%.

Commodity prices fluctuated and generally declined during the reporting period. When the reporting period began, West Texas crude oil was approximately \$65 a barrel, but by the end it was roughly \$45 a barrel. This was driven in

part by increased supply and declining global demand. Elsewhere, gold and copper prices also moved lower during the reporting period.

Finally, during the reporting period the foreign exchange markets experienced periods of volatility, due in part to signs of decoupling economic growth and central bank policies, along with a number of geopolitical events. The U.S. dollar produced mixed results against other major currencies during the reporting period. For example, the U.S. dollar appreciated 4.71% and 5.90% versus the euro and the British pound, respectively, whereas the U.S. dollar depreciated 2.66% versus the yen during the reporting period.

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



Sincerely,

*Brent R. Harris*

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

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

## Important Information About the PIMCO CommodityRealReturn® Strategy Portfolio

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PIMCO Variable Insurance Trust (the “Trust”) is an open-end management investment company that includes the PIMCO CommodityRealReturn® Strategy Portfolio (the “Portfolio”). The Portfolio is only available as a funding vehicle under variable life insurance policies or variable annuity contracts issued by insurance companies (“Variable Contracts”). Individuals may not purchase shares of the Portfolio directly. Shares of the Portfolio also may be sold to qualified pension and retirement plans outside of the separate account context.

We believe that bond funds have an important role to play in a well-diversified investment portfolio. It is important to note, however, that in an environment where interest rates may trend upward, rising rates would negatively impact the performance of most bond funds, and fixed income securities and other instruments held by the Portfolio are likely to decrease in value. A wide variety of factors can cause interest rates to rise (e.g., central bank monetary policies, inflation rates, general economic conditions, etc.). In addition, changes in interest rates can be sudden and unpredictable, and there is no guarantee that management will anticipate such movement accurately. The Portfolio may lose money as a result of movements in interest rates.

As of the date of this report, interest rates in the U.S. and many parts of the world, including certain European countries, are at or near historically low levels. Thus, the Portfolio currently faces a heightened level of interest rate risk, especially since the Fed has ended its quantitative easing program and has begun, and may continue, to raise interest rates. To the extent the Fed continues to raise interest rates, there is a risk that rates across the financial system may rise. Further, while bond markets have steadily grown over the past three decades, dealer inventories of corporate bonds are near historic lows in relation to market size. As a result, there has been a significant reduction in the ability of dealers to “make markets.”

Bond funds and individual bonds with a longer duration (a measure used to determine the sensitivity of a security’s price to changes in interest rates) tend to be more sensitive to changes in interest rates, usually making them more volatile than securities or funds with shorter durations. All of the factors mentioned above, individually or collectively, could lead to increased volatility and/or lower liquidity in the fixed income markets or negatively impact the Portfolio’s performance or cause the Portfolio to incur losses. As a result, the Portfolio may experience increased shareholder redemptions which, among other things, could further reduce the net assets of the Portfolio.

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

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

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

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

The Portfolio 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. (the “Subsidiary”), a wholly-owned subsidiary (as discussed below). The Portfolio 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 or commodity 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 notes. The value of these notes will rise or fall in response to changes in the underlying commodity or related index of investments. These notes expose the Portfolio economically to movements in commodity prices. The Portfolio is intended for long-term investors and an investment in the Portfolio should be no more than a small part of a typical diversified portfolio. The Portfolio’s share price is expected to be more volatile than that of other funds. The value of commodity-linked derivative instruments may be affected by changes in overall market movements, changes in interest rates, or factors affecting a particular industry or commodity, such as weather, disease, embargoes, and international economic, political and regulatory developments. 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 maturity of the note, the Portfolio may receive more or less principal than it originally invested. The Portfolio might receive interest payments on the note that are more or less than the stated coupon interest payments. The Portfolio may also gain exposure to the commodity markets indirectly by investing in its Subsidiary, which will primarily invest in different commodity-linked derivative instruments than the Portfolio, including swap agreements, commodity options, futures and options on futures.

On the Portfolio Summary page in this Shareholder Report, the Average Annual Total Return table and Cumulative Returns chart measure performance assuming that any dividend and capital gain distributions were reinvested. The Cumulative Returns chart reflects only Administrative Class performance. Performance may vary by share class

based on each class's expense ratios. The Portfolio measures its performance against at least one broad-based securities market index ("benchmark index"). The benchmark index does not take into account fees, expenses, or taxes. The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future. There is no assurance that the Portfolio, even if the Portfolio has experienced high or unusual performance for one or more periods, will experience similar levels of performance in the

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

Portfolio Name	Portfolio Inception	Institutional Class	Class M	Administrative Class	Advisor Class	Diversification Status
PIMCO CommodityRealReturn® Strategy Portfolio	06/30/04	04/30/12	11/10/14	06/30/04	02/28/06	Diversified

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

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

PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment

future. High performance is defined as a significant increase in either 1) the Portfolio's total return in excess of that of the Portfolio's benchmark between reporting periods or 2) the Portfolio's total return in excess of the Portfolio's historical returns between reporting periods. Unusual performance is defined as a significant change in the Portfolio's performance as compared to one or more previous reporting periods.

Advisers Act of 1940, as amended. The Proxy Policy has been adopted by the Trust as the policies and procedures that PIMCO will use when voting proxies on behalf of the Portfolio. A description of the policies and procedures that PIMCO uses to vote proxies relating to portfolio securities of the Portfolio, and information about how the Portfolio voted proxies relating to portfolio securities held during the most recent twelve-month period ended June 30, are available without charge, upon request, by calling the Trust at (888) 87-PIMCO, on the Portfolio's website at [www.pimco.com/pvit](http://www.pimco.com/pvit), and on the Securities and Exchange Commission's ("SEC") website at [www.sec.gov](http://www.sec.gov).

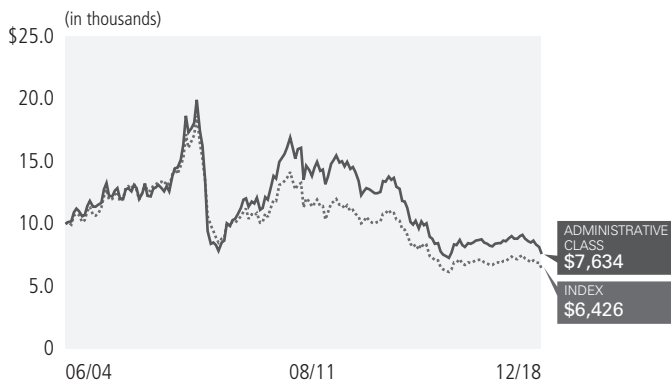
The Trust files a complete schedule of the Portfolio's holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. A copy of the Portfolio's Form N-Q is available on the SEC's website at [www.sec.gov](http://www.sec.gov). A copy of the Portfolio's Form N-Q is also available without charge, upon request, by calling the Trust at (888) 87-PIMCO and on the Portfolio's website at [www.pimco.com/pvit](http://www.pimco.com/pvit).

The SEC adopted a rule that, beginning in 2021, generally will allow shareholder reports to be delivered to investors by providing access to such reports online free of charge and by mailing a notice that the report is electronically available. Pursuant to the rule, investors may still elect to receive a complete shareholder report in the mail. Instructions for electing to receive paper copies of the Portfolio's shareholder reports going forward may be found on the front cover of this report.

The SEC adopted amendments to certain disclosure requirements relating to open-end investment companies' liquidity risk management programs. Effective December 1, 2019, large fund complexes will be required to include in their shareholder reports a discussion of their liquidity risk management programs' operations over the past year.

# PIMCO CommodityRealReturn® Strategy Portfolio (Consolidated)

## Cumulative Returns Through December 31, 2018



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

## Allocation Breakdown as of 12/31/2018<sup>†§</sup>

U.S. Treasury Obligations	61.9%
Short-Term Instruments <sup>†</sup>	11.3%
U.S. Government Agencies	10.0%
Corporate Bonds & Notes	7.4%
Asset-Backed Securities	4.8%
Sovereign Issues	3.2%
Non-Agency Mortgage-Backed Securities	1.4%

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

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

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

## Investment Objective and Strategy Overview

PIMCO CommodityRealReturn® Strategy Portfolio seeks maximum real return, consistent with prudent investment management, by investing under normal circumstances in commodity-linked derivative instruments backed by a portfolio of inflation-indexed securities and other Fixed Income Instruments. "Fixed Income Instruments" include bonds, debt securities and other similar instruments issued by various U.S. and non-U.S. public- or private-sector entities. 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. Portfolio strategies may change from time to time. Please refer to the Portfolio's current prospectus for more information regarding the Portfolio's strategy.

## Average Annual Total Return for the period ended December 31, 2018

	1 Year	5 Years	10 Years	Inception-
PIMCO CommodityRealReturn® Strategy Portfolio Institutional Class	(14.05)%	(9.23)%	—	(8.93)%
PIMCO CommodityRealReturn® Strategy Portfolio Class M	(14.33)%	—	—	(10.01)%
— PIMCO CommodityRealReturn® Strategy Portfolio Administrative Class	(14.13)%	(9.35)%	(1.09)%	(1.84)%
PIMCO CommodityRealReturn® Strategy Portfolio Advisor Class	(14.20)%	(9.46)%	(1.19)%	(3.62)%
..... Bloomberg Commodity Index Total Return <sup>‡</sup>	(11.25)%	(8.80)%	(3.78)%	(3.00)% <sup>◆</sup>

All Portfolio returns are net of fees and expenses.

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

<sup>◆</sup> Average annual total return since 06/30/2004.

<sup>‡</sup> Bloomberg Commodity Index Total Return is an unmanaged index composed of futures contracts on a number of physical commodities. The index is designed to be a highly liquid and diversified benchmark for commodities as an asset class. The futures exposures of the benchmark are collateralized by US T-bills.

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

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

The Portfolio's total annual operating expense ratio in effect as of period end which includes the Acquired Fund Fees and Expenses (Commodity Subsidiary Expenses), were 1.39% for Institutional Class shares, 1.84% for Class M shares, 1.54% for Administrative Class shares, and 1.64% for Advisor Class shares. Details regarding any changes to the Portfolio's operating expenses, subsequent to period end, can be found in the Portfolio's current prospectus, as supplemented.

## Portfolio Insights

The following affected performance during the reporting period:

- » Exposure to commodities detracted from absolute performance as commodities, as measured by the Bloomberg Commodity Index Total Return, posted negative returns.
- » The Portfolio's construction, which utilizes short-term Treasury Inflation-Protected Securities (TIPS) in lieu of Treasury Bills as collateral to back the commodity futures' exposure, detracted from relative performance as short-term TIPS underperformed Treasury Bills.
- » Overweight exposure to the petroleum sector within commodities detracted from relative performance as the sector, measured by the Bloomberg Petroleum Subindex, underperformed broader commodities.
- » Underweight exposure to natural gas within commodities during the end of the reporting period detracted from relative performance as the sector, measured by the Bloomberg Natural Gas Subindex, outperformed broader commodities.
- » Underweight exposure to French breakeven inflation rates via inflation-linked derivatives contributed to relative performance, as French breakeven inflation rates fell.



## Expense Example PIMCO CommodityRealReturn® Strategy Portfolio (Consolidated)

### Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees, distribution and/or service (12b-1) fees (if applicable), and other Portfolio expenses. The Example is intended to help you understand your ongoing costs (in dollars) of investing in the Portfolio and to compare these costs with the ongoing costs of investing in other mutual funds.

The Expense Example does not reflect any fees or other expenses imposed by the Variable Contracts. If it did, the expenses reflected in the Expense Example would be higher. The Example is based on an investment of \$1,000 invested at the beginning of the period and held from July 1, 2018 to December 31, 2018 unless noted otherwise in the table and footnotes below.

### Actual Expenses

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

### Hypothetical Example for Comparison Purposes

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

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

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

	Actual			Hypothetical (5% return before expenses)			Net Annualized Expense Ratio**
	Beginning Account Value (07/01/18)	Ending Account Value (12/31/18)	Expenses Paid During Period*	Beginning Account Value (07/01/18)	Ending Account Value (12/31/18)	Expenses Paid During Period*	
Institutional Class	\$ 1,000.00	\$ 861.10	\$ 8.96	\$ 1,000.00	\$ 1,015.58	\$ 9.70	1.91%
Class M	1,000.00	860.00	11.06	1,000.00	1,013.31	11.98	2.36
Administrative Class	1,000.00	860.80	9.66	1,000.00	1,014.82	10.46	2.06
Advisor Class	1,000.00	860.50	10.13	1,000.00	1,014.32	10.97	2.16

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

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

# Financial Highlights PIMCO CommodityRealReturn® Strategy Portfolio (Consolidated)

Selected Per Share Data for the Year or Period Ended <sup>^</sup> :	Investment Operations				Less Distributions <sup>(b)</sup>		
	Net Asset Value Beginning of Year or Period	Net Investment Income (Loss) <sup>(a)</sup>	Net Realized/Unrealized Gain (Loss)	Total	From Net Investment Income	From Net Realized Capital Gain	Total
<b>Institutional Class</b>							
12/31/2018	\$ 7.14	\$ 0.16	\$ (1.14)	\$ (0.98)	\$ (0.16)	\$ 0.00	\$ (0.16)
12/31/2017	7.84	0.14	(0.01)	0.13	(0.83)	0.00	(0.83)
12/31/2016	6.89	0.13	0.91	1.04	(0.09)	0.00	(0.09)
12/31/2015~	9.68	0.04	(2.63)	(2.59)	(0.20)	0.00	(0.20)
12/31/2014~	11.92	0.12	(2.30)	(2.18)	(0.06)	0.00	(0.06)
<b>Class M</b>							
12/31/2018	7.12	0.13	(1.13)	(1.00)	(0.13)	0.00	(0.13)
12/31/2017	7.83	0.11	(0.01)	0.10	(0.81)	0.00	(0.81)
12/31/2016	6.89	0.24	0.76	1.00	(0.06)	0.00	(0.06)
12/31/2015~	9.72	0.03	(2.66)	(2.63)	(0.20)	0.00	(0.20)
11/10/2014 - 12/31/2014~	11.18	0.08	(1.52)	(1.44)	(0.02)	0.00	(0.02)
<b>Administrative Class</b>							
12/31/2018	7.16	0.15	(1.14)	(0.99)	(0.15)	0.00	(0.15)
12/31/2017	7.87	0.13	(0.01)	0.12	(0.83)	0.00	(0.83)
12/31/2016	6.91	0.12	0.92	1.04	(0.08)	0.00	(0.08)
12/31/2015~	9.72	0.02	(2.63)	(2.61)	(0.20)	0.00	(0.20)
12/31/2014~	11.96	0.12	(2.32)	(2.20)	(0.04)	0.00	(0.04)
<b>Advisor Class</b>							
12/31/2018	7.24	0.15	(1.16)	(1.01)	(0.14)	0.00	(0.14)
12/31/2017	7.95	0.12	(0.02)	0.10	(0.81)	0.00	(0.81)
12/31/2016	6.99	0.14	0.90	1.04	(0.08)	0.00	(0.08)
12/31/2015~	9.82	0.01	(2.64)	(2.63)	(0.20)	0.00	(0.20)
12/31/2014~	12.10	0.10	(2.34)	(2.24)	(0.04)	0.00	(0.04)

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

\* Annualized

~ A one for two reverse share split, effective August 7, 2015, has been retroactively applied.

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

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

Ratios/Supplemental Data

Ratios to Average Net Assets

Net Asset Value End of Year or Period	Total Return	Net Assets End of Year or Period (000s)	Expenses	Expenses Excluding Waivers	Expenses Excluding Interest Expense	Expenses Excluding Interest Expense and Waivers	Net Investment Income (Loss)	Portfolio Turnover Rate
\$ 6.00	(14.05)%	\$ 3,000	1.77%	1.92%	0.74%	0.89%	2.32%	237%
7.14	2.40	2,883	1.25	1.39	0.74	0.88	1.92	157
7.84	15.22	2,813	1.03	1.17	0.74	0.88	1.82	206
6.89	(25.57)	2,513	0.91	1.02	0.74	0.85	0.46	162
9.68	(18.35)	2,233	0.78	0.91	0.74	0.87	1.08	151
5.99	(14.33)	454	2.22	2.37	1.19	1.34	1.88	237
7.12	1.94	524	1.70	1.84	1.19	1.33	1.50	157
7.83	14.62	526	1.48	1.62	1.19	1.33	3.27	206
6.89	(25.91)	306	1.36	1.47	1.19	1.30	0.38	162
9.72	(12.91)	23	1.23*	1.36*	1.19*	1.32*	0.61*	151
6.02	(14.13)	217,121	1.92	2.07	0.89	1.04	2.19	237
7.16	2.15	263,712	1.40	1.54	0.89	1.03	1.79	157
7.87	15.16	261,084	1.18	1.32	0.89	1.03	1.62	206
6.91	(25.70)	241,100	1.06	1.17	0.89	1.00	0.22	162
9.72	(18.42)	302,303	0.93	1.06	0.89	1.02	0.94	151
6.09	(14.20)	103,329	2.02	2.17	0.99	1.14	2.09	237
7.24	2.05	124,551	1.50	1.64	0.99	1.13	1.69	157
7.95	14.87	127,029	1.28	1.42	0.99	1.13	1.82	206
6.99	(25.66)	106,999	1.16	1.27	0.99	1.10	0.14	162
9.82	(18.62)	125,905	1.03	1.16	0.99	1.12	0.85	151

# Consolidated Statement of Assets and Liabilities PIMCO CommodityRealReturn® Strategy Portfolio

(Amounts in thousands<sup>1</sup>, except per share amounts)

December 31, 2018

<b>Assets:</b>	
<i>Investments, at value</i>	
Investments in securities*	\$ 582,015
Investments in Affiliates	4,763
<i>Financial Derivative Instruments</i>	
Exchange-traded or centrally cleared	825
Over the counter	1,446
Cash	1
Deposits with counterparty	3,408
Foreign currency, at value	1,191
Receivable for investments sold	31,349
Receivable for investments sold on a delayed-delivery basis	64
Receivable for TBA investments sold	72,898
Receivable for Portfolio shares sold	726
Interest and/or dividends receivable	1,442
Dividends receivable from Affiliates	4
Reimbursement receivable from PIMCO	31
Other assets	10
<b>Total Assets</b>	<b>700,173</b>
<b>Liabilities:</b>	
<i>Borrowings &amp; Other Financing Transactions</i>	
Payable for sale-buyback transactions	\$ 229,357
Payable for short sales	6,441
<i>Financial Derivative Instruments</i>	
Exchange-traded or centrally cleared	998
Over the counter	17,276
Payable for investments purchased	122
Payable for investments in Affiliates purchased	4
Payable for TBA investments purchased	120,060
Deposits from counterparty	1,557
Payable for Portfolio shares redeemed	166
Accrued investment advisory fees	159
Accrued supervisory and administrative fees	79
Accrued distribution fees	22
Accrued servicing fees	28
<b>Total Liabilities</b>	<b>376,269</b>
<b>Net Assets</b>	<b>\$ 323,904</b>
<b>Net Assets Consist of:</b>	
Paid in capital	\$ 366,431
Distributable earnings (accumulated loss)	(42,527)
<b>Net Assets</b>	<b>\$ 323,904</b>
<b>Net Assets:</b>	
Institutional Class	\$ 3,000
Class M	454
Administrative Class	217,121
Advisor Class	103,329
<b>Shares Issued and Outstanding:</b>	
Institutional Class	500
Class M	76
Administrative Class	36,053
Advisor Class	16,955
<b>Net Asset Value Per Share Outstanding:</b>	
Institutional Class	\$ 6.00
Class M	5.99
Administrative Class	6.02
Advisor Class	6.09
Cost of investments in securities	\$ 591,381
Cost of investments in Affiliates	\$ 4,762
Cost of foreign currency held	\$ 1,187
Proceeds received on short sales	\$ 6,272
Cost or premiums of financial derivative instruments, net	\$ 679
* Includes repurchase agreements of:	\$ 29,836

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

# Consolidated Statement of Operations PIMCO CommodityRealReturn® Strategy Portfolio

(Amounts in thousands<sup>†</sup>)

Year Ended  
December 31, 2018

## Investment Income:

Interest	\$ 15,646
Dividends from Investments in Affiliates	35
Total Income	15,681

## Expenses:

Investment advisory fees	2,268
Supervisory and administrative fees	1,116
Distribution and/or servicing fees - Class M	2
Servicing fees - Administrative Class	385
Distribution and/or servicing fees - Advisor Class	303
Trustee fees	11
Interest expense	3,918
Total Expenses	8,003
Waiver and/or Reimbursement by PIMCO	(563)
Net Expenses	7,440

## Net Investment Income (Loss)

8,241

## Net Realized Gain (Loss):

Investments in securities	(7,681)
Investments in Affiliates	3
Exchange-traded or centrally cleared financial derivative instruments	3,291
Over the counter financial derivative instruments	(15,561)
Short sales	(2)
Foreign currency	(307)

## Net Realized Gain (Loss)

(20,257)

## Net Change in Unrealized Appreciation (Depreciation):

Investments in securities	(9,250)
Investments in Affiliates	(2)
Exchange-traded or centrally cleared financial derivative instruments	(1,780)
Over the counter financial derivative instruments	(31,226)
Foreign currency assets and liabilities	1

## Net Change in Unrealized Appreciation (Depreciation)

(42,257)

## Net Increase (Decrease) in Net Assets Resulting from Operations

\$ (54,273)

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

# Consolidated Statements of Changes in Net Assets PIMCO CommodityRealReturn<sup>®</sup> Strategy Portfolio

(Amounts in thousands<sup>†</sup>)

	Year Ended December 31, 2018	Year Ended December 31, 2017
<b>Increase (Decrease) in Net Assets from:</b>		
<b>Operations:</b>		
Net investment income (loss)	\$ 8,241	\$ 6,658
Net realized gain (loss)	(20,257)	(13,141)
Net change in unrealized appreciation (depreciation)	(42,257)	14,934
<b>Net Increase (Decrease) in Net Assets Resulting from Operations</b>	<b>(54,273)</b>	<b>8,451</b>
<b>Distributions to Shareholders:</b>		
From net investment income and/or net realized capital gains*		
Institutional Class	(67)	(287)
Class M	(9)	(57)
Administrative Class	(5,381)	(28,472)
Advisor Class	(2,395)	(13,385)
<b>Total Distributions<sup>(a)</sup></b>	<b>(7,852)</b>	<b>(42,201)</b>
<b>Portfolio Share Transactions:</b>		
Net increase (decrease) resulting from Portfolio share transactions**	(5,641)	33,968
<b>Total Increase (Decrease) in Net Assets</b>	<b>(67,766)</b>	<b>218</b>
<b>Net Assets:</b>		
Beginning of year	391,670	391,452
End of year	\$ 323,904	\$ 391,670

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

\* See Note 2, New Accounting Pronouncements, in the Notes to Financial Statements for more information.

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

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

# Consolidated Statement of Cash Flows PIMCO CommodityRealReturn® Strategy Portfolio

(Amounts in thousands<sup>†</sup>)

Year Ended  
December 31, 2018

## Cash Flows Provided by (Used for) Operating Activities:

Net increase (decrease) in net assets resulting from operations \$ (54,273)

## Adjustments to Reconcile Net Increase (Decrease) in Net Assets from Operations to Net Cash Provided by (Used for) Operating Activities:

Purchases of long-term securities	(1,200,899)
Proceeds from sales of long-term securities	1,212,532
(Purchases) Proceeds from sales of short-term portfolio investments, net	14,203
(Increase) decrease in deposits with counterparty	(310)
(Increase) decrease in receivable for investments sold	569
(Increase) decrease in interest and/or dividends receivable	347
(Increase) decrease in dividends receivable from Affiliates	2
Proceeds from (Payments on) exchange-traded or centrally cleared financial derivative instruments	1,656
Proceeds from (Payments on) over the counter financial derivative instruments	(15,310)
(Increase) decrease in reimbursement receivable from PIMCO	17
Increase (decrease) in payable for investments purchased	16,158
Increase (decrease) in deposits from counterparty	(14,317)
Increase (decrease) in accrued investment advisory fees	(37)
Increase (decrease) in accrued supervisory and administrative fees	(18)
Increase (decrease) in accrued distribution fees	(5)
Increase (decrease) in accrued servicing fees	(5)
Proceeds from (Payments on) short sales transactions, net	(5,201)
Proceeds from (Payments on) foreign currency transactions	(306)
Increase (decrease) in other liabilities	(2)
<i>Net Realized (Gain) Loss</i>	
Investments in securities	7,681
Investments in Affiliates	(3)
Exchange-traded or centrally cleared financial derivative instruments	(3,291)
Over the counter financial derivative instruments	15,561
Short sales	2
Foreign currency	307
<i>Net Change in Unrealized (Appreciation) Depreciation</i>	
Investments in securities	9,250
Investments in Affiliates	2
Exchange-traded or centrally cleared financial derivative instruments	1,780
Over the counter financial derivative instruments	31,226
Foreign currency assets and liabilities	(1)
Net amortization (accretion) on investments	182

## Net Cash Provided by (Used for) Operating Activities

17,497

## Cash Flows Received from (Used for) Financing Activities:

Proceeds from shares sold	76,831
Payments on shares redeemed	(91,202)
Cash distributions paid*	0
Proceeds from reverse repurchase agreements	6,566
Payments on reverse repurchase agreements	(30,403)
Proceeds from sale-buyback transactions	3,426,843
Payments on sale-buyback transactions	(3,405,395)

## Net Cash Received from (Used for) Financing Activities

(16,760)

## Net Increase (Decrease) in Cash and Foreign Currency

737

## Cash and Foreign Currency:

Beginning of year	455
End of year	\$ 1,192

\* Reinvestment of distributions \$ 7,852

## Supplemental Disclosure of Cash Flow Information:

Interest expense paid during the year \$ 3,953

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

A Statement of Cash Flows is presented when the Portfolio has a significant amount of borrowing during the year, based on the average total borrowing outstanding in relation to total assets or when substantially all of the Portfolio's investments are not classified as Level 1 or 2 in the fair value hierarchy.





	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)				
<b>Banc of America Mortgage Trust</b>				<b>Wells Fargo Mortgage-Backed Securities Trust</b>								
4.368% due 06/25/2035 ~	\$ 56	\$ 52		4.168% due 06/25/2033 ~	\$ 28	\$ 28		<b>Residential Asset Securities Corp. Trust</b>				
4.521% due 11/25/2035 ^	17	17		4.649% due 03/25/2036 ^	80	78		2.736% due 06/25/2036 •	\$ 400	\$ 386		
4.871% due 11/25/2034 ~	17	18		<b>Total Non-Agency Mortgage-Backed Securities (Cost \$7,667)</b>			<b>8,082</b>	2.836% due 04/25/2036 •	200	198		
<b>BCAP LLC Trust</b>								<b>Saxon Asset Securities Trust</b>				
5.250% due 08/26/2037 ~	286	291		<b>ASSET-BACKED SECURITIES 8.8%</b>				2.816% due 09/25/2047 •	241	233		
<b>Bear Stearns Adjustable Rate Mortgage Trust</b>				<b>Argent Mortgage Loan Trust</b>				<b>Securitized Asset-Backed Receivables LLC Trust</b>				
3.903% due 03/25/2035 ~	53	51		3.299% due 05/25/2035 •	107	102		2.656% due 07/25/2036 •	367	202		
4.176% due 07/25/2036 ^	58	54		<b>Argent Securities Trust</b>				2.756% due 05/25/2036 •	634	404		
4.810% due 01/25/2035 ~	159	160		2.656% due 07/25/2036 •			394	<b>SLM Private Education Loan Trust</b>				
<b>Citigroup Mortgage Loan Trust</b>				<b>Atrium Corp.</b>				1.850% due 06/17/2030	143	143		
4.238% due 09/25/2037 ^	286	275		3.299% due 04/22/2027 •			400	4.705% due 06/16/2042 •	220	224		
<b>Civic Mortgage LLC</b>				<b>Black Diamond CLO Designated Activity Co.</b>				<b>SLM Student Loan Trust</b>				
4.349% due 11/25/2022 0	714	715		0.650% due 10/03/2029 •			EUR 350	3.299% due 01/17/2028 •	400	395		
<b>Countrywide Alternative Loan Trust</b>				<b>Brookside Mill CLO Ltd.</b>				0.000% due 12/15/2023 •	EUR 9	10		
2.626% due 06/25/2036 •	749	696		3.269% due 01/17/2028 •			\$ 2,060	0.000% due 01/25/2024 •	220	251		
2.665% due 12/20/2046 ^	1,109	980		<b>Catamaran CLO Ltd.</b>				0.000% due 06/17/2024 •	76	86		
6.000% due 02/25/2037 ^	176	125		3.359% due 01/27/2028 •			600	2.530% due 04/25/2019 •	\$ 321	321		
<b>Countrywide Home Loan Mortgage Pass-Through Trust</b>				<b>CIFC Funding Ltd.</b>				3.040% due 10/25/2064 •	500	502		
3.910% due 08/25/2034 ^	17	16		3.216% due 04/15/2027 •			640	3.990% due 04/25/2023 •	1,629	1,639		
4.531% due 11/19/2033 ~	1	1		<b>CIT Mortgage Loan Trust</b>				<b>SoFi Professional Loan Program LLC</b>				
<b>Credit Suisse Mortgage Capital Certificates</b>				3.856% due 10/25/2037 •			638	3.296% due 04/15/2027 •	800	796		
2.656% due 09/29/2036 •	741	696		<b>Citigroup Mortgage Loan Trust</b>				<b>Sound Point CLO Ltd.</b>				
5.624% due 10/26/2036 ~	77	69		2.736% due 12/25/2036 •			51	3.296% due 04/15/2027 •	800	796		
<b>Eurosail PLC</b>				<b>Citigroup Mortgage Loan Trust, Inc.</b>				<b>Soundview Home Loan Trust</b>				
1.850% due 06/13/2045 •	GBP 352	441		2.836% due 10/25/2036 •			400	2.706% due 06/25/2037 •	863	642		
<b>First Horizon Alternative Mortgage Securities Trust</b>				<b>CoreVest American Finance Trust</b>				<b>Structured Asset Securities Corp. Mortgage Loan Trust</b>				
4.290% due 06/25/2034 ~	\$ 9	9		2.968% due 10/15/2049			164	3.849% due 04/25/2035 •	183	179		
6.000% due 02/25/2037 ^	60	46		<b>Countrywide Asset-Backed Certificates</b>				<b>THL Credit Wind River CLO Ltd.</b>				
<b>GreenPoint Mortgage Funding Trust</b>				2.696% due 11/25/2037 •			969	3.306% due 10/15/2027 •	500	500		
2.686% due 09/25/2046 •	150	140		2.756% due 03/25/2037 •			200	<b>Venture CLO Ltd.</b>				
3.046% due 11/25/2045 •	8	7		3.915% due 04/25/2036 ~			6	3.256% due 04/15/2027 •	940	933		
<b>GS Mortgage Securities Trust</b>				<b>Credit Suisse Mortgage Capital Trust</b>				3.316% due 07/15/2027 •	400	396		
3.849% due 12/10/2043	207	208		4.500% due 03/25/2021			272	3.650% due 10/22/2031 •	500	500		
<b>GSR Mortgage Loan Trust</b>				<b>Credit-Based Asset Servicing &amp; Securitization LLC</b>				<b>Vericrest Opportunity Loan Transferee LLC</b>				
4.807% due 01/25/2035 ~	23	23		2.626% due 07/25/2037 •			14	3.125% due 09/25/2047 0	363	361		
<b>HarborView Mortgage Loan Trust</b>				2.726% due 07/25/2037 •			59	3.250% due 06/25/2047 0	126	126		
2.710% due 03/19/2036 ^	42	39		<b>Flagship Ltd.</b>				<b>Voya CLO Ltd.</b>				
<b>HomeBanc Mortgage Trust</b>				3.589% due 01/20/2026 •			362	3.210% due 07/25/2026 •	627	626		
2.836% due 10/25/2035 •	62	62		<b>Fremont Home Loan Trust</b>				<b>Z Capital Credit Partners CLO Ltd.</b>				
<b>IndyMac Mortgage Loan Trust</b>				2.641% due 10/25/2036 •			144	3.386% due 07/16/2027 •	710	706		
4.460% due 11/25/2035 ^	48	47		<b>GSAMP Trust</b>				<b>Total Asset-Backed Securities (Cost \$28,519)</b>				
<b>JPMorgan Mortgage Trust</b>				2.576% due 12/25/2036 •			58			<b>28,389</b>		
4.336% due 02/25/2035 ~	68	68		3.481% due 03/25/2035 ^			133	<b>SOVEREIGN ISSUES 5.8%</b>				
4.452% due 07/25/2035 ~	27	28		<b>Halcyon Loan Advisors Funding Ltd.</b>				<b>Argentina Government International Bond</b>				
4.603% due 08/25/2035 ~	44	44		3.389% due 04/20/2027 •			300	5.875% due 01/11/2028	300	217		
<b>MASTR Adjustable Rate Mortgages Trust</b>				<b>IndyMac Mortgage Loan Trust</b>				6.875% due 01/26/2027	910	697		
4.438% due 11/21/2034 ~	19	19		2.576% due 07/25/2036 •			283	41.328% (BADLARPP) due 10/04/2022 ~	ARS 100	4		
<b>Mellon Residential Funding Corp. Mortgage Pass-Through Certificates</b>				<b>Jamestown CLO Ltd.</b>				50.225% (BADLARPP + 2.000%) due 04/03/2022 ~(a)	3,233	83		
3.195% due 09/15/2030 •	108	106		3.126% due 07/15/2026 •			497	59.257% (ARLLMONP) due 06/21/2020 ~(a)	16,487	472		
<b>Residential Accredited Loans, Inc. Trust</b>				3.320% due 07/25/2027 •			250	<b>Australia Government International Bond</b>				
3.517% due 09/25/2045 •	109	102		3.669% due 01/17/2027 •			961	1.250% due 02/21/2022	AUD 1,798	1,293		
<b>Residential Asset Securitization Trust</b>				<b>Jubilee CLO BV</b>				3.000% due 09/20/2025	2,059	1,673		
2.906% due 05/25/2035 •	87	75		0.489% due 12/15/2029 •			EUR 1,950	<b>Autonomous Community of Catalonia</b>				
<b>Sequoia Mortgage Trust</b>				<b>Lehman XS Trust</b>				4.950% due 02/11/2020	EUR 100	119		
2.670% due 07/20/2036 •	201	192		2.666% due 05/25/2036 •			\$ 164	<b>Brazil Letras do Tesouro Nacional</b>				
<b>Structured Adjustable Rate Mortgage Loan Trust</b>				5.012% due 06/25/2036 0			155	0.000% due 04/01/2019 (c)	BRL 1,110	282		
3.557% due 01/25/2035 ^	11	10		<b>Long Beach Mortgage Loan Trust</b>				<b>Canadian Government Real Return Bond</b>				
4.232% due 02/25/2034 ~	11	11		2.626% due 08/25/2036 •			646	4.250% due 12/01/2026 (e)	CAD 916	860		
4.436% due 12/25/2034 ~	10	10		<b>Marathon CLO Ltd.</b>				<b>France Government International Bond</b>				
<b>Structured Asset Mortgage Investments Trust</b>				3.516% due 11/21/2027 •			1,920	1.850% due 07/25/2027 (e)	EUR 445	621		
2.716% due 04/25/2036 •	15	14		<b>Morgan Stanley Mortgage Loan Trust</b>				<b>Italy Buoni Poliennali Del Tesoro</b>				
3.130% due 10/19/2034 •	14	14		5.910% due 11/25/2036 0			826	1.650% due 04/23/2020	199	233		
<b>Vornado DP LLC Trust</b>				6.000% due 02/25/2037 ^			88	2.350% due 09/15/2024 (e)	377	456		
4.004% due 09/13/2028	1,500	1,529		<b>Navient Student Loan Trust</b>				<b>Japan Government International Bond</b>				
<b>WaMu Mortgage Pass-Through Certificates Trust</b>				3.656% due 03/25/2066 •			527	0.100% due 03/10/2028 (e)	JPY 100,807	949		
2.927% due 05/25/2047 •	199	187		<b>OCP CLO Ltd.</b>				<b>Mexico Government International Bond</b>				
3.918% due 08/25/2035 ~	12	11		3.236% due 07/15/2027 •			300	7.750% due 05/29/2031	MXN 7,972	374		
4.062% due 12/25/2035 ~	108	104		3.328% due 10/26/2027 •			1,020	<b>New Zealand Government International Bond</b>				
<b>Washington Mutual Mortgage Pass-Through Certificates Trust</b>				<b>Renaissance Home Equity Loan Trust</b>				2.000% due 09/20/2025			NZD 2,712	1,922
6.500% due 08/25/2035	19	16		3.606% due 09/25/2037 •			1,082	<b>Peru Government International Bond</b>				
								5.940% due 02/12/2029			PEN 1,000	303

# Consolidated Schedule of Investments PIMCO CommodityRealReturn® Strategy Portfolio (Cont.)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)		SHARES	MARKET VALUE (000S)
<b>Qatar Government International Bond</b>								
3.875% due 04/23/2023	\$ 400	\$ 405						
5.103% due 04/23/2048	300	316						
<b>Saudi Government International Bond</b>								
4.000% due 04/17/2025	260	258						
<b>United Kingdom Gilt</b>								
0.125% due 03/22/2026 (e)	GBP 2,093	3,116						
0.125% due 03/22/2046 (e)	64	127						
0.125% due 08/10/2048 (e)	135	278						
0.125% due 11/22/2056 (e)	43	99						
0.125% due 11/22/2065 (e)	208	551						
0.750% due 11/22/2047 (e)	219	512						
1.750% due 09/07/2037	1,190	1,519						
1.875% due 11/22/2022 (e)	374	556						
4.250% due 12/07/2027	300	483						
<b>Total Sovereign Issues (Cost \$20,300)</b>		<b>18,778</b>						
<b>SHORT-TERM INSTRUMENTS 19.0%</b>								
<b>CERTIFICATES OF DEPOSIT 0.7%</b>								
<b>Barclays Bank PLC</b>								
2.890% (US0003M + 0.400%) due 10/25/2019 ~	\$ 2,400	2,401						
<b>COMMERCIAL PAPER 1.3%</b>								
<b>Bank of Montreal</b>								
2.038% due 01/03/2019	CAD 800	586						
2.068% due 01/04/2019	300	220						
<b>C.I.B.C.</b>								
2.060% due 01/03/2019	CAD 1,400	\$ 1,025						
<b>Toronto-Dominion Bank</b>								
2.055% due 01/02/2019	2,700	1,978						
2.063% due 01/03/2019	500	366						
		4,175						
<b>REPURCHASE AGREEMENTS (h) 9.2%</b>								
		29,836						
<b>ARGENTINA TREASURY BILLS 0.1%</b>								
(7.382)% due 02/28/2019 - 04/30/2019 (b)(c)	ARS 5,968	179						
<b>JAPAN TREASURY BILLS 2.0%</b>								
(0.321)% due 02/04/2019 (c)(d)	JPY 730,000	6,661						
<b>U.S. TREASURY BILLS 5.7%</b>								
2.298% due 01/03/2019 - 02/26/2019 (b)(c)(m)	\$ 18,436	18,418						
<b>Total Short-Term Instruments (Cost \$61,676)</b>		<b>61,670</b>						
<b>Total Investments in Securities (Cost \$591,381)</b>		<b>582,015</b>						
<b>INVESTMENTS IN AFFILIATES 1.5%</b>								
<b>SHORT-TERM INSTRUMENTS 1.5%</b>								
<b>CENTRAL FUNDS USED FOR CASH MANAGEMENT PURPOSES 1.5%</b>								
<b>PIMCO Short-Term Floating NAV Portfolio III</b>								
	481,857	\$ 4,763						
<b>Total Short-Term Instruments (Cost \$4,762)</b>		<b>4,763</b>						
<b>Total Investments in Affiliates (Cost \$4,762)</b>		<b>4,763</b>						
<b>Total Investments 181.2% (Cost \$596,143)</b>		<b>\$ 586,778</b>						
<b>Financial Derivative Instruments (j)(l) (4.9%) (Cost or Premiums, net \$679)</b>								
		(16,003)						
<b>Other Assets and Liabilities, net (76.3%)</b>								
		(246,871)						
<b>Net Assets 100.0%</b>		<b>\$ 323,904</b>						

## NOTES TO CONSOLIDATED SCHEDULE OF INVESTMENTS:

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

## BORROWINGS AND OTHER FINANCING TRANSACTIONS

### (h) REPURCHASE AGREEMENTS:

Counterparty	Lending Rate	Settlement Date	Maturity Date	Principal Amount	Collateralized By	Collateral (Received)	Repurchase Agreements, at Value	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>
BPS	3.100%	12/31/2018	01/02/2019	\$ 10,400	U.S. Treasury Notes 2.750% due 02/15/2024	\$ (10,642)	\$ 10,400	\$ 10,402
FICC	2.000	12/31/2018	01/02/2019	310	U.S. Treasury Notes 2.875% due 09/30/2023	(316)	310	310
SAL	3.150	12/31/2018	01/02/2019	10,400	U.S. Treasury Notes 2.125% due 11/30/2024	(10,649)	10,400	10,402
SSB	1.350	12/31/2018	01/02/2019	1,126	U.S. Treasury Notes 2.000% due 08/31/2021 <sup>(2)</sup>	(1,152)	1,126	1,126
TDM	3.130	12/31/2018	01/02/2019	7,600	U.S. Treasury Notes 2.000% due 04/30/2024	(7,808)	7,600	7,601
<b>Total Repurchase Agreements</b>						<b>\$ (30,567)</b>	<b>\$ 29,836</b>	<b>\$ 29,841</b>

**SALE-BUYBACK TRANSACTIONS:**

Counterparty	Borrowing Rate <sup>(3)</sup>	Borrowing Date	Maturity Date	Amount Borrowed <sup>(3)</sup>	Payable for Sale-Buyback Transactions <sup>(4)</sup>
BCY	2.570%	11/19/2018	01/18/2019	\$ (8,065)	\$ (8,090)
BPG	2.980	01/02/2019	01/03/2019	(31,324)	(31,324)
MSC	2.520	11/06/2018	01/07/2019	(8,169)	(8,202)
	2.800	12/11/2018	01/11/2019	(10,647)	(10,665)
	3.040	12/17/2018	01/07/2019	(2,338)	(2,341)
	3.100	12/18/2018	01/02/2019	(878)	(879)
TDM	2.420	10/16/2018	01/14/2019	(148,301)	(149,079)
	2.450	10/17/2018	01/17/2019	(6,550)	(6,584)
	2.500	11/01/2018	01/31/2019	(12,141)	(12,193)
<b>Total Sale-Buyback Transactions</b>					<b>\$ (229,357)</b>

**SHORT SALES:**

Description	Coupon	Maturity Date	Principal Amount	Proceeds	Payable for Short Sales
U.S. Government Agencies (2.0)% Fannie Mae, TBA	3.000%	01/01/2049	\$ 6,600	\$ (6,272)	\$ (6,441)
<b>Total Short Sales (2.0)%</b>				<b>\$ (6,272)</b>	<b>\$ (6,441)</b>

**BORROWINGS AND OTHER FINANCING TRANSACTIONS SUMMARY**

The following is a summary by counterparty of the market value of Borrowings and Other Financing Transactions and collateral pledged/(received) as of December 31, 2018:

Counterparty	Repurchase Agreement Proceeds to be Received <sup>(1)</sup>	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions <sup>(4)</sup>	Total Borrowings and Other Financing Transactions	Collateral Pledged/(Received)	Net Exposure <sup>(5)</sup>
Global/Master Repurchase Agreement						
BPS	\$ 10,402	\$ 0	\$ 0	\$ 10,402	\$ (10,642)	\$ (240)
FICC	310	0	0	310	(316)	(6)
SAL	10,402	0	0	10,402	(10,649)	(247)
SSB	1,126	0	0	1,126	(1,152)	(26)
TDM	7,601	0	0	7,601	(7,808)	(207)
Master Securities Forward Transaction Agreement						
BCY	0	0	(8,090)	(8,090)	7,986	(104)
BPG	0	0	(31,324)	(31,324)	31,204	(120)
MSC	0	0	(22,087)	(22,087)	22,000	(87)
TDM	0	0	(167,856)	(167,856)	167,964	108
<b>Total Borrowings and Other Financing Transactions</b>	<b>\$ 29,841</b>	<b>\$ 0</b>	<b>\$ (229,357)</b>			

**CERTAIN TRANSFERS ACCOUNTED FOR AS SECURED BORROWINGS****Remaining Contractual Maturity of the Agreements**

	Overnight and Continuous	Up to 30 days	31-90 days	Greater Than 90 days	Total
<b>Sale-Buyback Transactions</b>					
U.S. Treasury Obligations	\$ 0	\$ (217,164)	\$ (12,193)	\$ 0	\$ (229,357)
<b>Total Borrowings</b>	<b>\$ 0</b>	<b>\$ (217,164)</b>	<b>\$ (12,193)</b>	<b>\$ 0</b>	<b>\$ (229,357)</b>
<b>Payable for sale-buyback financing transactions</b>					<b>\$ (229,357)</b>

(i) Securities with an aggregate market value of \$229,153 have been pledged as collateral under the terms of the above master agreements as of December 31, 2018.

(1) Includes accrued interest.

(2) Collateral is held in custody by the counterparty.

(3) The average amount of borrowings outstanding during the period ended December 31, 2018 was \$(191,599) at a weighted average interest rate of 1.964%. Average borrowings may include sale-buyback transactions and reverse repurchase agreements, if held during the period.

(4) Payable for sale-buyback transactions includes \$(174) of deferred price drop.

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

# Consolidated Schedule of Investments PIMCO CommodityRealReturn® Strategy Portfolio (Cont.)

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

### PURCHASED OPTIONS:

#### OPTIONS ON EXCHANGE-TRADED FUTURES CONTRACTS

Description	Strike Price	Expiration Date	# of Contracts	Notional Amount	Cost	Market Value
Put - CBOT U.S. Treasury 10-Year Note March 2019 Futures	\$ 106.000	02/22/2019	19	\$ 19	\$ 0	\$ 0
Put - CBOT U.S. Treasury 10-Year Note March 2019 Futures	106.500	02/22/2019	90	90	1	0
Put - CBOT U.S. Treasury 10-Year Note March 2019 Futures	107.000	02/22/2019	1	1	0	0
Put - CBOT U.S. Treasury 2-Year Note March 2019 Futures	103.375	02/22/2019	5	10	0	0
Call - CBOT U.S. Treasury 30-Year Bond March 2019 Futures	169.000	02/22/2019	3	3	0	0
Call - CBOT U.S. Treasury 30-Year Bond March 2019 Futures	171.000	02/22/2019	202	202	2	3
Call - CBOT U.S. Treasury 30-Year Bond March 2019 Futures	180.000	02/22/2019	1	1	0	0
Call - CBOT U.S. Treasury 30-Year Bond March 2019 Futures	185.000	02/22/2019	9	9	0	0
Put - CBOT U.S. Treasury 5-Year Note March 2019 Futures	103.750	02/22/2019	4	4	0	0
Put - CBOT U.S. Treasury 5-Year Note March 2019 Futures	104.000	02/22/2019	180	180	1	0
Call - CBOT U.S. Treasury Ultra Long-Term Bond March 2019 Futures	200.000	02/22/2019	1	1	0	0
<b>Total Purchased Options</b>					<b>\$ 4</b>	<b>\$ 3</b>

### WRITTEN OPTIONS:

#### COMMODITY OPTIONS

Description	Strike Price	Expiration Date	# of Contracts	Notional Amount	Premiums (Received)	Market Value
Put - CBOT Corn July 2019 Futures	\$ 390.000	06/21/2019	2	\$ 10	\$ (2)	\$ (2)
Call - NYMEX Crude February 2019 Futures	65.000	01/16/2019	12	12	(12)	0
Call - NYMEX Crude March 2019 Futures	58.500	02/14/2019	12	12	(13)	(4)
Put - NYMEX Natural Gas February 2019 Futures	3.200	01/28/2019	1	10	(1)	(4)
Put - NYMEX Natural Gas February 2019 Futures	3.250	01/28/2019	1	10	(1)	(4)
Put - NYMEX Natural Gas March 2019 Futures	2.850	02/25/2019	12	120	(15)	(27)
Put - NYMEX Natural Gas March 2019 Futures	3.150	02/25/2019	1	10	(2)	(4)
Put - NYMEX Natural Gas March 2019 Futures	3.250	02/25/2019	2	20	(5)	(10)
Put - NYMEX Natural Gas March 2019 Futures	3.500	02/25/2019	1	10	(4)	(7)
					<b>\$ (55)</b>	<b>\$ (62)</b>

#### OPTIONS ON EXCHANGE-TRADED FUTURES CONTRACTS

Description	Strike Price	Expiration Date	# of Contracts	Notional Amount	Premiums (Received)	Market Value
Put - CBOT U.S. Treasury 30-Year Bond February 2019 Futures	\$ 141.000	01/25/2019	9	\$ 9	\$ (7)	\$ (1)
Call - CBOT U.S. Treasury 5-Year Note February 2019 Futures	113.500	01/25/2019	26	26	(9)	(30)
					<b>\$ (16)</b>	<b>\$ (31)</b>
<b>Total Written Options</b>					<b>\$ (71)</b>	<b>\$ (93)</b>

### FUTURES CONTRACTS:

#### LONG FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin	
					Asset	Liability
90-Day Eurodollar December Futures	12/2019	2	\$ 487	\$ (1)	\$ 0	\$ 0
90-Day Eurodollar June Futures	06/2019	210	51,090	114	3	0
90-Day Eurodollar March Futures	03/2019	2	486	(2)	0	0
90-Day Eurodollar September Futures	09/2019	2	487	(1)	0	0
Brent Crude December Futures	10/2019	53	2,922	(195)	31	0
Brent Crude December Futures	10/2020	80	4,502	(827)	58	0
Brent Crude July Futures	05/2019	3	164	(25)	2	0
Brent Crude March Futures	01/2019	2	108	0	2	0
Call Options Strike @ EUR 113.900 on Euro-Schatz March 2019 Futures	02/2019	27	0	0	0	0
Call Options Strike @ EUR 165.000 on Euro-OAT France Government 10-Year Bond March 2019 Futures	02/2019	85	1	0	0	0
Chicago Ethanol (Platts) February Futures	02/2019	9	478	(19)	0	(3)
Chicago Ethanol (Platts) January Futures	01/2019	1	52	(3)	0	0
Cocoa May Futures	05/2019	7	171	2	1	0
Copper May Futures	05/2019	5	745	(12)	0	0

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin	
					Asset	Liability
Corn December Futures	12/2019	29	\$ 576	\$ (3)	\$ 0	\$ 0
Cotton No. 2 May Futures	05/2019	7	257	(20)	0	0
Euro-Bund 10-Year Bond March Futures	03/2019	40	7,495	88	0	(9)
Gas Oil December Futures	12/2019	4	212	(18)	6	0
Hard Red Winter Wheat July Futures	07/2019	6	154	(8)	0	(2)
Hard Red Winter Wheat March Futures	03/2019	15	367	(20)	0	(6)
Henry Hub Natural Gas April Futures	03/2020	4	25	(1)	0	0
Henry Hub Natural Gas August Futures	07/2020	4	25	(1)	0	0
Henry Hub Natural Gas December Futures	11/2020	4	28	1	0	0
Henry Hub Natural Gas February Futures	01/2020	4	30	4	0	(1)
Henry Hub Natural Gas January Futures	12/2019	4	31	4	0	(1)
Henry Hub Natural Gas July Futures	06/2020	4	25	(1)	0	0
Henry Hub Natural Gas June Futures	05/2020	4	25	(1)	0	0
Henry Hub Natural Gas March Futures	02/2020	4	28	2	0	(1)
Henry Hub Natural Gas May Futures	04/2020	4	25	(2)	0	0
Henry Hub Natural Gas November Futures	10/2020	4	26	0	0	0
Henry Hub Natural Gas October Futures	09/2020	4	26	(1)	0	0
Henry Hub Natural Gas September Futures	08/2020	4	25	(1)	0	0
Lead May Futures	05/2019	4	202	2	0	0
LLS (Argus) vs. WTI Spread Calendar Swap April Futures	04/2019	1	5	1	0	0
LLS (Argus) vs. WTI Spread Calendar Swap August Futures	08/2019	1	4	1	0	0
LLS (Argus) vs. WTI Spread Calendar Swap December Futures	12/2019	1	4	0	0	0
LLS (Argus) vs. WTI Spread Calendar Swap February Futures	02/2019	1	5	1	0	0
LLS (Argus) vs. WTI Spread Calendar Swap January Futures	01/2019	1	5	1	0	0
LLS (Argus) vs. WTI Spread Calendar Swap July Futures	07/2019	1	5	1	0	0
LLS (Argus) vs. WTI Spread Calendar Swap June Futures	06/2019	1	5	1	0	0
LLS (Argus) vs. WTI Spread Calendar Swap March Futures	03/2019	1	5	1	0	0
LLS (Argus) vs. WTI Spread Calendar Swap May Futures	05/2019	1	5	1	0	0
LLS (Argus) vs. WTI Spread Calendar Swap November Futures	11/2019	1	4	0	0	0
LLS (Argus) vs. WTI Spread Calendar Swap October Futures	10/2019	1	4	0	0	0
LLS (Argus) vs. WTI Spread Calendar Swap September Futures	09/2019	1	4	0	0	0
Natural Gas February Futures	01/2019	5	147	(36)	0	(18)
Natural Gas March Futures	02/2020	1	28	(1)	0	(1)
Natural Gas March Futures	02/2021	1	27	0	0	0
Natural Gas May Futures	04/2019	29	775	(31)	0	(31)
Natural Gas October Futures	09/2019	18	495	5	0	(17)
New York Harbor ULSD March Futures	02/2019	4	281	(60)	3	0
New York Harbor ULSD May Futures	04/2019	3	209	(47)	2	0
Nickel May Futures	05/2019	1	64	(1)	0	0
Platinum April Futures	04/2019	4	160	0	1	0
Propane April Futures	04/2019	2	52	(14)	0	0
Propane June Futures	06/2019	2	51	(15)	0	0
Propane May Futures	05/2019	2	51	(14)	0	0
Put Options Strike @ EUR 148.000 on Euro-Bund 10-Year Bond March 2019 Futures	02/2019	43	0	0	0	0
RBOB Gasoline April Futures	03/2019	3	188	(2)	0	0
RBOB Gasoline August Futures	07/2019	2	125	(40)	0	0
RBOB Gasoline December Futures	11/2019	1	56	(9)	0	0
RBOB Gasoline June Futures	05/2019	3	190	(77)	0	0
RBOB Gasoline March Futures	02/2019	16	882	(228)	2	0
Soybean July Futures	07/2019	11	506	7	0	0
U.S. Treasury 2-Year Note March Futures	03/2019	5	1,062	7	1	0
U.S. Treasury 5-Year Note March Futures	03/2019	184	21,103	337	46	0
U.S. Treasury 10-Year Note March Futures	03/2019	72	8,785	214	29	0
Wheat December Futures	12/2019	6	163	(3)	0	(2)
Wheat March Futures	03/2019	4	101	(1)	0	(2)
White Sugar March Futures	02/2019	7	116	1	0	(2)
White Sugar May Futures	04/2019	2	34	0	0	(1)
WTI Crude August Futures	07/2019	8	381	(34)	3	0
WTI Crude December Futures	11/2020	1	50	(4)	1	0
WTI Crude December Futures	11/2024	2	106	(7)	2	0
WTI Crude July Futures	06/2019	6	284	(34)	2	0
WTI Crude June Futures	05/2019	18	845	(217)	5	0
WTI Crude June Futures	05/2020	36	1,768	(386)	32	0
WTI Crude June Futures	05/2021	16	805	(130)	17	0
WTI Crude March Futures	02/2020	34	1,657	(374)	26	0
WTI Crude May Futures	04/2019	5	233	(32)	1	0
WTI Crude September Futures	08/2019	54	2,583	(737)	26	0
WTI Crude September Futures	08/2020	4	198	(53)	4	0
WTI Houston (Argus) vs. WTI Trade April Futures	03/2019	1	5	2	0	0
WTI Houston (Argus) vs. WTI Trade August Futures	07/2019	1	4	2	0	0
WTI Houston (Argus) vs. WTI Trade December Futures	11/2019	1	4	1	0	0

## Consolidated Schedule of Investments PIMCO CommodityRealReturn® Strategy Portfolio (Cont.)

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin	
					Asset	Liability
WTI Houston (Argus) vs. WTI Trade February Futures	01/2019	1	\$ 5	\$ 2	\$ 0	\$ 0
WTI Houston (Argus) vs. WTI Trade July Futures	06/2019	1	4	2	0	0
WTI Houston (Argus) vs. WTI Trade June Futures	05/2019	1	5	2	0	0
WTI Houston (Argus) vs. WTI Trade March Futures	02/2019	1	5	2	0	0
WTI Houston (Argus) vs. WTI Trade May Futures	04/2019	1	5	2	0	0
WTI Houston (Argus) vs. WTI Trade November Futures	10/2019	1	4	1	0	0
WTI Houston (Argus) vs. WTI Trade October Futures	09/2019	1	4	1	0	0
WTI Houston (Argus) vs. WTI Trade September Futures	08/2019	1	4	2	0	0
Zinc May Futures	05/2019	3	184	0	0	0
				\$ (2,934)	\$ 306	\$ (97)

### SHORT FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin	
					Asset	Liability
90-Day Eurodollar June Futures	06/2020	208	\$ (50,703)	\$ (232)	\$ 0	\$ (13)
Aluminum May Futures	05/2019	6	(278)	14	0	0
Australia Government 3-Year Note March Futures	03/2019	22	(1,739)	(9)	0	(2)
Australia Government 10-Year Bond March Futures	03/2019	8	(748)	(8)	0	(4)
Brent Crude April Futures	04/2019	1	(55)	19	0	(1)
Brent Crude August Futures	06/2019	2	(110)	40	0	(1)
Brent Crude December Futures	10/2021	33	(1,897)	216	0	(24)
Brent Crude December Futures	10/2022	4	(235)	2	0	(3)
Brent Crude June Futures	04/2019	73	(3,984)	1,132	1	(42)
Brent Crude June Futures	06/2019	1	(55)	18	0	(1)
Brent Crude June Futures	05/2020	22	(1,227)	179	0	(15)
Brent Crude June Futures	04/2021	4	(228)	21	0	(3)
Brent Crude March Futures	01/2020	6	(333)	52	0	(4)
Brent Crude May Futures	05/2019	1	(55)	19	0	(1)
Brent Crude September Futures	07/2019	8	(439)	18	0	(4)
Call Options Strike @ USD 65.000 on Brent Crude April 2019 Futures	02/2019	12	(9)	8	0	0
Call Options Strike @ USD 70.000 on Brent Crude June 2019 Futures	04/2019	3	(3)	3	0	0
Call Options Strike @ USD 74.000 on Brent Crude March 2019 Futures	01/2019	12	(1)	15	0	0
Copper May Futures	05/2019	7	(461)	16	9	0
Corn July Futures	07/2019	5	(98)	0	0	0
Corn March Futures	03/2019	23	(431)	(5)	1	0
Corn May Futures	05/2019	13	(249)	5	0	0
Corn September Futures	09/2019	7	(138)	2	0	0
Euro-BTP Italy Government Bond March Futures	03/2019	32	(4,647)	(103)	0	(2)
Euro-OAT France Government 10-Year Bond March Futures	03/2019	64	(11,058)	(71)	15	0
Gas Oil May Futures	05/2019	3	(154)	1	0	(4)
Gold 100 oz. February Futures	02/2019	6	(769)	(29)	1	0
Henry Hub Natural Gas April Futures	03/2021	4	(25)	1	0	0
Henry Hub Natural Gas August Futures	07/2021	4	(25)	1	0	0
Henry Hub Natural Gas December Futures	11/2021	4	(28)	(2)	0	0
Henry Hub Natural Gas February Futures	01/2021	4	(28)	(2)	0	0
Henry Hub Natural Gas January Futures	12/2020	4	(29)	(3)	0	0
Henry Hub Natural Gas July Futures	06/2021	4	(25)	1	0	0
Henry Hub Natural Gas June Futures	05/2021	4	(25)	1	0	0
Henry Hub Natural Gas March Futures	02/2021	4	(27)	(1)	0	0
Henry Hub Natural Gas May Futures	04/2021	4	(24)	2	0	0
Henry Hub Natural Gas November Futures	10/2021	4	(26)	0	0	0
Henry Hub Natural Gas October Futures	09/2021	4	(25)	1	0	0
Henry Hub Natural Gas September Futures	08/2021	4	(25)	1	0	0
Japan Government 10-Year Bond March Futures	03/2019	4	(5,565)	(26)	2	(6)
Natural Gas April Futures	03/2019	25	(671)	40	31	0
Natural Gas April Futures	03/2021	1	(25)	0	0	0
Natural Gas January Futures	12/2019	6	(184)	0	5	0
Natural Gas March Futures	02/2019	27	(770)	166	77	0
New York Harbor ULSJ June Futures	05/2019	2	(140)	14	0	(1)
Put Options Strike @ USD 55.000 on Brent Crude June 2019 Futures	04/2019	1	(5)	(3)	1	0
Put Options Strike @ USD 57.000 on Brent Crude June 2019 Futures	04/2019	2	(13)	(8)	0	0
RBOB Gasoline February Futures	01/2019	5	(273)	0	0	0
RBOB Gasoline May Futures	04/2019	1	(63)	5	0	0
Silver March Futures	03/2019	1	(78)	(4)	0	(1)
Soybean May Futures	05/2019	6	(272)	1	0	0
Soybean November Futures	11/2019	19	(888)	(5)	1	0
Sugar No. 11 March Futures	02/2019	8	(108)	(3)	3	0
Sugar No. 11 May Futures	04/2019	15	(203)	13	6	0



Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin	
					Asset	Liability
U.S. Treasury 10-Year Ultra March Futures	03/2019	35	\$ (4,553)	\$ (147)	\$ 0	\$ (16)
U.S. Treasury 30-Year Bond March Futures	03/2019	215	(31,390)	(1,398)	0	(101)
U.S. Treasury Ultra Long-Term Bond March Futures	03/2019	1	(161)	(8)	0	(1)
United Kingdom Long Gilt March Futures	03/2019	137	(21,508)	(178)	23	(70)
Wheat July Futures	07/2019	8	(207)	9	3	0
Wheat May Futures	05/2019	9	(230)	9	4	0
Wheat September Futures	09/2019	6	(158)	4	2	0
WTI Brent Financial April Futures	04/2019	2	(16)	(2)	0	(1)
WTI Brent Financial August Futures	08/2019	2	(14)	(1)	0	0
WTI Brent Financial December Futures	12/2019	2	(14)	0	0	0
WTI Brent Financial February Futures	02/2019	2	(16)	(3)	0	(1)
WTI Brent Financial January Futures	01/2019	2	(17)	(3)	0	(1)
WTI Brent Financial July Futures	07/2019	2	(14)	(1)	0	0
WTI Brent Financial June Futures	06/2019	2	(15)	(1)	0	0
WTI Brent Financial March Futures	03/2019	2	(16)	(3)	0	(1)
WTI Brent Financial May Futures	05/2019	2	(15)	(2)	0	(1)
WTI Brent Financial November Futures	11/2019	2	(14)	0	0	0
WTI Brent Financial October Futures	10/2019	2	(14)	0	0	0
WTI Brent Financial September Futures	09/2019	2	(14)	0	0	0
WTI Crude April Futures	03/2019	6	(276)	36	0	(1)
WTI Crude December Futures	11/2019	106	(5,128)	1,343	0	(65)
WTI Crude December Futures	11/2020	40	(1,993)	408	0	(41)
WTI Crude December Futures	11/2021	4	(204)	1	0	(4)
WTI Crude December Futures	11/2022	2	(104)	6	0	(2)
WTI Crude December Futures	11/2023	2	(105)	9	0	(2)
WTI Crude February Futures	01/2019	3	(136)	20	0	0
WTI Crude January Futures	12/2019	2	(97)	8	0	(1)
WTI Crude June Futures	05/2019	19	(892)	150	0	(6)
WTI Crude March Futures	02/2019	1	(46)	2	0	0
WTI Crude November Futures	10/2019	3	(145)	17	0	(2)
				\$ 1,788	\$ 185	\$ (449)
<b>Total Futures Contracts</b>				<b>\$ (1,146)</b>	<b>\$ 491</b>	<b>\$ (546)</b>

## SWAP AGREEMENTS:

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

Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2018 <sup>(3)</sup>	Notional Amount <sup>(4)</sup>	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value <sup>(5)</sup>	Variation Margin	
									Asset	Liability
Daimler AG	1.000%	Quarterly	12/20/2020	0.442%	EUR 130	\$ 2	\$ 0	\$ 2	\$ 0	\$ 0
Deutsche Bank AG	1.000	Quarterly	12/20/2019	1.450	100	(1)	0	(1)	0	0
General Electric Co.	1.000	Quarterly	12/20/2020	1.653	\$ 100	(3)	2	(1)	0	0
General Electric Co.	1.000	Quarterly	12/20/2023	2.039	200	(11)	2	(9)	0	0
						\$ (13)	\$ 4	\$ (9)	\$ 0	\$ 0

CREDIT DEFAULT SWAPS ON CREDIT INDICES - BUY PROTECTION<sup>(1)</sup>

Index/Tranches	Fixed (Pay) Rate	Payment Frequency	Maturity Date	Notional Amount <sup>(4)</sup>	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value <sup>(5)</sup>	Variation Margin	
								Asset	Liability
CDX.HY-31 5-Year Index	(5.000)%	Quarterly	12/20/2023	\$ 2,900	\$ (207)	\$ 143	\$ (64)	\$ 0	\$ (5)
iTraxx Europe Main 26 5-Year Index	(1.000)	Quarterly	12/20/2021	EUR 2,000	(35)	(1)	(36)	0	(3)
iTraxx Europe Main 28 5-Year Index	(1.000)	Quarterly	12/20/2022	5,500	(156)	72	(84)	0	(10)
					\$ (398)	\$ 214	\$ (184)	\$ 0	\$ (18)

## INTEREST RATE SWAPS

Pay/Receive	Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value	Variation Margin	
										Asset	Liability
Receive	1-Day USD-Federal Funds Rate	Compounded-OIS	2.000%	Annual	12/15/2047	\$ 1,420	\$ 4	\$ 152	\$ 156	\$ 0	\$ (3)
Receive	1-Day USD-Federal Funds Rate	Compounded-OIS	2.428	Annual	12/20/2047	300	1	6	7	0	(1)

# Consolidated Schedule of Investments PIMCO CommodityRealReturn® Strategy Portfolio (Cont.)

Pay/Receive	Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value	Variation Margin	
										Asset	Liability
Receive	1-Day USD-Federal Funds Rate Compounded-OIS		2.478%	Annual	12/20/2047	\$ 693	\$ 4	\$ 4	\$ 8	\$ 0	\$ (2)
Receive	1-Day USD-Federal Funds Rate Compounded-OIS		2.499	Annual	12/20/2047	290	1	1	2	0	(1)
Receive	3-Month NZD-BBR		3.250	Semi-Annual	03/21/2028	NZD 1,000	3	(45)	(42)	0	(2)
Pay	3-Month USD-LIBOR		2.250	Semi-Annual	12/16/2022	\$ 25,700	1,518	(1,837)	(319)	38	0
Pay	3-Month USD-LIBOR		2.250	Semi-Annual	12/20/2022	6,000	8	(82)	(74)	9	0
Pay	3-Month USD-LIBOR		2.000	Semi-Annual	06/20/2023	13,100	(506)	185	(321)	23	0
Pay	3-Month USD-LIBOR		2.678	Semi-Annual	10/25/2023	1,700	0	8	8	3	0
Pay	3-Month USD-LIBOR		2.670	Semi-Annual	11/19/2023	2,000	0	9	9	4	0
Pay	3-Month USD-LIBOR		2.681	Semi-Annual	12/12/2023	2,000	0	9	9	4	0
Pay	3-Month USD-LIBOR		2.500	Semi-Annual	12/19/2023	3,200	(26)	13	(13)	6	0
Receive <sup>(6)</sup>	3-Month USD-LIBOR		2.400	Semi-Annual	03/16/2026	1,750	9	9	18	0	(5)
Receive <sup>(6)</sup>	3-Month USD-LIBOR		2.300	Semi-Annual	04/21/2026	4,700	(20)	90	70	0	(14)
Receive <sup>(6)</sup>	3-Month USD-LIBOR		2.300	Semi-Annual	04/27/2026	5,700	59	27	86	0	(16)
Receive <sup>(6)</sup>	3-Month USD-LIBOR		1.850	Semi-Annual	07/20/2026	6,100	(42)	260	218	0	(17)
Receive <sup>(6)</sup>	3-Month USD-LIBOR		1.850	Semi-Annual	07/27/2026	2,000	(3)	75	72	0	(6)
Receive <sup>(6)</sup>	3-Month USD-LIBOR		2.000	Semi-Annual	07/27/2026	8,800	205	52	257	0	(25)
Receive	3-Month USD-LIBOR		1.750	Semi-Annual	12/21/2026	5,070	(102)	434	332	0	(16)
Receive <sup>(6)</sup>	3-Month USD-LIBOR		3.100	Semi-Annual	04/17/2028	8,140	(25)	(67)	(92)	0	(17)
Receive	3-Month USD-LIBOR		2.250	Semi-Annual	06/20/2028	2,600	144	(46)	98	0	(10)
Receive	3-Month USD-LIBOR		2.765	Semi-Annual	07/18/2028	4,350	50	(102)	(52)	0	(17)
Receive <sup>(6)</sup>	3-Month USD-LIBOR		3.134	Semi-Annual	09/13/2028	7,700	0	(86)	(86)	0	(15)
Receive	3-Month USD-LIBOR		2.750	Semi-Annual	12/20/2047	2,666	127	(65)	62	0	(15)
Receive	3-Month USD-LIBOR		2.150	Semi-Annual	06/19/2048	480	48	23	71	0	(3)
Receive	3-Month USD-LIBOR		2.500	Semi-Annual	06/20/2048	2,380	286	(107)	179	0	(13)
Receive	3-Month USD-LIBOR		2.969	Semi-Annual	10/25/2048	310	0	(7)	(7)	0	(2)
Receive	3-Month USD-LIBOR		2.951	Semi-Annual	11/19/2048	300	0	(6)	(6)	0	(2)
Receive	3-Month USD-LIBOR		2.953	Semi-Annual	12/12/2048	300	0	(6)	(6)	0	(2)
Receive	3-Month USD-LIBOR		2.750	Semi-Annual	12/19/2048	200	5	0	5	0	(1)
Receive	3-Month USD-LIBOR		3.000	Semi-Annual	12/19/2048	1,700	102	(151)	(49)	0	(10)
Receive <sup>(6)</sup>	6-Month GBP-LIBOR		1.500	Semi-Annual	03/20/2029	GBP 2,770	45	(64)	(19)	0	(13)
Receive <sup>(6)</sup>	6-Month GBP-LIBOR		1.750	Semi-Annual	03/20/2049	3,010	(90)	(108)	(198)	0	(34)
Receive	6-Month JPY-LIBOR		0.300	Semi-Annual	09/20/2027	JPY 263,000	(5)	(32)	(37)	0	0
Receive	6-Month JPY-LIBOR		0.300	Semi-Annual	03/20/2028	70,000	(1)	(8)	(9)	0	0
Receive <sup>(6)</sup>	6-Month JPY-LIBOR		0.450	Semi-Annual	03/20/2029	230,000	(12)	(42)	(54)	0	(1)
Pay	28-Day MXN-TIE		9.182	Lunar	11/28/2028	MXN 24,200	0	30	30	8	0
Receive	CPTFEMU		1.535	Maturity	06/15/2023	EUR 1,040	0	20	20	1	0
Receive	CPTFEMU		1.535	Maturity	03/15/2028	700	0	17	17	1	0
Receive	CPTFEMU		1.620	Maturity	05/15/2028	960	0	31	31	2	0
Pay	CPTFEMU		1.710	Maturity	03/15/2033	400	(1)	(15)	(16)	0	(1)
Receive	CPTFEMU		1.796	Maturity	11/15/2038	650	0	26	26	2	0
Receive	CPTFEMU		1.808	Maturity	11/15/2038	600	0	25	25	2	0
Receive	CPTFEMU		1.946	Maturity	03/15/2048	400	1	23	24	2	0
Receive	CPTFEMU		1.945	Maturity	11/15/2048	160	0	9	9	1	0
Receive	CPTFEMU		1.950	Maturity	11/15/2048	240	1	13	14	1	0
Pay	CPURNSA		2.070	Maturity	03/23/2019	\$ 12,800	1	(78)	(77)	0	(4)
Pay	CPURNSA		1.980	Maturity	04/10/2019	2,140	0	(14)	(14)	1	0
Pay	CPURNSA		1.970	Maturity	04/27/2019	7,920	0	(54)	(54)	17	0
Pay	CPURNSA		1.925	Maturity	05/08/2019	1,170	0	(7)	(7)	3	0
Pay	CPURNSA		2.168	Maturity	07/15/2020	2,000	0	(21)	(21)	2	0
Pay	CPURNSA		2.027	Maturity	11/23/2020	1,500	0	(10)	(10)	0	0
Pay	CPURNSA		2.021	Maturity	11/25/2020	1,500	0	(10)	(10)	0	0
Pay	CPURNSA		1.550	Maturity	07/26/2021	1,100	37	(18)	19	1	0
Pay	CPURNSA		1.603	Maturity	09/12/2021	770	23	(13)	10	0	0
Pay	CPURNSA		2.069	Maturity	07/15/2022	700	0	(6)	(6)	0	0
Pay	CPURNSA		2.210	Maturity	02/05/2023	3,970	0	(76)	(76)	0	(4)
Pay	CPURNSA		2.263	Maturity	04/27/2023	2,120	0	(52)	(52)	0	(1)
Pay	CPURNSA		2.263	Maturity	05/09/2023	630	0	(15)	(15)	0	0
Pay	CPURNSA		2.281	Maturity	05/10/2023	960	0	(25)	(25)	0	(2)
Receive	CPURNSA		1.730	Maturity	07/26/2026	1,100	(59)	33	(26)	1	0
Receive	CPURNSA		1.762	Maturity	08/30/2026	1,900	(93)	59	(34)	2	0
Receive	CPURNSA		1.800	Maturity	09/12/2026	600	(6)	(3)	(9)	1	0
Receive	CPURNSA		1.801	Maturity	09/12/2026	770	(36)	24	(12)	1	0
Receive	CPURNSA		1.805	Maturity	09/12/2026	700	(32)	22	(10)	1	0
Receive	CPURNSA		1.780	Maturity	09/15/2026	500	(24)	15	(9)	1	0
Receive	CPURNSA		2.102	Maturity	07/20/2027	1,800	0	21	21	3	0
Receive	CPURNSA		2.080	Maturity	07/25/2027	1,300	0	12	12	2	0
Receive	CPURNSA		2.122	Maturity	08/01/2027	1,900	0	24	24	3	0
Receive	CPURNSA		2.180	Maturity	09/20/2027	650	0	11	11	1	0
Receive	CPURNSA		2.150	Maturity	09/25/2027	600	0	8	8	1	0



Pay/Receive	Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/(Depreciation)	Market Value	Variation Margin		
										Asset	Liability	
Receive	CPURNSA		2.155%	Maturity	10/17/2027	\$ 1,400	\$ 0	\$ 20	\$ 20	\$ 3	\$ 0	
Receive	CPURNSA		2.335	Maturity	02/05/2028	2,010	4	70	74	5	0	
Receive	CPURNSA		2.353	Maturity	05/09/2028	630	0	25	25	1	0	
Receive	CPURNSA		2.360	Maturity	05/09/2028	950	0	39	39	2	0	
Receive	CPURNSA		2.364	Maturity	05/10/2028	960	0	39	39	2	0	
Receive	CPURNSA		2.370	Maturity	06/06/2028	1,800	0	72	72	3	0	
Pay	FRCPXTOB		1.000	Maturity	04/15/2020	EUR 170	0	(1)	(1)	0	0	
Pay	FRCPXTOB		1.160	Maturity	08/15/2020	70	0	(1)	(1)	0	0	
Pay	FRCPXTOB		1.345	Maturity	06/15/2021	800	0	(12)	(12)	0	(1)	
Receive	FRCPXTOB		1.350	Maturity	01/15/2023	1,200	0	24	24	2	0	
Receive	FRCPXTOB		1.575	Maturity	01/15/2028	450	0	18	18	1	0	
Receive	FRCPXTOB		1.590	Maturity	02/15/2028	1,970	0	82	82	6	0	
Receive	FRCPXTOB		1.606	Maturity	02/15/2028	300	0	13	13	1	0	
Receive	FRCPXTOB		1.618	Maturity	07/15/2028	820	0	35	35	2	0	
Receive	FRCPXTOB		1.910	Maturity	01/15/2038	390	1	30	31	1	0	
Receive	UKRPI		3.513	Maturity	09/15/2028	GBP 700	0	(3)	(3)	5	0	
Receive	UKRPI		3.578	Maturity	11/15/2028	1,510	0	9	9	12	0	
Receive	UKRPI		3.595	Maturity	11/15/2028	340	0	3	3	3	0	
Receive	UKRPI		3.603	Maturity	11/15/2028	660	0	7	7	5	0	
Receive	UKRPI		3.633	Maturity	12/15/2028	700	0	10	10	5	0	
Receive	UKRPI		3.190	Maturity	04/15/2030	1,300	(73)	15	(58)	11	0	
Receive	UKRPI		3.350	Maturity	05/15/2030	2,900	(38)	18	(20)	27	0	
Receive	UKRPI		3.400	Maturity	06/15/2030	2,500	35	(32)	3	23	0	
Receive	UKRPI		3.530	Maturity	10/15/2031	140	4	(5)	(1)	1	0	
Receive	UKRPI		3.470	Maturity	09/15/2032	4,710	2	(90)	(88)	52	0	
Receive	UKRPI		3.579	Maturity	10/15/2033	400	0	4	4	5	0	
Receive	UKRPI		3.358	Maturity	04/15/2035	300	(7)	0	(7)	4	0	
Pay	UKRPI		3.585	Maturity	10/15/2046	640	(51)	12	(39)	0	(19)	
Pay	UKRPI		3.428	Maturity	03/15/2047	1,620	93	(3)	90	0	(46)	
								\$ 1,569	\$ (1,100)	\$ 469	\$ 330	\$ (341)
<b>Total Swap Agreements</b>								<b>\$ 1,158</b>	<b>\$ (882)</b>	<b>\$ 276</b>	<b>\$ 330</b>	<b>\$ (359)</b>

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

The following is a summary of the market value and variation margin of Exchange-Traded or Centrally Cleared Financial Derivative Instruments as of December 31, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value	Variation Margin			Market Value	Variation Margin		
		Asset <sup>(7)</sup>				Liability		
		Purchased Options	Futures	Swap Agreements		Total	Written Options	Futures
<b>Total Exchange-Traded or Centrally Cleared</b>	<b>\$ 3</b>	<b>\$ 492</b>	<b>\$ 330</b>	<b>\$ 825</b>	<b>\$ (93)</b>	<b>\$ (546)</b>	<b>\$ (359)</b>	<b>\$ (998)</b>

**(k) Securities with an aggregate market value of \$1,825 and cash of \$3408 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of December 31, 2018.**

- (1) If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- (2) If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- (3) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on sovereign issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- (4) The maximum potential amount the Portfolio could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- (5) The prices and resulting values for credit default swap agreements serve as indicators of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- (6) This instrument has a forward starting effective date. See Note 2, Securities Transactions and Investment Income, in the Notes to Financial Statements for further information.
- (7) Unsettled variation margin asset of \$1 for closed future agreements is outstanding at period end.

# Consolidated Schedule of Investments PIMCO CommodityRealReturn® Strategy Portfolio (Cont.)

## (I) FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER

### FORWARD FOREIGN CURRENCY CONTRACTS:

Counterparty	Settlement Month	Currency to be Delivered	Currency to be Received	Unrealized Appreciation/ (Depreciation)	
				Asset	Liability
BOA	01/2019	ARS 8,446	\$ 208	\$ 0	\$ (13)
	01/2019	EUR 8,496	9,700	0	(41)
BPS	01/2019	BRL 14,078	3,798	165	0
	01/2019	JPY 12,600	112	0	(3)
	01/2019	\$ 58	ARS 2,343	3	0
	01/2019	3,630	BRL 14,078	3	(1)
CBK	01/2019	AUD 6,946	\$ 5,088	195	0
	01/2019	BRL 3,905	1,027	20	0
	01/2019	CAD 3,686	2,797	97	0
	01/2019	GBP 339	434	2	0
	01/2019	NZD 2,666	1,847	57	0
	01/2019	\$ 1,008	BRL 3,905	0	0
	02/2019	JPY 365,000	\$ 3,236	0	(101)
	02/2019	\$ 704	COP 2,249,441	0	(13)
	03/2019	KRW 835,238	\$ 745	0	(7)
	DUB	01/2019	BRL 5,516	1,425	2
01/2019		\$ 1,433	BRL 5,517	0	(9)
02/2019		BRL 5,517	\$ 1,430	9	0
02/2019		\$ 1,069	BRL 4,146	0	(1)
FBF	04/2019	CNH 6,153	\$ 877	0	(19)
GLM	01/2019	BRL 5,245	1,351	0	(3)
	01/2019	CAD 300	227	7	0
	01/2019	GBP 7,424	9,489	26	(3)
	01/2019	\$ 3	ARS 120	0	0
	01/2019	1,358	BRL 5,245	1	(5)
	01/2019	1,354	EUR 1,189	9	0
	01/2019	728	RUB 48,210	0	(38)
	03/2019	515	IDR 7,572,726	5	0
	04/2019	BRL 1,110	\$ 284	0	0
	HUS	01/2019	MXN 3,040	160	5
01/2019		\$ 29	ARS 1,147	1	0
02/2019		JPY 365,000	\$ 3,249	0	(88)
02/2019		\$ 14	ARS 581	0	0
IND	01/2019	1,137	JPY 128,900	39	0
JPM	01/2019	BRL 16,501	\$ 4,443	186	0
	01/2019	\$ 90	ARS 3,488	2	0
	01/2019	4,229	BRL 16,501	29	0
	04/2019	885	CNH 6,108	4	0
MSB	01/2019	BRL 12,327	\$ 3,178	1	(3)
	01/2019	\$ 3,208	BRL 12,327	14	(42)
	02/2019	280	1,099	3	0
MYI	01/2019	CAD 500	\$ 377	11	0
SCX	01/2019	BRL 7,000	1,876	70	0
	01/2019	CAD 4,100	3,107	103	0
	01/2019	\$ 1,793	BRL 7,000	13	0
	01/2019	386	GBP 305	3	0
SSB	03/2019	SGD 522	\$ 382	0	(2)
	03/2019	TWD 11,623	380	0	(3)
<b>Total Forward Foreign Currency Contracts</b>				<b>\$ 1,085</b>	<b>\$ (395)</b>

### PURCHASED OPTIONS:

### CREDIT DEFAULT SWAPPTIONS ON CREDIT INDICES

Counterparty	Description	Buy/Sell Protection	Exercise Rate	Expiration Date	Notional Amount	Cost	Market Value
BPS	Put - OTC CDX.IG-31 5-Year Index	Buy	1.750%	01/16/2019	\$ 19,500	\$ 2	\$ 0
FBF	Put - OTC CDX.IG-31 5-Year Index	Buy	1.600	02/20/2019	2,900	1	1
GST	Put - OTC CDX.IG-31 5-Year Index	Buy	2.000	02/20/2019	2,700	0	0
						<b>\$ 3</b>	<b>\$ 1</b>

## OPTIONS ON SECURITIES

Counterparty	Description	Strike Price	Expiration Date	Notional Amount	Cost	Market Value
DUB	Put - OTC Fannie Mae, TBA 4.000% due 02/01/2049	\$ 71.000	02/06/2019	\$ 3,100	\$ 0	\$ 0
FAR	Call - OTC Fannie Mae, TBA 3.000% due 02/01/2049	108.500	02/06/2019	6,600	0	0
	Put - OTC Fannie Mae, TBA 3.500% due 01/01/2049	72.000	01/07/2019	8,380	0	0
	Put - OTC Fannie Mae, TBA 4.000% due 01/01/2049	75.500	01/07/2019	20,000	1	0
JPM	Put - OTC Fannie Mae, TBA 3.500% due 01/01/2049	69.000	01/07/2019	19,030	1	0
					\$ 2	\$ 0
<b>Total Purchased Options</b>					<b>\$ 5</b>	<b>\$ 1</b>

## WRITTEN OPTIONS:

## CREDIT DEFAULT SWAPTIONS ON CREDIT INDICES

Counterparty	Description	Buy/Sell Protection	Exercise Rate	Expiration Date	Notional Amount	Premiums (Received)	Market Value
BOA	Put - OTC CDX.IG-31 5-Year Index	Sell	0.850%	01/16/2019	\$ 1,000	\$ (1)	\$ (3)
	Put - OTC CDX.IG-31 5-Year Index	Sell	0.900	01/16/2019	1,600	(2)	(3)
	Put - OTC CDX.IG-31 5-Year Index	Sell	0.950	02/20/2019	900	(2)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	02/20/2019	1,200	(3)	(3)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.100	02/20/2019	500	(1)	(1)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	03/20/2019	900	(2)	(3)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.200	03/20/2019	1,300	(1)	(2)
BPS	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	02/20/2019	800	(1)	(2)
BRC	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	01/16/2019	800	(1)	0
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.050	02/20/2019	700	(1)	(1)
CBK	Put - OTC CDX.IG-31 5-Year Index	Sell	0.950	01/16/2019	800	(1)	(1)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.000	01/16/2019	3,600	(3)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	0.950	02/20/2019	1,600	(3)	(5)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.050	02/20/2019	500	(1)	(1)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.100	02/20/2019	400	0	(1)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.050	03/20/2019	800	(1)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.100	03/20/2019	700	(2)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.200	03/20/2019	900	(1)	(1)
GST	Put - OTC CDX.IG-31 5-Year Index	Sell	0.900	01/16/2019	1,500	(2)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.100	02/20/2019	500	0	(1)
	Put - OTC CDX.IG-31 5-Year Index	Sell	2.400	09/18/2019	900	(2)	(2)
	Put - OTC iTraxx Europe 30 5-Year Index	Sell	2.400	09/18/2019	EUR 300	(1)	0
JPM	Put - OTC CDX.IG-31 5-Year Index	Sell	0.950	02/20/2019	\$ 800	(1)	(2)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.200	03/20/2019	700	(1)	(1)
MYC	Put - OTC CDX.IG-31 5-Year Index	Sell	0.900	01/16/2019	800	(1)	(1)
	Put - OTC CDX.IG-31 5-Year Index	Sell	1.100	02/20/2019	900	(1)	(1)
						\$ (36)	\$ (45)

## FOREIGN CURRENCY OPTIONS

Counterparty	Description	Strike Price	Expiration Date	Notional Amount	Premiums (Received)	Market Value
HUS	Put - OTC EUR versus USD	\$ 1.100	02/13/2019	EUR 1,305	\$ (8)	\$ (1)

## INFLATION-CAPPED OPTIONS

Counterparty	Description	Initial Index	Floating Rate	Expiration Date <sup>(1)</sup>	Notional Amount	Premiums (Received)	Market Value
CBK	Floor - OTC CPURNSA	216.687	Maximum of [(1 + 0.000%) <sup>10</sup> - (Final Index/Initial Index)] or 0	04/07/2020	\$ 12,100	\$ (108)	\$ 0
	Floor - OTC CPURNSA	217.965	Maximum of [(1 + 0.000%) <sup>10</sup> - (Final Index/Initial Index)] or 0	09/29/2020	1,000	(13)	0
GLM	Cap - OTC CPALEMU	100.151	Maximum of [(Final Index/Initial Index - 1) - 3.000%] or 0	06/22/2035	EUR 1,200	(54)	(4)
JPM	Cap - OTC CPURNSA	234.781	Maximum of [(Final Index/Initial Index - 1) - 4.000%] or 0	05/16/2024	\$ 600	(4)	0
	Floor - OTC YOY CPURNSA	234.812	Maximum of [0.000% - (Final Index/Initial Index - 1)] or 0	03/24/2020	4,600	(52)	(2)
	Floor - OTC YOY CPURNSA	238.654	Maximum of [0.000% - (Final Index/Initial Index - 1)] or 0	10/02/2020	2,000	(37)	(2)
						\$ (268)	\$ (8)

# Consolidated Schedule of Investments PIMCO CommodityRealReturn® Strategy Portfolio (Cont.)

## INTEREST RATE-CAPPED OPTIONS

Counterparty	Description	Exercise Rate	Floating Rate Index	Expiration Date	Notional Amount	Premiums (Received)	Market Value
MYC	Call - OTC 1-Year Interest Rate Floor <sup>(2)</sup>	0.000%	10-Year USD-ISDA - 2-Year USD-ISDA	01/02/2020	\$ 29,700	\$ (23)	\$ (15)
<b>Total Written Options</b>						<b>\$ (335)</b>	<b>\$ (69)</b>

## SWAP AGREEMENTS:

### COMMODITY FORWARD SWAPS

Counterparty	Pay/Receive	Underlying Reference Commodity	Fixed Price Per Unit	Payment Frequency	Maturity Date	# of Units	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value			
									Asset	Liability		
BPS	Receive	EURMARGIN CAL20	\$ 10.000	Maturity	12/31/2020	6,000	\$ (9)	\$ (2)	\$ 0	\$ (11)		
	Pay	EURMARGIN 1Q19	6.640	Maturity	03/31/2019	600	0	0	0	0		
	Receive	EURMARGIN 4Q19	6.080	Maturity	12/31/2019	300	0	(1)	0	(1)		
	Receive	NAPGASFO 1Q19	8.700	Maturity	03/31/2019	2,700	(4)	(6)	0	(10)		
	Receive	PLATGOLD N9	410.750	Maturity	07/09/2019	300	0	(23)	0	(23)		
CBK	Receive	MEHMID CAL20	1.840	Maturity	12/31/2021	4,800	0	5	5	0		
GST	Receive	CBOT Corn December Futures	398.500	Maturity	11/22/2019	15,000	0	0	0	0		
	Receive	CBOT Corn December Futures	398.750	Maturity	11/22/2019	10,000	0	0	0	0		
	Receive	CBOT Corn December Futures	402.250	Maturity	11/22/2019	40,000	0	(2)	0	(2)		
	Receive	CBOT Corn December Futures	403.250	Maturity	11/22/2019	20,000	0	(1)	0	(1)		
	Pay	CBOT Wheat July Futures	5.240	Maturity	06/21/2019	20,000	0	1	1	0		
	Pay	CBOT Wheat March Futures	5.110	Maturity	02/22/2019	10,000	0	1	1	0		
	Pay	CBOT Wheat March Futures	5.151	Maturity	02/22/2019	35,000	0	4	4	0		
	Pay	CBOT Wheat March Futures	5.210	Maturity	02/22/2019	10,000	0	2	2	0		
	Pay	CBOT Wheat March Futures	5.275	Maturity	02/22/2019	25,000	0	6	6	0		
	Receive	COCL CAL19	5.300	Maturity	12/31/2019	2,400	0	(5)	0	(5)		
	Receive	EURMARGIN 1Q19	6.040	Maturity	03/31/2019	600	0	0	0	0		
	Receive	EURMARGIN 4Q19	5.415	Maturity	12/31/2019	1,500	0	(1)	0	(1)		
	Receive	EURMARGIN CAL19	7.050	Maturity	12/31/2019	6,000	0	(7)	0	(7)		
	Receive	MEHCL CAL19	2.650	Maturity	12/31/2019	2,200	0	4	4	0		
Receive	NAPGASFO 1Q19	8.050	Maturity	03/31/2019	2,400	(3)	(5)	0	(8)			
JPM	Receive	CBOT Corn December Futures	398.375	Maturity	11/22/2019	10,000	0	0	0	0		
	Receive	CBOT Corn December Futures	398.500	Maturity	11/22/2019	5,000	0	0	0	0		
	Pay	CBOT Soybean November Futures	953.688	Maturity	10/25/2019	20,000	0	4	4	0		
	Pay	CBOT Wheat March Futures	5.070	Maturity	02/22/2019	15,000	0	1	1	0		
	Pay	CBOT Wheat March Futures	5.083	Maturity	02/22/2019	10,000	0	1	1	0		
	Receive	EURMARGIN CAL20	9.900	Maturity	12/31/2020	1,200	0	(2)	0	(2)		
	Receive	EURMARGIN 4Q19	5.350	Maturity	12/31/2019	300	0	0	0	0		
	Receive	EURMARGIN CAL19	6.750	Maturity	12/31/2019	2,400	(1)	(1)	0	(2)		
	Pay	EURSIMP 1Q19	5.000	Maturity	03/31/2019	600	0	0	0	0		
	Receive	KCBT Wheat March Futures	5.104	Maturity	02/22/2019	10,000	0	(2)	0	(2)		
	Receive	NAPGASFO 1Q19	5.680	Maturity	03/31/2019	300	0	0	0	0		
	MAC	Receive	COCL CAL19	5.380	Maturity	12/31/2019	3,600	0	(8)	0	(8)	
		Receive	EURMARGIN CAL20	8.500	Maturity	12/31/2020	6,000	0	(3)	0	(3)	
		Receive	EURMARGIN 4Q19	5.400	Maturity	12/31/2019	900	0	(1)	0	(1)	
Receive		KCBT Wheat July Futures	5.155	Maturity	06/21/2019	10,000	0	0	0	0		
Receive		MEHCL CAL19	2.700	Maturity	12/31/2019	3,300	0	5	5	0		
MYC	Receive	EURMARGIN CAL19	8.920	Maturity	12/31/2019	2,400	0	(4)	0	(4)		
	Receive	EURMARGIN CAL20	8.520	Maturity	12/31/2020	1,200	0	(1)	0	(1)		
	Receive	EURMARGIN CAL20	8.580	Maturity	12/31/2020	16,800	0	(8)	0	(8)		
	Receive	EURMARGIN CAL20	9.970	Maturity	12/31/2020	1,200	0	(2)	0	(2)		
	Pay	EURMARGIN 1Q19	6.150	Maturity	03/31/2019	900	0	0	0	0		
	Pay	EURMARGIN 1Q19	6.200	Maturity	03/31/2019	1,200	0	0	0	0		
	Receive	EURMARGIN 2H19	6.870	Maturity	12/31/2019	600	0	(1)	0	(1)		
	Receive	EURMARGIN 2H19	6.970	Maturity	12/31/2019	600	0	(1)	0	(1)		
	Receive	EURMARGIN 2H19	7.150	Maturity	12/31/2019	600	0	(1)	0	(1)		
	Receive	EURMARGIN 2Q19	7.000	Maturity	06/30/2019	900	0	0	0	0		
	Receive	EURMARGIN 2Q19	7.005	Maturity	06/30/2019	1,200	0	0	0	0		
	Receive	EURMARGIN 4Q19	6.000	Maturity	12/31/2019	600	0	(1)	0	(1)		
	Pay	EURSIMP 1Q19	5.000	Maturity	03/31/2019	600	0	0	0	0		
									\$ (17)	\$ (55)	\$ 34	\$ (106)

CREDIT DEFAULT SWAPS ON SOVEREIGN ISSUES - SELL PROTECTION<sup>(3)</sup>

Counterparty	Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at December 31, 2018 <sup>(4)</sup>	Notional Amount <sup>(5)</sup>	Premiums Paid/(Received)	Unrealized Appreciation/(Depreciation)	Swap Agreements, at Value <sup>(6)</sup>	
									Asset	Liability
BOA	Italy Government International Bond	1.000%	Quarterly	03/20/2019	0.227%	\$ 1,100	\$ (19)	\$ 21	\$ 2	\$ 0

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION<sup>(3)</sup>

Counterparty	Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date	Notional Amount <sup>(5)</sup>	Premiums Paid/(Received)	Unrealized Appreciation/(Depreciation)	Swap Agreements, at Value <sup>(6)</sup>	
								Asset	Liability
DUB	CMBX.NA.AAA.8 Index	0.500%	Monthly	10/17/2057	\$ 800	\$ (42)	\$ 43	\$ 1	\$ 0
GST	CMBX.NA.AAA.8 Index	0.500	Monthly	10/17/2057	300	(17)	18	1	0
						\$ (59)	\$ 61	\$ 2	\$ 0

## INTEREST RATE SWAPS

Counterparty	Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/(Depreciation)	Swap Agreements, at Value	
									Asset	Liability
BRC	Receive	1-Year ILS-TELBOR	0.374%	Annual	06/20/2020	ILS 2,690	\$ 0	\$ 1	\$ 1	\$ 0
	Pay	1-Year ILS-TELBOR	1.950	Annual	06/20/2028	580	0	(1)	0	(1)
DUB	Pay	CPURNSA	2.500	Maturity	07/15/2022	\$ 1,200	10	(134)	0	(124)
	Pay	CPURNSA	2.560	Maturity	05/08/2023	13,100	0	(1,385)	0	(1,385)
GLM	Receive	1-Year ILS-TELBOR	0.290	Annual	02/16/2020	ILS 4,990	0	1	1	0
	Receive	1-Year ILS-TELBOR	0.270	Annual	03/21/2020	3,110	0	2	2	0
	Receive	1-Year ILS-TELBOR	0.370	Annual	06/20/2020	2,080	0	1	1	0
	Pay	1-Year ILS-TELBOR	1.971	Annual	02/16/2028	1,050	0	1	1	0
	Pay	1-Year ILS-TELBOR	1.883	Annual	03/21/2028	650	0	(1)	0	(1)
	Pay	1-Year ILS-TELBOR	1.998	Annual	06/20/2028	440	0	0	0	0
HUS	Receive	1-Year ILS-TELBOR	0.370	Annual	06/20/2020	1,640	0	1	1	0
	Pay	1-Year ILS-TELBOR	1.998	Annual	06/20/2028	350	0	0	0	0
JPM	Receive	1-Year ILS-TELBOR	0.420	Annual	06/20/2020	2,570	0	1	1	0
	Pay	1-Year ILS-TELBOR	2.078	Annual	06/20/2028	550	0	1	1	0
						\$ 10	\$ (1,512)	\$ 9	\$ (1,511)	

## TOTAL RETURN SWAPS ON COMMODITY INDICES

Counterparty	Pay/Receive <sup>(7)</sup>	Underlying Reference	# of Units	Financing Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/(Depreciation)	Swap Agreements, at Value	
										Asset	Liability
BPS	Receive	BCOMF1T Index	20,831	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	\$ 6,874	\$ 0	\$ (301)	\$ 0	\$ (301)
	Receive	BCOMTR Index	112,262	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	18,742	0	(832)	0	(832)
	Receive	BCOMTR1 Index	27,507	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	1,999	0	(89)	0	(89)
CBK	Receive	BCOMF1T Index	105	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	35	0	(1)	0	(1)
	Receive	BCOMTR Index	150,958	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	25,203	0	(1,118)	0	(1,118)
	Receive	CIXBSTR3 Index	236,898	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	42,735	0	(1,872)	0	(1,872)
	Receive	CIXBXM2 Index	20,129	0.170%	Monthly	02/15/2019	2,189	0	1	1	0
CIB	Receive	CIXBXM3 Index	18,768	0.170%	Monthly	02/15/2019	2,168	0	7	7	0
	Receive	BCOMTR Index	5,671	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	947	0	(42)	0	(42)
FBF	Receive	PIMCOB Index	24,083	0.000%	Monthly	02/15/2019	2,378	0	(94)	0	(94)
	Receive	BCOMTR Index	125,200	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	20,903	0	(927)	0	(927)
GST	Receive	BCOMF1T Index	104,963	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	34,636	0	(1,515)	0	(1,515)
	Pay	BCOMTR Index	22,381	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	3,713	24	118	142	0
	Receive	CMD5KEWLS Index <sup>(10)</sup>	36,220	0.250%	Monthly	02/15/2019	5,730	0	(42)	0	(42)

# Consolidated Schedule of Investments PIMCO CommodityRealReturn® Strategy Portfolio (Cont.)

Counterparty	Pay/Receive <sup>(7)</sup>	Underlying Reference	# of Units	Financing Rate	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value		
										Asset	Liability	
JPM	Pay	BCOMTR Index	9,797	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	01/15/2019	\$ 1,636	\$ 0	\$ 72	\$ 72	\$ 0	
	Receive	BCOMF1T Index	672	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	222	0	(10)	0	(10)	
	Receive	JMABCT3E Index	23,015	0.150%	Monthly	02/15/2019	2,644	0	5	5	0	
	Receive	JMABDEWE Index <sup>(11)</sup>	6,393	0.300%	Monthly	02/15/2019	6,333	0	16	16	0	
	Receive	JMABFNJ1 Index <sup>(12)</sup>	137,645	0.350%	Monthly	02/15/2019	13,868	(21)	(94)	0	(115)	
	Receive	JMABNIC2 Index <sup>(13)</sup>	18,470	0.170%	Monthly	02/15/2019	7,379	0	(285)	0	(285)	
MAC	Receive	BCOMTR1 Index	113,048	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	10,507	0	(466)	0	(466)	
	Receive	BCOMTR2 Index	147,836	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	13,015	0	(570)	0	(570)	
	Receive	MQCP563E Index	3,643	0.950%	Monthly	02/15/2019	470	0	(1)	0	(1)	
	Receive	PIMCODB Index	24,068	0.000%	Monthly	02/15/2019	2,378	0	(94)	0	(94)	
MEI	Receive	BCOMTR2 Index	292,026	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	36,070	0	(1,544)	0	(1,544)	
MYC	Receive	BCOMTR Index	430,298	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	71,839	0	(3,188)	0	(3,188)	
	Receive	BCOMTR1 Index	232,041	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	42,880	0	(1,903)	0	(1,903)	
RBC	Receive	RBCAECOT Index	50,266	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	2,856	0	(126)	0	(126)	
SOG	Receive	BCOMTR Index	2,272	3-Month U.S. Treasury Bill rate plus a specified spread	Monthly	02/15/2019	379	0	(17)	0	(17)	
									\$ 3	\$ (14,912)	\$ 243	\$ (15,152)

## VOLATILITY SWAPS

Counterparty	Pay/Receive Volatility	Reference Entity	Volatility Strike	Payment Frequency	Maturity Date	Notional Amount	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value			
									Asset	Liability		
GST	Pay	GOLDLNPM Index <sup>(8)</sup>	7.023%	Maturity	07/29/2020	\$ 943	\$ 0	\$ 46	\$ 46	\$ 0		
	Pay	GOLDLNPM Index <sup>(8)</sup>	7.840	Maturity	09/09/2020	179	0	10	10	0		
JPM	Receive	GOLDLNPM Index <sup>(8)</sup>	3.861	Maturity	07/29/2020	865	0	(18)	0	(18)		
	Receive	GOLDLNPM Index <sup>(8)</sup>	3.976	Maturity	07/29/2020	78	0	(2)	0	(2)		
	Receive	GOLDLNPM Index <sup>(8)</sup>	4.268	Maturity	09/09/2020	179	0	(4)	0	(4)		
MYC	Pay	GOLDLNPM Index <sup>(8)</sup>	3.294	Maturity	07/17/2019	303	0	5	5	0		
	Pay	GOLDLNPM Index <sup>(8)</sup>	3.240	Maturity	07/26/2019	304	0	5	5	0		
	Pay	GOLDLNPM Index <sup>(8)</sup>	3.063	Maturity	10/08/2019	314	0	4	4	0		
	Pay	GOLDLNPM Index <sup>(8)</sup>	1.960	Maturity	05/12/2020	179	0	0	0	0		
	Receive	SLVRLND Index <sup>(8)</sup>	3.706	Maturity	07/09/2019	260	0	0	0	0		
	Receive	SLVRLND Index <sup>(8)</sup>	7.317	Maturity	07/17/2019	203	0	(7)	0	(7)		
	Receive	SLVRLND Index <sup>(8)</sup>	7.398	Maturity	07/26/2019	202	0	(7)	0	(7)		
	Receive	SLVRLND Index <sup>(8)</sup>	7.023	Maturity	10/08/2019	207	0	(5)	0	(5)		
	Receive	SLVRLND Index <sup>(8)</sup>	4.580	Maturity	05/12/2020	117	0	0	0	0		
SOG	Pay	GOLDLNPM Index <sup>(8)</sup>	1.782	Maturity	06/08/2020	150	0	0	0	0		
	Receive	SLVRLND Index <sup>(8)</sup>	4.410	Maturity	06/08/2020	95	0	0	0	0		
	Receive	SPGCICP Index <sup>(8)</sup>	4.000	Maturity	07/26/2019	50	0	0	0	0		
									\$ 0	\$ 27	\$ 70	\$ (43)
<b>Total Swap Agreements</b>									<b>\$ (82)</b>	<b>\$ (16,370)</b>	<b>\$ 360</b>	<b>\$ (16,812)</b>

## FINANCIAL DERIVATIVE INSTRUMENTS: OVER THE COUNTER SUMMARY

The following is a summary by counterparty of the market value of OTC financial derivative instruments and collateral pledged/(received) as of December 31, 2018:

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Net Market Value of OTC Derivatives	Collateral Pledged/ (Received)	Net Exposure <sup>(9)</sup>
	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter			
BOA	\$ 0	\$ 0	\$ 2	\$ 2	\$ (54)	\$ (17)	\$ 0	\$ (71)	\$ (69)	\$ 0	\$ (69)
BPS	171	0	0	171	(4)	(2)	(1,267)	(1,273)	(1,102)	690	(412)
BRC	0	0	1	1	0	(1)	(1)	(2)	(1)	0	(1)
CBK	371	0	13	384	(121)	(15)	(2,991)	(3,127)	(2,743)	1,806	(937)
CIB	0	0	0	0	0	0	(136)	(136)	(136)	0	(136)

Counterparty	Financial Derivative Assets				Financial Derivative Liabilities				Net Market Value of OTC Derivatives	Collateral Pledged/(Received)	Net Exposure <sup>(9)</sup>
	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter			
DUB	\$ 11	\$ 0	\$ 1	\$ 12	\$ (10)	\$ 0	\$ (1,509)	\$ (1,519)	\$ (1,507)	\$ 1,263	\$ (244)
FBF	0	1	0	1	(19)	0	(927)	(946)	(945)	715	(230)
GLM	48	0	5	53	(49)	(4)	(1)	(54)	(1)	(10)	(11)
GST	0	0	217	217	0	(5)	(1,581)	(1,586)	(1,369)	1,481	112
HUS	6	0	1	7	(88)	(1)	0	(89)	(82)	0	(82)
IND	39	0	0	39	0	0	0	0	39	0	39
JPM	221	0	101	322	0	(7)	(440)	(447)	(125)	555	430
MAC	0	0	5	5	0	0	(1,143)	(1,143)	(1,138)	823	(315)
MEI	0	0	0	0	0	0	(1,544)	(1,544)	(1,544)	1,220	(324)
MSB	18	0	0	18	(45)	0	0	(45)	(27)	0	(27)
MYC	0	0	14	14	0	(17)	(5,129)	(5,146)	(5,132)	228	(4,904)
MYI	11	0	0	11	0	0	0	0	11	0	11
RBC	0	0	0	0	0	0	(126)	(126)	(126)	0	(126)
SCX	189	0	0	189	0	0	0	0	189	0	189
SOG	0	0	0	0	0	0	(17)	(17)	(17)	0	(17)
SSB	0	0	0	0	(5)	0	0	(5)	(5)	0	(5)
<b>Total Over the Counter</b>	<b>\$ 1,085</b>	<b>\$ 1</b>	<b>\$ 360</b>	<b>\$ 1,446</b>	<b>\$ (395)</b>	<b>\$ (69)</b>	<b>\$ (16,812)</b>	<b>\$ (17,276)</b>			

**(m) Securities with an aggregate market value of \$13,034 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of December 31, 2018.**

- (1) YOY options may have a series of expirations.
- (2) The underlying instrument has a forward starting effective date. See Note 2, Securities Transactions and Investment Income, in the Notes to Financial Statements for further information.
- (3) If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash, securities or other deliverable obligations equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.
- (4) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on sovereign issues as of period end serve as indicators of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- (5) The maximum potential amount the Portfolio could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- (6) The prices and resulting values for credit default swap agreements serve as indicators of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement be closed/sold as of the period end. Increasing market values, in absolute terms when compared to the notional amount of the swap, represent a deterioration of the referenced indices' credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.
- (7) Receive represents that the Portfolio receives payments for any positive net return on the underlying reference. The Portfolio makes payments for any negative net return on such underlying reference. Pay represents that the Portfolio receives payments for any negative net return on the underlying reference. The Portfolio makes payments for any positive net return on such underlying reference.
- (8) Variance Swap
- (9) Net Exposure represents the net receivable/(payable) that would be due from/to the counterparty in the event of default. Exposure from OTC derivatives can only be netted across transactions governed under the same master agreement with the same legal entity. See Note 7, Principal Risks, in the Notes to Financial Statements for more information regarding master netting agreements.
- (10) The following table represents the individual positions within the total return swap as of December 31, 2018:

Referenced Commodity — Long Futures Contracts	% of Index	Notional Amount	Referenced Commodity — Short Futures Contracts	% of Index	Notional Amount
Brent Crude March Futures	10.1%	\$ 579	Aluminum February Futures	5.1%	\$ 290
New York Harbor ULSD February Futures	7.5	429	Live Cattle February Futures	5.3	303
RBOB Gasoline February Futures	7.4	424	NYMEX — Natural Gas February Futures	15.0	862
WTI Crude February Futures	9.6	549	Wheat March Futures	5.1	294
Total Long Futures Contracts		\$ 1,981	Total Short Futures Contracts		\$ 1,749
Cash	34.9%	\$ 2,000			
		\$ 3,981			
<b>Total Notional Amount</b>					<b>\$ 5,730</b>



## Consolidated Schedule of Investments PIMCO CommodityRealReturn® Strategy Portfolio (Cont.)

(11) The following table represents the individual positions within the total return swap as of December 31, 2018:

Referenced Commodity — Long Futures Contracts	% of Index	Notional Amount	Referenced Commodity — Short Futures Contracts	% of Index	Notional Amount
Brent Crude March Futures	10.4%	\$ 661	Aluminum February Futures	2.4%	\$ 148
LME — Copper February Futures	2.3	147	Arabica Coffee March Futures	1.3	78
Nickel February Futures	2.3	148	Cocoa March Futures	1.2	78
RBOB Gasoline February Futures	4.5	286	Corn March Futures	5.9	370
Soybean Meal March Futures	5.8	366	ICE — Natural Gas February Futures	2.1	133
Soybeans March Futures	8.1	510	Lean Hogs February Futures	1.2	78
			New York Harbor ULSD February Futures	9.1	578
			NYMEX — Natural Gas February Futures	1.9	122
			Wheat March Futures	5.7	364
			Zinc February Futures	2.4	150
Total Long Futures Contracts		\$ 2,118	Total Short Futures Contracts		\$ 2,099
Cash	33.4%	\$ 2,116			
		\$ 4,234			
<b>Total Notional Amount</b>					<b>\$ 6,333</b>

(12) The following table represents the individual positions within the total return swap as of December 31, 2018:

Referenced Commodity — Long Futures Contracts	% of Index	Notional Amount	Referenced Commodity — Short Futures Contracts	% of Index	Notional Amount
Brent Crude June Futures	4.0%	\$ 549	Aluminum May Futures	7.5%	\$ 1,040
Cocoa May Futures	4.3	602	Corn May Futures	7.1	983
Cotton No. 02 May Futures	6.9	953	Gas Oil May Futures	4.6	638
Lead May Futures	5.8	809	Gold 100 oz. June Futures	11.1	1,540
LME — Copper May Futures	6.9	962	RBOB Gasoline May Futures	1.2	167
New York Harbor ULSD May Futures	5.9	808	Silver May Futures	1.5	205
Nickel May Futures	2.7	369	Soybeans May Futures	8.2	1,131
Platinum April Futures	3.9	546	Sugar No. 11 May Futures	5.3	740
Zinc May Futures	5.8	810	Wheat May Futures	5.9	824
			WTI Crude May Futures	1.4	192
Total Long Futures Contracts		\$ 6,408	Total Short Futures Contracts		\$ 7,460
<b>Total Notional Amount</b>					<b>\$ 13,868</b>

(13) The following table represents the individual positions within the total return swap as of December 31, 2018:

Referenced Commodity — Long Futures Contracts	% of Index	Notional Amount
Brent Crude May Futures	16.6%	\$ 1,224
Copper May Futures	8.4	616
Gold 100 oz. April Futures	13.6	1,005
Lean Hogs April Futures	1.1	79
Live Cattle April Futures	2.6	194
New York Harbor ULSD May Futures	6.7	498
Nickel May Futures	8.6	635
RBOB Gasoline May Futures	10.1	744
Silver May Futures	3.9	285
Soybean Meal May Futures	8.0	593
Soybeans May Futures	18.4	1,359
Sugar No. 11 May Futures	2.0	147
Total Long Futures Contracts		\$ 7,379
<b>Total Notional Amount</b>		<b>\$ 7,379</b>



**FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS**

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

Fair Values of Financial Derivative Instruments on the Consolidated Statement of Assets and Liabilities as of December 31, 2018:

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Financial Derivative Instruments - Assets</b>						
Exchange-traded or centrally cleared						
Purchased Options	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3	\$ 3
Futures	372	0	0	0	120	492
Swap Agreements	0	0	0	0	330	330
	\$ 372	\$ 0	\$ 0	\$ 0	\$ 453	\$ 825
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 1,085	\$ 0	\$ 1,085
Purchased Options	0	1	0	0	0	1
Swap Agreements	347	4	0	0	9	360
	\$ 347	\$ 5	\$ 0	\$ 1,085	\$ 9	\$ 1,446
	\$ 719	\$ 5	\$ 0	\$ 1,085	\$ 462	\$ 2,271
<b>Financial Derivative Instruments - Liabilities</b>						
Exchange-traded or centrally cleared						
Written Options	\$ 62	\$ 0	\$ 0	\$ 0	\$ 31	\$ 93
Futures	322	0	0	0	224	546
Swap Agreements	0	18	0	0	341	359
	\$ 384	\$ 18	\$ 0	\$ 0	\$ 596	\$ 998
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 395	\$ 0	\$ 395
Written Options	0	45	0	1	23	69
Swap Agreements	15,301	0	0	0	1,511	16,812
	\$ 15,301	\$ 45	\$ 0	\$ 396	\$ 1,534	\$ 17,276
	\$ 15,685	\$ 63	\$ 0	\$ 396	\$ 2,130	\$ 18,274

The effect of Financial Derivative Instruments on the Consolidated Statement of Operations for the period ended December 31, 2018:

	Derivatives not accounted for as hedging instruments					Total
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	
<b>Net Realized Gain (Loss) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Purchased Options	\$ (47)	\$ 0	\$ 0	\$ 0	\$ 3	\$ (44)
Written Options	253	0	0	0	231	484
Futures	(87)	0	0	0	1,262	1,175
Swap Agreements	0	(299)	0	0	1,975	1,676
	\$ 119	\$ (299)	\$ 0	\$ 0	\$ 3,471	\$ 3,291
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 2,650	\$ 0	\$ 2,650
Purchased Options	0	0	0	5	(149)	(144)
Written Options	0	69	0	37	113	219
Swap Agreements	(18,292)	82	0	0	(76)	(18,286)
	\$ (18,292)	\$ 151	\$ 0	\$ 2,692	\$ (112)	\$ (15,561)
	\$ (18,173)	\$ (148)	\$ 0	\$ 2,692	\$ 3,359	\$ (12,270)
<b>Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments</b>						
Exchange-traded or centrally cleared						
Purchased Options	\$ 38	\$ 0	\$ 0	\$ 0	\$ (4)	\$ 34
Written Options	(54)	0	0	0	(38)	(92)
Futures	(89)	0	0	0	(1,456)	(1,545)
Swap Agreements	0	311	0	0	(488)	(177)
	\$ (105)	\$ 311	\$ 0	\$ 0	\$ (1,986)	\$ (1,780)
Over the counter						
Forward Foreign Currency Contracts	\$ 0	\$ 0	\$ 0	\$ 2,034	\$ 0	\$ 2,034
Purchased Options	0	(2)	0	0	149	147
Written Options	0	(9)	0	6	(3)	(6)
Swap Agreements	(33,213)	(80)	0	0	(108)	(33,401)
	\$ (33,213)	\$ (91)	\$ 0	\$ 2,040	\$ 38	\$ (31,226)
	\$ (33,318)	\$ 220	\$ 0	\$ 2,040	\$ (1,948)	\$ (33,006)

**FAIR VALUE MEASUREMENTS**

The following is a summary of the fair valuations according to the inputs used as of December 31, 2018 in valuing the Portfolio's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2018	Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 12/31/2018
<b>Investments in Securities, at Value</b>					<b>Short Sales, at Value - Liabilities</b>				
Corporate Bonds & Notes					U.S. Government Agencies	\$ 0	\$ (6,441)	\$ 0	\$ (6,441)
Banking & Finance	\$ 0	\$ 20,759	\$ 0	\$ 20,759	<b>Financial Derivative Instruments - Assets</b>				
Industrials	0	15,914	0	15,914	Exchange-traded or centrally cleared	491	333	0	824
Utilities	0	6,947	0	6,947	Over the counter	0	1,446	0	1,446
U.S. Government Agencies	0	58,550	0	58,550		\$ 491	\$ 1,779	\$ 0	\$ 2,270
U.S. Treasury Obligations	0	362,926	0	362,926	<b>Financial Derivative Instruments - Liabilities</b>				
Non-Agency Mortgage-Backed Securities	0	8,082	0	8,082	Exchange-traded or centrally cleared	(608)	(390)	0	(998)
Asset-Backed Securities	0	28,389	0	28,389	Over the counter	0	(17,276)	0	(17,276)
Sovereign Issues	0	18,778	0	18,778		\$ (608)	\$ (17,666)	\$ 0	\$ (18,274)
Short-Term Instruments					<b>Total Financial Derivative Instruments</b>				
Certificates of Deposit	0	2,401	0	2,401		\$ (117)	\$ (15,887)	\$ 0	\$ (16,004)
Commercial Paper	0	4,175	0	4,175	<b>Totals</b>				
Repurchase Agreements	0	29,836	0	29,836		\$ 4,646	\$ 559,687	\$ 0	\$ 564,333
Argentina Treasury Bills	0	179	0	179					
Japan Treasury Bills	0	6,661	0	6,661					
U.S. Treasury Bills	0	18,418	0	18,418					
	\$ 0	\$ 582,015	\$ 0	\$ 582,015					
<b>Investments in Affiliates, at Value</b>									
Short-Term Instruments									
Central Funds Used for Cash Management Purposes	\$ 4,763	\$ 0	\$ 0	\$ 4,763					
Total Investments	\$ 4,763	\$ 582,015	\$ 0	\$ 586,778					

There were no significant transfers into or out of Level 3 during the period ended December 31, 2018.

## 1. ORGANIZATION

PIMCO Variable Insurance Trust (the "Trust") is a Delaware statutory trust established under a trust instrument dated October 3, 1997. The Trust is registered under the Investment Company Act of 1940, as amended (the "Act"), as an open-end management investment company. The Trust is designed to be used as an investment vehicle by separate accounts of insurance companies that fund variable annuity contracts and variable life insurance policies and by qualified pension and retirement plans. Information presented in these financial statements pertains to the Institutional Class, Class M, Administrative Class and Advisor Class shares of the PIMCO CommodityRealReturn<sup>®</sup> Strategy Portfolio (the "Portfolio") offered by the Trust. Pacific Investment Management Company LLC ("PIMCO") serves as the investment adviser (the "Adviser") for the Portfolio.

## 2. SIGNIFICANT ACCOUNTING POLICIES

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

**(a) Securities Transactions and Investment Income** Securities transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled beyond a standard settlement period for the security after the trade date. Realized gains (losses) from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Portfolio is informed of the ex-dividend date. Interest income, adjusted for the accretion of discounts and amortization of premiums, is recorded on the accrual basis from settlement date, with the exception of securities with a forward starting effective date, where interest income is recorded on the accrual basis from effective date. For convertible securities, premiums attributable to the conversion feature are not amortized. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized appreciation (depreciation) on investments on the Consolidated

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

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

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

**(c) Multi-Class Operations** Each class offered by the Trust has equal rights as to assets and voting privileges (except that shareholders of a

class have exclusive voting rights regarding any matter relating solely to that class of shares). Income and non-class specific expenses are allocated daily to each class on the basis of the relative net assets. Realized and unrealized capital gains (losses) are allocated daily based on the relative net assets of each class of the Portfolio. Class specific expenses, where applicable, currently include supervisory and administrative and distribution and servicing fees. Under certain circumstances, the per share net asset value ("NAV") of a class of the Portfolio's shares may be different from the per share NAV of another class of shares as a result of the different daily expense accruals applicable to each class of shares.

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

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

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

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

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

**(e) New Accounting Pronouncements** In August 2016, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update ("ASU"), ASU 2016-15, which amends Accounting Standards Codification ("ASC") 230 to clarify guidance on the classification of certain cash receipts and cash payments in the Consolidated Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In November 2016, the FASB issued ASU 2016-18 which amends ASC 230 to provide guidance on the classification and presentation of changes in restricted cash and restricted cash equivalents on the Consolidated Statement of Cash Flows. The ASU is effective for annual periods beginning after December 15, 2017, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In March 2017, the FASB issued ASU 2017-08 which provides guidance related to the amortization period for certain purchased callable debt securities held at a premium. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The Portfolio has adopted the ASU. The implementation of the ASU did not have an impact on the Portfolio's financial statements.

In August 2018, the FASB issued ASU 2018-13 which modifies certain disclosure requirements for fair value measurements in ASC 820. The ASU is effective for annual periods beginning after December 15, 2019, and interim periods within those annual periods. At this time, management has elected to early adopt the amendments that allow for removal of certain disclosure requirements. Management plans to adopt the amendments that require additional fair value measurement

disclosures for annual periods beginning after December 15, 2019, and interim periods within those annual periods. Management is currently evaluating the impact of these changes on the financial statements.

In August 2018, the U.S. Securities and Exchange Commission ("SEC") adopted amendments to certain rules and forms for the purpose of disclosure update and simplification. The compliance date for these amendments is 30 days after date of publication in the Federal Register, which was on October 4, 2018. Management has adopted these amendments and the changes are incorporated throughout all periods presented in the financial statements.

### 3. INVESTMENT VALUATION AND FAIR VALUE MEASUREMENTS

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

On each day that the New York Stock Exchange ("NYSE") is open, Portfolio shares are ordinarily valued as of the close of regular trading ("NYSE Close"). Information that becomes known to the Portfolio or its agents after the time as of which NAV has been calculated on a particular day will not generally be used to retroactively adjust the price of a security or the NAV determined earlier that day. The Portfolio reserves the right to change the time as of which its NAV is calculated if the Portfolio closes earlier, or as permitted by the SEC.

For purposes of calculating a NAV, portfolio securities and other assets for which market quotes are readily available are valued at market value. Market value is generally determined on the basis of official closing prices or the last reported sales prices, or if no sales are reported, based on quotes obtained from established market makers or prices (including evaluated prices) supplied by the Portfolio's approved pricing services, quotation reporting systems and other third-party sources (together, "Pricing Services"). The Portfolio will normally use pricing data for domestic equity securities received shortly after the NYSE Close and does not normally take into account trading, clearances or settlements that take place after the NYSE Close. If market value pricing is used, a foreign (non-U.S.) equity security traded on a foreign exchange or on more than one exchange is typically valued using pricing information from the exchange considered by the Adviser to be the primary exchange. A foreign (non-U.S.) equity security will be valued as of the close of trading on the foreign exchange, or the NYSE Close, if the NYSE Close occurs before the end of trading on the foreign exchange. Domestic and foreign (non-U.S.) fixed income securities, non-exchange traded derivatives, and equity options are

normally valued on the basis of quotes obtained from brokers and dealers or Pricing Services using data reflecting the earlier closing of the principal markets for those securities. Prices obtained from Pricing Services may be based on, among other things, information provided by market makers or estimates of market values obtained from yield data relating to investments or securities with similar characteristics. Certain fixed income securities purchased on a delayed-delivery basis are marked to market daily until settlement at the forward settlement date. Exchange-traded options, except equity options, futures and options on futures are valued at the settlement price determined by the relevant exchange. Swap agreements are valued on the basis of bid quotes obtained from brokers and dealers or market-based prices supplied by Pricing Services. The Portfolio's investments in open-end management investment companies, other than exchange-traded funds ("ETFs"), are valued at the NAVs of such investments. Open-end management investment companies may include affiliated funds.

If a foreign (non-U.S.) equity security's value has materially changed after the close of the security's primary exchange or principal market but before the NYSE Close, the security may be valued at fair value based on procedures established and approved by the Board of Trustees of the Trust (the "Board"). Foreign (non-U.S.) equity securities that do not trade when the NYSE is open are also valued at fair value. With respect to foreign (non-U.S.) equity securities, the Portfolio may determine the fair value of investments based on information provided by Pricing Services and other third-party vendors, which may recommend fair value or adjustments with reference to other securities, indices or assets. In considering whether fair valuation is required and in determining fair values, the Portfolio may, among other things, consider significant events (which may be considered to include changes in the value of U.S. securities or securities indices) that occur after the close of the relevant market and before the NYSE Close. The Portfolio may utilize modeling tools provided by third-party vendors to determine fair values of foreign (non-U.S.) securities. For these purposes, any movement in the applicable reference index or instrument ("zero trigger") between the earlier close of the applicable foreign market and the NYSE Close may be deemed to be a significant event, prompting the application of the pricing model (effectively resulting in daily fair valuations). Foreign exchanges may permit trading in foreign (non-U.S.) equity securities on days when the Trust is not open for business, which may result in the Portfolio's portfolio investments being affected when shareholders are unable to buy or sell shares.

Senior secured floating rate loans for which an active secondary market exists to a reliable degree will be valued at the mean of the last available bid/ask prices in the market for such loans, as provided by a Pricing Service. Senior secured floating rate loans for which an active secondary market does not exist to a reliable degree will be



valued at fair value, which is intended to approximate market value. In valuing a senior secured floating rate loan at fair value, the factors considered may include, but are not limited to, the following: (a) the creditworthiness of the borrower and any intermediate participants, (b) the terms of the loan, (c) recent prices in the market for similar loans, if any, and (d) recent prices in the market for instruments of similar quality, rate, period until next interest rate reset and maturity.

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

Investments for which market quotes or market based valuations are not readily available are valued at fair value as determined in good faith by the Board or persons acting at their direction. The Board has adopted methods for valuing securities and other assets in circumstances where market quotes are not readily available, and has delegated to the Adviser the responsibility for applying the fair valuation methods. In the event that market quotes or market based valuations are not readily available, and the security or asset cannot be valued pursuant to a Board approved valuation method, the value of the security or asset will be determined in good faith by the Board. Market quotes are considered not readily available in circumstances where there is an absence of current or reliable market-based data (e.g., trade information, bid/ask information, indicative market quotations ("Broker Quotes"), Pricing Services' prices), including where events occur after the close of the relevant market, but prior to the NYSE Close, that materially affect the values of the Portfolio's securities or assets. In addition, market quotes are considered not readily available when, due to extraordinary circumstances, the exchanges or markets on which the securities trade do not open for trading for the entire day and no other market prices are available. The Board has delegated, to the Adviser, the responsibility for monitoring significant events that may materially affect the values of the Portfolio's securities or assets and for determining whether the value of the applicable securities or assets should be reevaluated in light of such significant events.

When the Portfolio uses fair valuation to determine the value of a portfolio security or other asset for purposes of calculating its NAV, such investments will not be priced on the basis of quotes from the

primary market in which they are traded, but rather may be priced by another method that the Board or persons acting at their direction believe reflects fair value. Fair valuation may require subjective determinations about the value of a security. While the Trust's policy is intended to result in a calculation of the Portfolio's NAV that fairly reflects security values as of the time of pricing, the Trust cannot ensure that fair values determined by the Board or persons acting at their direction would accurately reflect the price that the Portfolio could obtain for a security if it were to dispose of that security as of the time of pricing (for instance, in a forced or distressed sale). The prices used by the Portfolio may differ from the value that would be realized if the securities were sold. The Portfolio's use of fair valuation may also help to deter "stale price arbitrage" as discussed under the "Frequent or Excessive Purchases, Exchanges and Redemptions" section in the Portfolio's prospectus.

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

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

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

For fair valuations using significant unobservable inputs, U.S. GAAP requires a reconciliation of the beginning to ending balances for

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

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

**Level 1 and Level 2 trading assets and trading liabilities, at fair value** The valuation methods (or "techniques") and significant inputs used in determining the fair values of portfolio securities or other assets and liabilities categorized as Level 1 and Level 2 of the fair value hierarchy are as follows:

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

Fixed income securities purchased on a delayed-delivery basis or as a repurchase commitment in a sale-buyback transaction are marked to market daily until settlement at the forward settlement date and are categorized as Level 2 of the fair value hierarchy.

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

Common stocks, ETFs, exchange-traded notes and financial derivative instruments, such as futures contracts, rights and warrants, or options on futures that are traded on a national securities exchange, are stated at the last reported sale or settlement price on the day of valuation. To the extent these securities are actively traded and valuation adjustments are not applied, they are categorized as Level 1 of the fair value hierarchy.

Valuation adjustments may be applied to certain securities that are solely traded on a foreign exchange to account for the market movement between the close of the foreign market and the NYSE Close. These securities are valued using Pricing Services that consider the correlation of the trading patterns of the foreign security to the intraday trading in the U.S. markets for investments. Securities using these valuation adjustments are categorized as Level 2 of the fair value hierarchy. Preferred securities and other equities traded on inactive markets or valued by reference to similar instruments are also categorized as Level 2 of the fair value hierarchy.

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

Equity exchange-traded options and over the counter financial derivative instruments, such as forward foreign currency contracts and options contracts derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. These contracts are normally valued on the basis of quotes obtained from a quotation reporting system, established market makers or Pricing Services (normally determined as of the NYSE Close). Depending on the product and the terms of the transaction, financial derivative instruments can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models use inputs that are observed from actively quoted markets such as quoted prices, issuer details, indices, bid/ask spreads, interest rates, implied volatilities, yield curves, dividends and exchange rates. Financial derivative instruments that use similar valuation techniques and inputs as described above are categorized as Level 2 of the fair value hierarchy.

Centrally cleared swaps and over the counter swaps derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. They are valued using a broker-dealer bid quotation or on market-based prices provided by Pricing Services (normally determined as of the NYSE close). Centrally cleared

## Notes to Financial Statements (Cont.)

swaps and over the counter swaps can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models may use inputs that are observed from actively quoted markets such as the overnight index swap rate ("OIS"), London Interbank Offered Rate ("LIBOR") forward rate, interest rates, yield curves and credit spreads. These securities are categorized as Level 2 of the fair value hierarchy.

**Level 3 trading assets and trading liabilities, at fair value** When a fair valuation method is applied by the Adviser that uses significant unobservable inputs, investments will be priced by a method that the

Board or persons acting at their direction believe reflects fair value and are categorized as Level 3 of the fair value hierarchy.

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

## 4. SECURITIES AND OTHER INVESTMENTS

### (a) Investments in Affiliates

The Portfolio may invest in the PIMCO Short Asset Portfolio and the PIMCO Short-Term Floating NAV Portfolio III ("Central Funds") to the extent permitted by the Act and rules thereunder. The Central Funds are registered investment companies created for use solely by the series of the Trust and other series of registered investment companies advised by the Adviser, in connection with their cash management activities. The main investments of the Central Funds are money market and short maturity fixed income instruments. The Central Funds may incur expenses related to their investment activities, but do not pay Investment Advisory Fees or Supervisory and Administrative Fees to the Adviser. The Central Funds are considered to be affiliated with the Portfolio. The table below shows the Portfolio's transactions in and earnings from investments in the affiliated Funds for the period ended December 31, 2018 (amounts in thousands<sup>†</sup>):

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

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 12/31/2018	Dividend Income <sup>(1)</sup>	Realized Net Capital Gain Distributions <sup>(1)</sup>
\$ 7,727	\$ 131,635	\$ (134,600)	\$ 3	\$ (2)	\$ 4,763	\$ 35	\$ 0

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

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

### (b) Investments in Securities

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

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

**Inflation-Indexed Bonds** are fixed income securities whose principal value is periodically adjusted by the rate of inflation. The interest rate on these bonds is generally fixed at issuance at a rate lower than typical bonds. Over the life of an inflation-indexed bond, however, interest will be paid based on a principal value which is adjusted for inflation. Any increase or decrease in the principal amount of an inflation-indexed bond will be included as interest income on the Consolidated Statement of Operations, even though investors do not receive their principal until maturity. Repayment of the original bond principal upon maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury Inflation-Protected Securities ("TIPS"). 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.

**Mortgage-Related and Other Asset-Backed Securities** directly or indirectly represent a participation in, or are secured by and payable from, loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including



mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. These securities provide a monthly payment which consists of both interest and principal. Interest may be determined by fixed or adjustable rates. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage-related securities is guaranteed with the full faith and credit of the U.S. Government. Pools created and guaranteed by non-governmental issuers, including government-sponsored corporations, may be supported by various forms of insurance or guarantees, but there can be no assurance that private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. Many of the risks of investing in mortgage-related securities secured by commercial mortgage loans reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make lease payments, and the ability of a property to attract and retain tenants. These securities may be less liquid and may exhibit greater price volatility than other types of mortgage-related or other asset-backed securities. Other asset-backed securities are created from many types of assets, including, but not limited to, auto loans, accounts receivable, such as credit card receivables and hospital account receivables, home equity loans, student loans, boat loans, mobile home loans, recreational vehicle loans, manufactured housing loans, aircraft leases, computer leases and syndicated bank loans.

**Collateralized Debt Obligations** (“CDOs”) include Collateralized Bond Obligations (“CBOs”), Collateralized Loan Obligations (“CLOs”) and other similarly structured securities. CBOs and CLOs are types of asset-backed securities. A CBO is a trust which is backed by a diversified pool of high risk, below investment grade fixed income securities. A CLO is a trust typically collateralized by a pool of loans, which may include, among others, domestic and foreign senior secured loans, senior unsecured loans, and subordinate corporate loans, including loans that may be rated below investment grade or equivalent unrated loans. The risks of an investment in a CDO depend largely on the type of the collateral securities and the class of the CDO in which the Portfolio invests. In addition to the normal risks associated with fixed income securities discussed elsewhere in this report and the Portfolio’s prospectus and statement of additional information (e.g., prepayment risk, credit risk, liquidity risk, market risk, structural risk, legal risk and interest rate risk (which may be exacerbated if the interest rate payable on a structured financing changes based on multiples of changes in interest rates or inversely to changes in interest rates)), CBOs, CLOs and other CDOs carry additional risks including, but not limited to, (i) the possibility that distributions from collateral securities will not be adequate to make interest or other payments, (ii) the quality of

the collateral may decline in value or default, (iii) the risk that the Portfolio may invest in CBOs, CLOs, or other CDOs that are subordinate to other classes, and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

**Collateralized Mortgage Obligations** (“CMOs”) are debt obligations of a legal entity that are collateralized by whole mortgage loans or private mortgage bonds and divided into classes. CMOs are structured into multiple classes, often referred to as “tranches”, with each class bearing a different stated maturity and entitled to a different schedule for payments of principal and interest, including prepayments. CMOs may be less liquid and may exhibit greater price volatility than other types of mortgage-related or asset-backed securities.

**Stripped Mortgage-Backed Securities** (“SMBS”) are derivative multi-class mortgage securities. SMBS are usually structured with two classes that receive different proportions of the interest and principal distributions on a pool of mortgage assets. An SMBS will have one class that will receive all of the interest (the interest-only or “IO” class), while the other class will receive the entire principal (the principal-only or “PO” class). Payments received for IOs are included in interest income on the Consolidated Statement of Operations. Because no principal will be received at the maturity of an IO, adjustments are made to the cost of the security on a monthly basis until maturity. These adjustments are included in interest income on the Consolidated Statement of Operations. Payments received for POs are treated as reductions to the cost and par value of the securities.

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

**Securities Issued by U.S. Government Agencies or Government-Sponsored Enterprises** are obligations of and, in certain cases, guaranteed by, the U.S. Government, its agencies or instrumentalities. Some U.S. Government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association (“GNMA” or “Ginnie Mae”), are supported by the full faith and credit of the U.S. Government; others, such as those of the Federal Home Loan Banks, are supported by the right of the issuer to borrow from the U.S. Department of the Treasury (the “U.S.

Treasury"); and others, such as those of the Federal National Mortgage Association ("FNMA" or "Fannie Mae"), are supported by the discretionary authority of the U.S. Government to purchase the agency's obligations. U.S. Government securities may include zero coupon securities. Zero coupon securities do not distribute interest on a current basis and tend to be subject to a greater risk than interest-paying securities.

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

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

### 5. BORROWINGS AND OTHER FINANCING TRANSACTIONS

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

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

**(a) Repurchase Agreements** Under the terms of a typical repurchase agreement, the Portfolio purchases an underlying debt obligation (collateral) subject to an obligation of the seller to repurchase, and the Portfolio to resell, the obligation at an agreed-upon price and time. In

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

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

**(c) Sale-Buybacks** A sale-buyback financing transaction consists of a sale of a security by the Portfolio to a financial institution, the counterparty, with a simultaneous agreement to repurchase the same or substantially the same security at an agreed-upon price and date. The Portfolio is not entitled to receive principal and interest payments, if any, made on the security sold to the counterparty during the term of the agreement. The agreed-upon proceeds for securities to be repurchased by the Portfolio are reflected as a liability on the Consolidated Statement of Assets and Liabilities. The Portfolio will recognize net income represented by the price differential between the price received for the transferred security and the agreed-upon repurchase price. This is commonly referred to as the 'price drop'. A

price drop consists of (i) the foregone interest and inflationary income adjustments, if any, the Portfolio would have otherwise received had the security not been sold and (ii) the negotiated financing terms between the Portfolio and counterparty. Foregone interest and inflationary income adjustments, if any, are recorded as components of interest income on the Consolidated Statement of Operations. Interest payments based upon negotiated financing terms made by the Portfolio to counterparties are recorded as a component of interest expense on the Consolidated Statement of Operations. In periods of increased demand for the security, the Portfolio may receive a fee for use of the security by the counterparty, which may result in interest income to the Portfolio. The Portfolio will segregate assets determined to be liquid by the Adviser or will otherwise cover its obligations under sale-buyback transactions.

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

## 6. FINANCIAL DERIVATIVE INSTRUMENTS

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

The following disclosures contain information on how and why the Portfolio uses financial derivative instruments, and how financial derivative instruments affect the Portfolio’s financial position, results of operations and cash flows. The location and fair value amounts of these

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

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

**(b) Futures Contracts** are agreements to buy or sell a security or other asset for a set price on a future date. The Portfolio may use futures contracts to manage its exposure to the securities markets or to movements in interest rates and currency values. The primary risks associated with the use of futures contracts are the imperfect correlation between the change in market value of the securities held by the Portfolio and the prices of futures contracts and the possibility of an illiquid market. Futures contracts are valued based upon their quoted daily settlement prices. Upon entering into a futures contract, the Portfolio is required to deposit with its futures broker an amount of cash, U.S. Government and Agency Obligations, or select sovereign debt, in accordance with the initial margin requirements of the broker or exchange. Futures contracts are marked to market daily and based on such movements in the price of the contracts, an appropriate payable or receivable for the change in value may be posted or collected by the Portfolio (“Futures Variation Margin”). Gains (losses)

are recognized but not considered realized until the contracts expire or close. Futures contracts involve, to varying degrees, risk of loss in excess of the Futures Variation Margin included within exchange traded or centrally cleared financial derivative instruments on the Consolidated Statement of Assets and Liabilities.

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

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

**Commodity Options** are options on commodity futures contracts ("Commodity Option"). The underlying instrument for the Commodity Option is not the commodity itself, but rather a futures contract for that

commodity. The exercise of a Commodity Option will not include physical delivery of the underlying commodity but will result in a cash transfer for the amount of the difference between the current market value of the underlying futures contract and the strike price. For an option that is in-the-money, the Portfolio will normally offset its position rather than exercise the option to retain any remaining time value.

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

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

**Inflation-Capped Options** may be written or purchased to enhance returns or for hedging opportunities. The purpose of purchasing inflation-capped options is to protect the Portfolio from inflation erosion above a certain rate on a given notional exposure. A floor can be used to give downside protection to investments in inflation-linked products.

**Interest Rate-Capped Options** may be written or purchased to enhance returns or for hedging opportunities. The purpose of purchasing interest rate-capped options is to protect the Portfolio from floating rate risk above a certain rate on a given notional exposure. A floor can be used to give downside protection to investments in interest rate linked products.

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

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

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



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

Centrally Cleared Swaps are marked to market daily based upon valuations as determined from the underlying contract or in accordance with the requirements of the central counterparty or derivatives clearing organization. Changes in market value, if any, are reflected as a component of net change in unrealized appreciation (depreciation) on the Consolidated Statement of Operations. Daily changes in valuation of centrally cleared swaps (“Swap Variation Margin”), if any, are disclosed within centrally cleared financial derivative instruments on the Consolidated Statement of Assets and Liabilities. Centrally Cleared and OTC swap payments received or paid at the beginning of the measurement period are included on the Consolidated Statement of Assets and Liabilities and represent premiums paid or received upon entering into the swap agreement to compensate for differences between the stated terms of the swap agreement and prevailing market conditions (credit spreads, currency exchange rates, interest rates, and other relevant factors). Upfront premiums received (paid) are initially recorded as liabilities (assets) and subsequently marked to market to reflect the current value of the swap. These upfront premiums are recorded as realized gain (loss) on the Consolidated Statement of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain (loss) on the Consolidated Statement of Operations. Net periodic payments received or paid by the Portfolio are included as part of realized gain (loss) on the Consolidated Statement of Operations.

For purposes of applying certain of the Portfolio’s investment policies and restrictions, swap agreements, like other derivative instruments, may be valued by the Portfolio at market value, notional value or full exposure value. In the case of a credit default swap, in applying certain of the Portfolio’s investment policies and restrictions, the Portfolio will value the credit default swap at its notional value or its full exposure value (*i.e.*, the sum of the notional amount for the contract plus the market value), but

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

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

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

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

**Commodity Forward Swap Agreements** (“Commodity Forwards”) are entered into to gain or mitigate exposure to the underlying referenced commodity. Commodity Forwards involve commitments between two parties where cash flows are exchanged at a future date based on the difference between a fixed and variable price with respect to the number of units of the commodity. At the maturity date, a net cash flow is exchanged, where the payoff amount is equivalent to the difference between the fixed and variable price of the underlying commodity multiplied by the number of units. To the extent the

difference between the fixed and variable price of the underlying referenced commodity exceeds or falls short of the offsetting payment obligation, the Portfolio will receive a payment from or make a payment to the counterparty.

**Credit Default Swap Agreements** on corporate, loan, sovereign, U.S. municipal or U.S. Treasury issues are entered into to provide a measure of protection against defaults of the issuers (*i.e.*, to reduce risk where the Portfolio owns or has exposure to the referenced obligation) or to take an active long or short position with respect to the likelihood of a particular issuer's default. Credit default swap agreements involve one party making a stream of payments (referred to as the buyer of protection) to another party (the seller of protection) in exchange for the right to receive a specified return in the event that the referenced entity, obligation or index, as specified in the swap agreement, undergoes a certain credit event. As a seller of protection on credit default swap agreements, the Portfolio will generally receive from the buyer of protection a fixed rate of income throughout the term of the swap provided that there is no credit event. As the seller, the Portfolio would effectively add leverage to its portfolio because, in addition to its total net assets, the Portfolio would be subject to investment exposure on the notional amount of the swap.

If the Portfolio is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. If the Portfolio is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Portfolio will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation, other deliverable obligations or underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index. Recovery values are estimated by market makers considering either industry standard recovery rates or entity specific factors and considerations until a credit event occurs. If a credit event has occurred, the recovery value is determined by a facilitated auction whereby a minimum number of allowable broker bids, together with a specified valuation method, are used to calculate the settlement value. The ability to deliver other obligations may result in a cheapest-to-deliver option (the buyer of protection's right to choose the deliverable obligation with the lowest value following a credit event).

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

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

The maximum potential amount of future payments (undiscounted) that the Portfolio as a seller of protection could be required to make under a

credit default swap agreement equals the notional amount of the agreement. Notional amounts of each individual credit default swap agreement outstanding as of period end for which the Portfolio is the seller of protection are disclosed in the Notes to Consolidated Schedule of Investments. These potential amounts would be partially offset by any recovery values of the respective referenced obligations, upfront payments received upon entering into the agreement, or net amounts received from the settlement of buy protection credit default swap agreements entered into by the Portfolio for the same referenced entity or entities.

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

**Total Return Swap Agreements** are entered into to gain or mitigate exposure to the underlying reference asset. Total return swap agreements involve commitments where single or multiple cash flows are exchanged based on the price of an underlying reference asset and on a fixed or variable interest rate. Total return swap agreements may involve commitments to pay interest in exchange for a market-linked return. One counterparty pays out the total return of a specific underlying reference asset, which may include a single security, a basket of securities, or an index, and in return receives a fixed or variable rate. At the maturity date, a net cash flow is exchanged where

the total return is equivalent to the return of the underlying reference asset less a financing rate, if any. As a receiver, the Portfolio would receive payments based on any net positive total return and would owe payments in the event of a net negative total return. As the payer, the Portfolio would owe payments on any net positive total return, and would receive payments in the event of a net negative total return.

**Volatility Swap Agreements** are also known as forward volatility agreements and volatility swaps and are agreements in which the counterparties agree to make payments in connection with changes in the volatility (*i.e.*, the magnitude of change over a specified period of time) of an underlying referenced instrument, such as a currency, rate, index, security or other financial instrument. Volatility swaps permit the parties to attempt to hedge volatility risk and/or take positions on the projected future volatility of an underlying referenced instrument. For example, the Portfolio may enter into a volatility swap in order to take the position that the referenced instrument's volatility will increase over a particular period of time. If the referenced instrument's volatility does increase over the specified time, the Portfolio will receive payment from its counterparty based upon the amount by which the referenced instrument's realized volatility level exceeds a volatility level agreed upon by the parties. If the referenced instrument's volatility does not increase over the specified time, the Portfolio will make a payment to the counterparty based upon the amount by which the referenced instrument's realized volatility level falls below the volatility level agreed upon by the parties. At the maturity date, a net cash flow is exchanged, where the payoff amount is equivalent to the difference between the realized price volatility of the referenced instrument and the strike multiplied by the notional amount. As a receiver of the realized price volatility, the Portfolio would receive the payoff amount when the realized price volatility of the referenced instrument is greater than the strike and would owe the payoff amount when the volatility is less than the strike. As a payer of the realized price volatility, the Portfolio would owe the payoff amount when the realized price volatility of the referenced instrument is greater than the strike and would receive the payoff amount when the volatility is less than the strike. Payments on a volatility swap will be greater if they are based upon the mathematical square of volatility (*i.e.*, the measured volatility multiplied by itself, which is referred to as "variance"). This type of volatility swap is frequently referred to as a variance swap.

## 7. PRINCIPAL RISKS

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



see “Description of Principal Risks” in the Portfolio’s prospectus for a more detailed description of the risks of investing in the Portfolio.

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

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

**Credit Risk** is the risk that the Portfolio could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations.

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

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

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

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

**Derivatives Risk** is the risk of investing in derivative instruments (such as futures, swaps and structured securities), including leverage, liquidity, interest rate, market, credit and management risks, mispricing

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

**Commodity Risk** is the risk that investing 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.

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

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

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

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

**Sovereign Debt Risk** is the risk that investments in fixed income instruments issued by sovereign entities may decline in value as a result of default or other adverse credit event resulting from an issuer's inability or unwillingness to make principal or interest payments in a timely fashion.

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

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

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

**Tax Risk** is the risk that the tax treatment of swap agreements and other derivative instruments, such as commodity-linked derivative instruments, including commodity index-linked notes, swap agreements, commodity options, futures, and options on futures, may be affected by future regulatory or legislative changes that could affect whether income from such investments is "qualifying income" under Subchapter M of the Internal Revenue Code, or otherwise affect the character, timing and/or amount of the Portfolio's taxable income or gains and distributions.

**Subsidiary Risk** is the risk that, by investing in the CRRS Subsidiary, the Portfolio is indirectly exposed to the risks associated with the CRRS Subsidiary's investments. The CRRS Subsidiary is not registered under the 1940 Act and may not be subject to all the investor protections of the 1940 Act. There is no guarantee that the investment objective of the CRRS Subsidiary will be achieved.

**Short Exposure Risk** is the risk of entering into short sales, including the potential loss of more money than the actual cost of the

investment, and the risk that the third party to the short sale will not fulfill its contractual obligations, causing a loss to the Portfolio.

## 8. MASTER NETTING ARRANGEMENTS

The Portfolio may be subject to various netting arrangements ("Master Agreements") with select counterparties. Master Agreements govern the terms of certain transactions, and are intended to reduce the counterparty risk associated with relevant transactions by specifying credit protection mechanisms and providing standardization that is intended to improve legal certainty. Each type of Master Agreement governs certain types of transactions. Different types of transactions may be traded out of different legal entities or affiliates of a particular organization, resulting in the need for multiple agreements with a single counterparty. As the Master Agreements are specific to unique operations of different asset types, they allow the Portfolio to close out and net its total exposure to a counterparty in the event of a default with respect to all the transactions governed under a single Master Agreement with a counterparty. For financial reporting purposes the Consolidated Statement of Assets and Liabilities generally presents derivative assets and liabilities on a gross basis, which reflects the full risks and exposures prior to netting.

Master Agreements can also help limit counterparty risk by specifying collateral posting arrangements at pre-arranged exposure levels. Under most Master Agreements, collateral is routinely transferred if the total net exposure to certain transactions (net of existing collateral already in place) governed under the relevant Master Agreement with a counterparty in a given account exceeds a specified threshold, which typically ranges from zero to \$250,000 depending on the counterparty and the type of Master Agreement. United States Treasury Bills and U.S. dollar cash are generally the preferred forms of collateral, although other securities may be used depending on the terms outlined in the applicable Master Agreement. Securities and cash pledged as collateral are reflected as assets on the Consolidated Statement of Assets and Liabilities as either a component of Investments at value (securities) or Deposits with counterparty. Cash collateral received is not typically held in a segregated account and as such is reflected as a liability on the Consolidated Statement of Assets and Liabilities as Deposits from counterparty. The market value of any securities received as collateral is not reflected as a component of NAV. The Portfolio's overall exposure to counterparty risk can change substantially within a short period, as it is affected by each transaction subject to the relevant Master Agreement.

Master Repurchase Agreements and Global Master Repurchase Agreements (individually and collectively "Master Repo Agreements") govern repurchase, reverse repurchase, and certain sale-buyback transactions between the Portfolio and select counterparties. Master Repo Agreements maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of

collateral. The market value of transactions under the Master Repo Agreement, collateral pledged or received, and the net exposure by counterparty as of period end are disclosed in the Notes to Consolidated Schedule of Investments.

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

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

International Swaps and Derivatives Association, Inc. Master Agreements and Credit Support Annexes (“ISDA Master Agreements”) govern bilateral OTC derivative transactions entered into by the Portfolio with select counterparties. ISDA Master Agreements maintain provisions for general obligations, representations, agreements, collateral posting and events of default or termination. Events of termination include conditions that may entitle counterparties to elect to terminate early and cause settlement of all outstanding transactions under the applicable ISDA Master Agreement. Any election to terminate early could be material to the financial statements. In limited circumstances, the ISDA Master Agreement may contain additional provisions that add counterparty protection beyond coverage of existing daily exposure if the counterparty has a decline in credit quality below a predefined level. These amounts, if any, may be segregated with a third-party custodian. The market value of OTC financial derivative instruments, collateral received or pledged, and net exposure

by counterparty as of period end are disclosed in the Notes to Consolidated Schedule of Investments.

**9. FEES AND EXPENSES**

(a) **Investment Advisory Fee** PIMCO is a majority-owned subsidiary of Allianz Asset Management of America L.P. (“Allianz Asset Management”) and serves as the Adviser to the Trust, pursuant to an investment advisory contract. The Adviser receives a monthly fee from the Portfolio at an annual rate based on average daily net assets (the “Investment Advisory Fee”). The Investment Advisory Fee for all classes is charged at an annual rate as noted in the table in note (b) below.

(b) **Supervisory and Administrative Fee** PIMCO serves as administrator (the “Administrator”) and provides supervisory and administrative services to the Trust for which it receives a monthly supervisory and administrative fee based on each share class’s average daily net assets (the “Supervisory and Administrative Fee”). As the Administrator, PIMCO bears the costs of various third-party services, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs.

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

Investment Advisory Fee	Supervisory and Administrative Fee				
	All Classes	Institutional Class	Class M	Administrative Class	Advisor Class
0.49%	0.25%	0.25%	0.25%	0.25%	0.25%

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

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

The Trust has adopted a separate Distribution and Servicing Plan for each of the Advisor Class and Class M shares of the Portfolio (the “Distribution and Servicing Plans”). The Distribution and Servicing Plans have been adopted pursuant to Rule 12b-1 under the Act. The Distribution and Servicing Plans permit the Portfolio to compensate the Distributor for providing or procuring through financial intermediaries,

distribution, administrative, recordkeeping, shareholder and/or related services with respect to Advisor Class and Class M shares. The Distribution and Servicing Plans permit the Portfolio to make total payments at an annual rate of up to 0.25% of its average daily net assets attributable to its Advisor Class or Class M shares, respectively. The Distribution and Servicing Plan for Class M shares also permits the Portfolio to compensate the Distributor for providing or procuring administrative, recordkeeping, and other investor services at an annual rate of up to 0.20% of its average daily net assets attributable to its Class M shares.

	<b>Distribution Fee</b>	<b>Servicing Fee</b>
<b>Class M</b>	0.25%	0.20%
<b>Administrative Class</b>	—	0.15%
<b>Advisor Class</b>	0.25%	—

**(d) Portfolio Expenses** PIMCO provides or procures supervisory and administrative services for shareholders and also bears the costs of various third-party services required by the Portfolio, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs. The Trust is responsible for the following expenses: (i) taxes and governmental fees; (ii) brokerage fees and commissions and other portfolio transaction expenses; (iii) the costs of borrowing money, including interest expense; (iv) fees and expenses of the Trustees who are not “interested persons” of PIMCO or the Trust, and any counsel retained exclusively for their benefit; (v) extraordinary expense, including costs of litigation and indemnification expenses; (vi) organizational expenses; and (vii) any expenses allocated or allocable to a specific class of shares, which include service fees payable with respect to the Administrative Class Shares, and may include certain other expenses as permitted by the Trust’s Multi-Class Plan adopted pursuant to Rule 18f-3 under the Act and subject to review and approval by the Trustees. The ratio of expenses to average net assets per share class, as disclosed on the Financial Highlights, may differ from the annual portfolio operating expenses per share class.

Each Trustee, other than those affiliated with PIMCO or its affiliates, receives an annual retainer of \$41,200, plus \$4,250 for each Board meeting attended in person, \$850 for each committee meeting attended and \$750 for each Board meeting attended telephonically, plus reimbursement of related expenses. In addition, the audit committee chair receives an additional annual retainer of \$8,000, the valuation oversight committee lead receives an additional annual retainer of \$8,500 (to the extent there are co-leads of the valuation oversight committee, the annual retainer will be split evenly between the co-leads, so that each co-lead individually receives an additional annual retainer of \$4,250) and each other committee chair receives an additional annual retainer of \$5,500. The Lead Independent Trustee receives an annual retainer of \$7,000.

These expenses are allocated on a pro rata basis to each Portfolio of the Trust according to its respective net assets. The Trust pays no compensation directly to any Trustee or any other officer who is affiliated with the Administrator, all of whom receive remuneration for their services to the Trust from the Administrator or its affiliates.

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

Under certain conditions, PIMCO may be reimbursed for these waived amounts in future periods, not to exceed thirty-six months after the waiver. At December 31, 2018, there were no recoverable amounts.

**(f) Acquired Fund Fees and Expenses** PIMCO Cayman Commodity Portfolio I, Ltd. has (the “Commodity Subsidiary”) entered into a separate contract with PIMCO for the management of the Commodity Subsidiary’s portfolio pursuant to which the Commodity 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 Portfolio’s Investment Advisory Fee and the Supervisory and Administrative Fee in an amount equal to the management fee and administrative services fee, respectively, paid by the Commodity Subsidiary to PIMCO. This waiver may not be terminated by PIMCO and will remain in effect for as long as PIMCO’s contract with the Commodity Subsidiary is in place. The waiver is reflected in the Consolidated Statement of Operations as a component of Waiver and/or Reimbursement by PIMCO. For the period ended December 31, 2018, the amount was \$562,686. See Note 14, Basis for Consolidation in the Notes to Financial Statements for more information regarding the Commodity Subsidiary.

## 10. RELATED PARTY TRANSACTIONS

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

The Portfolio is permitted to purchase or sell securities from or to certain related affiliated portfolios under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the

## Notes to Financial Statements (Cont.)

Portfolio from or to another fund or portfolio that are, or could be, considered an affiliate, or an affiliate of an affiliate, by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 under the Act. Further, as defined under the procedures, each transaction is effected at the current market price. Purchases and sales of securities pursuant to Rule 17a-7 under the Act for the period ended December 31, 2018, were as follows (amounts in thousands<sup>†</sup>):

Purchases	Sales
\$ 3,083	\$ 0

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

### 11. GUARANTEES AND INDEMNIFICATIONS

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

### 13. SHARES OF BENEFICIAL INTEREST

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

	Year Ended 12/31/2018		Year Ended 12/31/2017	
	Shares	Amount	Shares	Amount
<b>Receipts for shares sold</b>				
Institutional Class	225	\$ 1,554	176	\$ 1,250
Class M	9	57	14	90
Administrative Class	8,319	58,104	7,257	52,646
Advisor Class	2,507	17,775	2,252	16,464
<b>Issued as reinvestment of distributions</b>				
Institutional Class	10	67	41	287
Class M	1	9	8	57
Administrative Class	780	5,381	4,079	28,472
Advisor Class	343	2,395	1,894	13,385
<b>Cost of shares redeemed</b>				
Institutional Class	(139)	(953)	(172)	(1,262)
Class M	(8)	(53)	(15)	(103)
Administrative Class	(9,871)	(68,306)	(7,704)	(55,946)
Advisor Class	(3,086)	(21,671)	(2,933)	(21,372)
<b>Net increase (decrease) resulting from Portfolio share transactions</b>	(910)	\$ (5,641)	4,897	\$ 33,968

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

### 12. PURCHASES AND SALES OF SECURITIES

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

Purchases and sales of securities (excluding short-term investments) for the period ended December 31, 2018, were as follows (amounts in thousands<sup>†</sup>):

U.S. Government/Agency		All Other	
Purchases	Sales	Purchases	Sales
\$ 1,121,804	\$ 1,148,209	\$ 70,123	\$ 57,687

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



As of December 31, 2018, two shareholders each owned 10% or more of the Portfolio's total outstanding shares comprising 29% of the Portfolio. One of the shareholders is a related party and comprises 12% of the Portfolio. Related parties may include, but are not limited to, the investment manager and its affiliates, affiliated broker dealers, fund of funds and directors or employees of the Trust or Adviser.

#### 14. BASIS FOR CONSOLIDATION

The Commodity Subsidiary, a Cayman Islands exempted company, was incorporated on July 21, 2006, as a wholly owned subsidiary acting as an investment vehicle for the Portfolio in order to effect certain investments for the Portfolio consistent with the Portfolio's investment objectives and policies as specified in its prospectus and statement of additional information. The Portfolio's investment portfolio has been consolidated and includes the portfolio holdings of the Portfolio and the Commodity Subsidiary. The consolidated financial statements include the accounts of the Portfolio and the Commodity Subsidiary. All inter-company transactions and balances have been eliminated. A subscription agreement was entered into between the Portfolio and the Commodity Subsidiary on August 1, 2006, comprising the entire issued share capital of the Commodity Subsidiary, with the intent that the Portfolio will remain the sole shareholder and retain all rights. Under the Memorandum and Articles of Association, shares issued by the Commodity Subsidiary confer upon a shareholder the right to receive notice of, to attend and to vote at general meetings of the Commodity Subsidiary and shall confer upon the shareholder rights in a winding-up or repayment of capital and the right to participate in the profits or assets of the Commodity Subsidiary. The net assets of the Commodity Subsidiary as of period end represented 11.9% of the Portfolio's consolidated net assets.

#### 15. REGULATORY AND LITIGATION MATTERS

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

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

#### 16. FEDERAL INCOME TAX MATTERS

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

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

In accordance with U.S. GAAP, the Adviser has reviewed the Portfolio's tax positions for all open tax years. As of December 31, 2018, the Portfolio has recorded no liability for net unrecognized tax benefits relating to uncertain income tax positions it has taken or expects to take in future tax returns.

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

The Portfolio may gain exposure to the commodities markets primarily through index-linked notes, and may invest in other commodity-linked derivative investments, including commodity swap agreements, options, futures contracts, options on futures contracts and foreign funds investing in similar commodity-linked derivatives.

The Portfolio may also gain exposure indirectly to commodity markets by investing in the Commodity Subsidiary, which invests primarily in commodity-linked derivative instruments backed by a portfolio of inflation-indexed securities and/or other fixed income instruments.

One of the requirements for favorable tax treatment as a regulated investment company under the Code is that the Portfolio must 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 index-linked swaps is not qualifying income under Subchapter M of 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. The IRS has also issued private letter rulings in which the IRS specifically concluded that income derived from an investment in a subsidiary, which invests primarily in commodity-linked swaps, will also be qualifying income. Based on the reasoning in such rulings, the Portfolio will continue to seek to gain exposure to the commodity markets primarily through investments in commodity-linked notes and through investments in the Commodity Subsidiary.

It should be noted, however, that the IRS currently has suspended the issuance of such rulings pending further review. In addition, the IRS also recently issued a revenue procedure, which states that the IRS will not in the future issue private letter rulings that would require a determination of whether an asset (such as a commodity index-linked note) is a "security" under the 1940 Act.

There can be no assurance that the IRS will not change its position that income derived from commodity-linked notes and wholly-owned

## Notes to Financial Statements (Cont.)

subsidiaries is qualifying income. Furthermore, the tax treatment of commodity-linked notes, other commodity-linked derivatives, and the Portfolio's investments in the Commodity Subsidiary may otherwise be adversely affected by future legislation, court decisions, Treasury Regulations and/or guidance issued by the IRS. Such developments could affect the character, timing and/or amount of the Portfolio's taxable income or any distributions made by the Portfolio or result in the inability of the Portfolio to operate as described in its Prospectus.

The IRS recently issued proposed regulations that, if finalized, would generally treat the Portfolio's income inclusion with respect to the Commodity Subsidiary as qualifying income only if there is a distribution out of the earnings and profits of the Commodity Subsidiary that are attributable to such income inclusion. The proposed regulations, if adopted, would apply to taxable years beginning on or after 90 days after the regulations are published as final.

As of December 31, 2018, the components of distributable taxable earnings are as follows (amounts in thousands<sup>†</sup>):

	<b>Undistributed Ordinary Income<sup>(1)</sup></b>	<b>Undistributed Long-Term Capital Gains</b>	<b>Net Tax Basis Unrealized Appreciation/ (Depreciation)<sup>(2)</sup></b>	<b>Other Book-to-Tax Accounting Differences<sup>(3)</sup></b>	<b>Accumulated Capital Losses<sup>(4)</sup></b>	<b>Qualified Late-Year Loss Deferral - Capital<sup>(5)</sup></b>	<b>Qualified Late-Year Loss Deferral - Ordinary<sup>(6)</sup></b>
PIMCO CommodityRealReturn <sup>®</sup> Strategy Portfolio	\$ 7,971	\$ 0	\$ (13,488)	\$ 0	\$ (37,010)	\$ 0	\$ 0

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

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

<sup>(2)</sup> Adjusted for open wash sale loss deferrals and the accelerated recognition of unrealized gain or loss on certain futures, options and forward contracts for federal income tax purposes. Also adjusted for differences between book and tax realized and unrealized gain (loss) on swap contracts, treasury inflation-protected securities (TIPS), sale/buyback transactions, and straddle loss deferrals.

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

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

<sup>(5)</sup> Capital losses realized during the period November 1, 2018 through December 31, 2018 which the Portfolio elected to defer to the following taxable year pursuant to income tax regulations.

<sup>(6)</sup> Specified losses realized during the period November 1, 2018 through December 31, 2018 which the Portfolio elected to defer to the following taxable year pursuant to income tax regulations.

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

As of December 31, 2018, the Portfolio had the following post-effective capital losses with no expiration (amounts in thousands<sup>†</sup>):

	<b>Short-Term</b>	<b>Long-Term</b>
PIMCO CommodityRealReturn <sup>®</sup> Strategy Portfolio	\$ 13,841	\$ 23,169

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

As of December 31, 2018, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for federal income tax purposes are as follows (amounts in thousands<sup>†</sup>):

	<b>Federal Tax Cost</b>	<b>Unrealized Appreciation</b>	<b>Unrealized (Depreciation)</b>	<b>Net Unrealized Appreciation/ (Depreciation)<sup>(7)</sup></b>
PIMCO CommodityRealReturn <sup>®</sup> Strategy Portfolio	\$ 577,053	\$ 10,857	\$ (24,362)	\$ (13,505)

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

<sup>(7)</sup> Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) on investments are attributable to open wash sale loss deferrals, unrealized gain or loss on certain futures, options and forward contracts, treasury inflation protected securities (TIPS), sale/buyback transactions, realized and unrealized gain (loss) swap contracts, and straddle loss deferrals.



For the fiscal year ended December 31, 2018 and December 31, 2017, respectively, the Portfolio made the following tax basis distributions (amounts in thousands<sup>†</sup>):

	December 31, 2018			December 31, 2017		
	Ordinary Income Distributions <sup>(8)</sup>	Long-Term Capital Gain Distributions	Return of Capital <sup>(9)</sup>	Ordinary Income Distributions <sup>(8)</sup>	Long-Term Capital Gain Distributions	Return of Capital <sup>(9)</sup>
PIMCO CommodityRealReturn <sup>®</sup> Strategy Portfolio	\$ 7,852	\$ 0	\$ 0	\$ 42,201	\$ 0	\$ 0

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

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

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

## Report of Independent Registered Public Accounting Firm

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### To the Board of Trustees of PIMCO Variable Insurance Trust and Shareholders of PIMCO CommodityRealReturn® Strategy Portfolio

#### Opinion on the Financial Statements

We have audited the accompanying consolidated statement of assets and liabilities, including the consolidated schedule of investments, of PIMCO CommodityRealReturn® Strategy Portfolio and its subsidiary (one of the portfolios constituting PIMCO Variable Insurance Trust, referred to hereafter as the "Portfolio") as of December 31, 2018, the related consolidated statements of operations and cash flows for the year ended December 31, 2018, the consolidated statement of changes in net assets for each of the two years in the period ended December 31, 2018, including the related notes, and the financial highlights (consolidated) for each of the periods indicated therein (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Portfolio as of December 31, 2018, the results of their operations and their cash flows for the year then ended, the changes in their net assets for each of the two years in the period ended December 31, 2018 and the financial highlights for each of the periods indicated therein in conformity with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2018 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP  
Kansas City, Missouri

February 20, 2019

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

**Counterparty Abbreviations:**

<b>BCY</b>	Barclays Capital, Inc.	<b>FICC</b>	Fixed Income Clearing Corporation	<b>MSC</b>	Morgan Stanley & Co., Inc.
<b>BOA</b>	Bank of America N.A.	<b>GLM</b>	Goldman Sachs Bank USA	<b>MYC</b>	Morgan Stanley Capital Services, Inc.
<b>BPG</b>	BNP Paribas Securities Corp.	<b>GST</b>	Goldman Sachs International	<b>MYI</b>	Morgan Stanley & Co. International PLC
<b>BPS</b>	BNP Paribas S.A.	<b>HUS</b>	HSBC Bank USA N.A.	<b>RBC</b>	Royal Bank of Canada
<b>BRC</b>	Barclays Bank PLC	<b>IND</b>	Crédit Agricole Corporate and Investment Bank S.A.	<b>SAL</b>	Citigroup Global Markets, Inc.
<b>CBK</b>	Citibank N.A.	<b>JPM</b>	JP Morgan Chase Bank N.A.	<b>SCX</b>	Standard Chartered Bank
<b>CIB</b>	Canadian Imperial Bank of Commerce	<b>MAC</b>	Macquarie Bank Limited	<b>SOG</b>	Societe Generale
<b>DUB</b>	Deutsche Bank AG	<b>MEI</b>	Merrill Lynch International	<b>SSB</b>	State Street Bank and Trust Co.
<b>FAR</b>	Wells Fargo Bank National Association	<b>MSB</b>	Morgan Stanley Bank, N.A.	<b>TDM</b>	TD Securities (USA) LLC
<b>FBF</b>	Credit Suisse International				

**Currency Abbreviations:**

<b>ARS</b>	Argentine Peso	<b>GBP</b>	British Pound	<b>NZD</b>	New Zealand Dollar
<b>AUD</b>	Australian Dollar	<b>IDR</b>	Indonesian Rupiah	<b>PEN</b>	Peruvian New Sol
<b>BRL</b>	Brazilian Real	<b>ILS</b>	Israeli Shekel	<b>RUB</b>	Russian Ruble
<b>CAD</b>	Canadian Dollar	<b>JPY</b>	Japanese Yen	<b>SGD</b>	Singapore Dollar
<b>CNH</b>	Chinese Renminbi (Offshore)	<b>KRW</b>	South Korean Won	<b>TWD</b>	Taiwanese Dollar
<b>COP</b>	Colombian Peso	<b>MXN</b>	Mexican Peso	<b>USD (or \$)</b>	United States Dollar
<b>EUR</b>	Euro				

**Exchange Abbreviations:**

<b>CBOT</b>	Chicago Board of Trade	<b>NYMEX</b>	New York Mercantile Exchange	<b>OTC</b>	Over the Counter
<b>KCBT</b>	Kansas City Board of Trade				

**Index/Spread Abbreviations:**

<b>ARLLMONP</b>	Argentina Blended Policy Rate	<b>CPTFEMU</b>	Eurozone HICP ex-Tobacco Index	<b>MEHCL</b>	Custom Commodity Forward Index
<b>BADLARPP</b>	Argentina Badlar Floating Rate Notes	<b>CPURNSA</b>	Consumer Price All Urban Non-Seasonally Adjusted Index	<b>MEHMID</b>	Custom Commodity Forward Index
<b>BCOMF1T</b>	Bloomberg Commodity Index 1-Month Forward Total Return	<b>EURMARGIN</b>	European Refined Margin	<b>MQCP563E</b>	Macquarie MQCP563E Custom Commodity Index
<b>BCOMTR</b>	Bloomberg Commodity Index Total Return	<b>EURSIMP</b>	Weighted Basket of Refined Products	<b>NAPGASFO</b>	Naphtha Fuel Oil Spread
<b>BRENT</b>	Brent Crude	<b>FRCPXTOB</b>	France Consumer Price ex-Tobacco Index	<b>PIMCOBB</b>	PIMCO Custom Commodity Basket
<b>CDX.HY</b>	Credit Derivatives Index - High Yield	<b>GOLDLNPM</b>	London Gold Market Fixing Ltd. PM	<b>PLATGOLD</b>	Platinum-Gold Spread
<b>CDX.IG</b>	Credit Derivatives Index - Investment Grade	<b>ISDA</b>	International Swaps and Derivatives Association, Inc.	<b>RBCAEC</b>	Custom Commodity Forward Index
<b>CIXBSTR3</b>	Custom Commodity Index	<b>JMABCT3E</b>	J.P. Morgan Custom Commodity Index	<b>SLVRLND</b>	London Silver Market Fixing Ltd.
<b>CIXBXM</b>	Custom Commodity Index	<b>JMABDEWE</b>	J.P. Morgan Custom Commodity Index	<b>SPGCICP</b>	S&P Goldman Sachs Commodity Copper Excess Return Index
<b>CMBX</b>	Commercial Mortgage-Backed Index	<b>JMABFNJ1</b>	J.P. Morgan Custom Commodity Index	<b>UKRPI</b>	United Kingdom Retail Prices Index
<b>CMDSKEWLS</b>	CBEO SKEW Index is an index derived from the price of S&P 500 tail risk	<b>JMABNIC</b>	J.P. Morgan Nic Custom Index	<b>ULSD</b>	Ultra-Low Sulfur Diesel
<b>COCL</b>	ICE BofAML Large Cap Contingent Capital Index	<b>LLS</b>	Light Louisiana Sweet Crude	<b>US0003M</b>	3 Month USD Swap Rate
<b>CPALEMU</b>	Euro Area All Items Non-Seasonally Adjusted Index				

**Other Abbreviations:**

<b>BBR</b>	Bank Bill Rate	<b>NCUA</b>	National Credit Union Administration	<b>TBA</b>	To-Be-Announced
<b>BTP</b>	Buoni del Tesoro Poliennali	<b>OAT</b>	Obligations Assimilables du Trésor	<b>TELBOR</b>	Tel Aviv Inter-Bank Offered Rate
<b>CLO</b>	Collateralized Loan Obligation	<b>OIS</b>	Overnight Index Swap	<b>TIIE</b>	Tasa de Interés Interbancaria de Equilibrio "Equilibrium Interbank Interest Rate"
<b>DAC</b>	Designated Activity Company	<b>oz.</b>	Ounce	<b>WTI</b>	West Texas Intermediate
<b>LIBOR</b>	London Interbank Offered Rate	<b>RBOB</b>	Reformulated Blendstock for Oxygenate Blending	<b>YOY</b>	Year-Over-Year
<b>Lunar</b>	Monthly payment based on 28-day periods. One year consists of 13 periods.				

## Federal Income Tax Information

(Unaudited)

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

**Dividend Received Deduction.** Corporate shareholders are generally entitled to take the dividend received deduction on the portion of a Portfolio's dividend distribution that qualifies under tax law. The percentage of the following Portfolio's fiscal 2018 ordinary income dividend that qualifies for the corporate dividend received deduction is set forth in the table below.

**Qualified Dividend Income.** Under the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), the percentage of ordinary dividends paid during the calendar year designated as "qualified dividend income", as defined in the Act, subject to reduced tax rates in 2018 is set forth for the Portfolio in the table below.

**Qualified Interest Income and Qualified Short-Term Capital Gain (for non-U.S. resident shareholders only).** Under the American Jobs Creation Act of 2004, the amounts of ordinary dividends paid during the fiscal year ended December 31, 2018 considered to be derived from "qualified interest income," as defined in Section 871(k)(1)(E) of the Code, and therefore designated as interest-related dividends, as defined in Section 871(k)(1)(C) of the Code are set forth in the table below. Further, the amounts of ordinary dividends paid during the fiscal year ended December 31, 2018 considered to be derived from "qualified short-term capital gain," as defined in Section 871(k)(2)(D) of the Code, and therefore designated as qualified short-term gain dividends, as defined by Section 871(k)(2)(C) of the Code are also set forth in the table below.

	<b>Dividend Received Deduction %</b>	<b>Qualified Dividend Income %</b>	<b>Qualified Interest Income (000s<sup>†</sup>)</b>	<b>Qualified Short-Term Capital Gain (000s<sup>†</sup>)</b>
PIMCO CommodityRealReturn <sup>®</sup> Strategy Portfolio	0.00%	0.00%	\$ 276	\$ 0

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

Shareholders are advised to consult their own tax advisor with respect to the tax consequences of their investment in the Trust. In January 2019, you will be advised on IRS Form 1099-DIV as to the federal tax status of the dividends and distributions received by you in calendar year 2018.

# Management of the Trust

(Unaudited)

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

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

Name, Year of Birth and Position Held with Trust*	Term of Office and Length of Time Served†	Principal Occupation(s) During Past 5 Years	Number of Funds in Fund Complex Overseen by Trustee	Other Public Company and Investment Company Directorships Held by Trustee During the Past 5 Years
<b>Interested Trustees<sup>1</sup></b>				
<b>Peter G. Strelow** (1970)</b> <i>Chairman of the Board and Trustee</i>	05/2017 to present  Chairman of the Board - 02/2019 to present	Managing Director and Co-Chief Operating Officer, PIMCO. President of the Trust, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Chief Administrative Officer, PIMCO.	153	Chairman and Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT.
<b>Brent R. Harris** (1959)</b> <i>Trustee</i>	08/1997 to present	Managing Director, PIMCO. Senior Vice President of the Trust, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, member of Executive Committee, PIMCO.	153	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT; Director, StocksPLUS® Management, Inc; and member of Board of Governors, Investment Company Institute. Formerly, Chairman, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT.
<b>Independent Trustees</b>				
<b>George E. Borst (1948)</b> <i>Trustee</i>	04/2015 to present	Executive Advisor, McKinsey & Company (since 10/14); Formerly, Executive Advisor, Toyota Financial Services (10/13-12/14); and CEO, Toyota Financial Services (1/01-9/13).	132	Trustee, PIMCO Funds and PIMCO ETF Trust; Director, MarineMax Inc.
<b>Jennifer Holden Dunbar (1963)</b> <i>Trustee</i>	04/2015 to present	Managing Director, Dunbar Partners, LLC (business consulting and investments). Formerly, Partner, Leonard Green & Partners, L.P.	153	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT; Director, PS Business Parks; Director, Big 5 Sporting Goods Corporation.
<b>Kym M. Hubbard (1957)</b> <i>Trustee</i>	02/2017 to present	Formerly, Global Head of Investments, Chief Investment Officer and Treasurer, Ernst & Young.	132	Trustee, PIMCO Funds and PIMCO ETF Trust; Director, State Auto Financial Corporation.
<b>Gary F. Kennedy (1955)</b> <i>Trustee</i>	04/2015 to present	Formerly, Senior Vice President, General Counsel and Chief Compliance Officer, American Airlines and AMR Corporation (now American Airlines Group) (1/03-1/14).	132	Trustee, PIMCO Funds and PIMCO ETF Trust.
<b>Peter B. McCarthy (1950)</b> <i>Trustee</i>	04/2015 to present	Formerly, Assistant Secretary and Chief Financial Officer, United States Department of Treasury; Deputy Managing Director, Institute of International Finance.	153	Trustee, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
<b>Ronald C. Parker (1951)</b> <i>Lead Independent Trustee</i>	07/2009 to present  Lead Independent Trustee - 02/2017 to present	Director of Roseburg Forest Products Company. Formerly, Chairman of the Board, The Ford Family Foundation; and President, Chief Executive Officer, Hampton Affiliates (forestry products).	153	Lead Independent Trustee, PIMCO Funds and PIMCO ETF Trust; Trustee, PIMCO Equity Series and PIMCO Equity Series VIT.

\* Unless otherwise noted, the information for the individuals listed is as of December 31, 2018.

\*\* Effective February 13, 2019, Mr. Strelow became the Chairman of the Trust.

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

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

Executive Officers

Name, Year of Birth and Position Held with Trust	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years*
<b>Peter G. Strelow (1970)</b> <i>President</i>	01/2015 to present	Managing Director and Co-Chief Operating Officer, PIMCO. President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Chief Administrative Officer, PIMCO.
<b>Joshua D. Ratner (1976)**</b> <i>Chief Legal Officer</i>	11/2018 to present Vice President - Senior Counsel and Secretary 11/2013 to 11/2018 Assistant Secretary 10/2007 to 01/2011	Executive Vice President and Deputy General Counsel, PIMCO. Chief Legal Officer, PIMCO Investments LLC. Chief Legal Officer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Jennifer E. Durham (1970)</b> <i>Chief Compliance Officer</i>	07/2004 to present	Managing Director and Chief Compliance Officer, PIMCO. Chief Compliance Officer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
<b>Brent R. Harris (1959)</b> <i>Senior Vice President</i>	01/2015 to present President 03/2009 to 01/2015	Managing Director, PIMCO. Senior Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Formerly, member of Executive Committee, PIMCO.
<b>Ryan G. Leshaw (1980)</b> <i>Vice President, Senior Counsel and Secretary</i>	11/2018 to present Assistant Secretary 05/2012 to 11/2018	Senior Vice President and Senior Counsel, PIMCO. Vice President, Senior Counsel and Secretary, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Assistant Secretary, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Associate, Willkie Farr & Gallagher LLP.
<b>Wu-Kwan Kit (1981)</b> <i>Assistant Secretary</i>	08/2017 to present	Senior Vice President and Senior Counsel, PIMCO. Assistant Secretary, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT. Vice President, Senior Counsel and Secretary, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds. Formerly, Assistant General Counsel, VanEck Associates Corp.
<b>Stacie D. Anctil (1969)</b> <i>Vice President</i>	05/2015 to present Assistant Treasurer 11/2003 to 05/2015	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>William G. Galipeau (1974)</b> <i>Vice President</i>	11/2013 to present	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Eric D. Johnson (1970)</b> <i>Vice President</i>	05/2011 to present	Executive Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Henrik P. Larsen (1970)</b> <i>Vice President</i>	02/1999 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
<b>Bijal Y. Parikh (1978)</b> <i>Vice President</i>	02/2017 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Greggory S. Wolf (1970)</b> <i>Vice President</i>	05/2011 to present	Senior Vice President, PIMCO. Vice President, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series and PIMCO Equity Series VIT.
<b>Trent W. Walker (1974)</b> <i>Treasurer</i>	11/2013 to present	Executive Vice President, PIMCO. Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Eric C. Brown (1967)**</b> <i>Assistant Treasurer</i>	02/2001 to present	Executive Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Colleen D. Miller (1980)**</b> <i>Assistant Treasurer</i>	02/2017 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Christopher M. Morin (1980)</b> <i>Assistant Treasurer</i>	08/2016 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.
<b>Jason J. Nagler (1982)**</b> <i>Assistant Treasurer</i>	05/2015 to present	Senior Vice President, PIMCO. Assistant Treasurer, PIMCO Funds, PIMCO ETF Trust, PIMCO Equity Series, PIMCO Equity Series VIT, PIMCO Managed Accounts Trust, PIMCO-Sponsored Interval Funds and PIMCO-Sponsored Closed-End Funds.

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

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

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

**OBTAINING PERSONAL INFORMATION**

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

**RESPECTING YOUR PRIVACY**

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

**SHARING INFORMATION WITH THIRD PARTIES**

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

**SHARING INFORMATION WITH AFFILIATES**

The Trust may share shareholder information with its affiliates in connection with servicing shareholders' accounts, and subject to applicable law may provide shareholders with information about products and services that the Trust or its Advisers, distributors or their affiliates ("Service Affiliates") believe may be of interest to such shareholders. The information that the Trust may share may include, for example, a shareholder's participation in the Trust or in other investment programs sponsored by a Service Affiliate, a shareholder's

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

**PROCEDURES TO SAFEGUARD PRIVATE INFORMATION**

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

**INFORMATION COLLECTED FROM WEBSITES**

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

**CHANGES TO THE PRIVACY POLICY**

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

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

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

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



## Approval of Investment Advisory Contract and Other Agreements

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

At a meeting held on August 20-21, 2018, the Board of Trustees (the "Board") of PIMCO Variable Insurance Trust (the "Trust"), including the Trustees who are not "interested persons" of the Trust under the Investment Company Act of 1940, as amended (the "Independent Trustees"), considered and unanimously approved the renewal of the Amended and Restated Investment Advisory Contract (the "Investment Advisory Contract") between the Trust, on behalf of each of the Trust's series (the "Portfolios"), and Pacific Investment Management Company LLC ("PIMCO") for an additional one-year term through August 31, 2019. The Board also considered and unanimously approved the renewal of the Supervision and Administration Agreement (together with the Investment Advisory Contract, the "Agreements") between the Trust, on behalf of the Portfolios, and PIMCO for an additional one-year term through August 31, 2019. In addition, the Board considered and unanimously approved the renewal of the Amended and Restated Asset Allocation Sub-Advisory Agreement (the "Asset Allocation Agreement") between PIMCO, on behalf of PIMCO All Asset Portfolio and PIMCO All Asset All Authority Portfolio, each a series of the Trust, and Research Affiliates, LLC ("Research Affiliates") for an additional one-year term through August 31, 2019.

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

#### 1. INFORMATION RECEIVED

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

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

(b) **Review Process:** In connection with considering the renewal of the Agreements and the Asset Allocation Agreement, the Board reviewed written materials prepared by PIMCO and, where applicable, Research Affiliates in response to requests from counsel to the Trust and the Independent Trustees encompassing a wide variety of topics. The Board requested and received assistance and advice regarding, among other things, applicable legal standards from counsel to the Trust and the Independent Trustees, and reviewed comparative fee and performance data prepared at the Board's request by Broadridge Financial Solutions, Inc. ("Broadridge"), an independent provider of investment company performance information and fee and expense data. The Board received information on matters related to the Agreements and the Asset Allocation Agreement and met both as a full Board and in a separate session of the Independent Trustees, without management present, at the August 20-21, 2018 meeting. The Independent Trustees also conducted in-person meetings with counsel to the Trust and the Independent Trustees, including one on July 18, 2018, to discuss the Lipper Report, as defined below, and certain aspects of the 2018 15(c) materials presented and other matters deemed relevant to their consideration of the renewal of the Agreements and the Asset Allocation Agreement. In connection with its review of the Agreements, the Board received comparative information on the performance and the fees and expenses of other peer group funds and share classes. In addition, the Independent Trustees requested and received supplemental information.

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

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

(a) **PIMCO, Research Affiliates, their Personnel, and Resources:** The Board considered the depth and quality of PIMCO's investment management process, including: the experience, capability and integrity

of its senior management and other personnel; the overall financial strength and stability of its organization; and the ability of its organizational structure to address changes in the Portfolios' asset levels. The Board also considered the various services in addition to portfolio management that PIMCO provides under the Investment Advisory Contract. The Board noted that PIMCO makes available to its investment professionals a variety of resources and systems relating to investment management, compliance, trading, performance and portfolio accounting. The Board also noted PIMCO's commitment to enhancing and investing in its global infrastructure, technology capabilities, risk management processes and the specialized talent needed to stay at the forefront of the competitive investment management industry and to strengthen its ability to deliver services under the Agreements. The Board considered PIMCO's policies, procedures and systems reasonably designed to assure compliance with applicable laws and regulations and its commitment to further developing and strengthening these programs, its oversight of matters that may involve conflicts of interest between the Portfolios' investments and those of other accounts managed by PIMCO, and its efforts to keep the Trustees informed about matters relevant to the Portfolios and their shareholders. The Board also considered PIMCO's continuous investment in new disciplines and talented personnel, which has enhanced PIMCO's services to the Portfolios and has allowed PIMCO to introduce innovative new portfolios over time. In addition, the Board considered the nature and quality of services provided by PIMCO to the wholly-owned subsidiaries of certain applicable Portfolios.

The Trustees considered that PIMCO has continued to strengthen the process it uses to actively manage counterparty risk and to assess the financial stability of counterparties with which the Portfolios do business, to manage collateral and to protect Portfolios from an unforeseen deterioration in the creditworthiness of trading counterparties. The Trustees noted that, consistent with its fiduciary duty, PIMCO executes transactions through a competitive best execution process and uses only those counterparties that meet its stringent and monitored criteria. The Trustees considered that PIMCO's collateral management team utilizes a counterparty risk system to analyze portfolio level exposure and collateral being exchanged with counterparties.

In addition, the Trustees considered new services and service enhancements that PIMCO has implemented since the Board renewed the Agreements in 2017, including, but not limited to upgrading the global network and infrastructure to support trading and risk management systems; enhancing and continuing to expand capabilities within the pre-trade compliance platform; enhancing flexible client reporting capabilities to support increased differentiation within local markets; developing new application and database frameworks to support new trading strategies; expanding proprietary applications

suites to enrich capabilities across Compliance, Analytics, Risk Management, Client Reporting, Attribution and Customer Relationship management; continuing investment in its enterprise risk management function, including PIMCO's cybersecurity program and global business continuity functions; oversight by the Americas Fund Oversight Committee, which provides senior-level oversight and supervision focused on new and ongoing fund-related business opportunities; engaging a third party service provider to implement the SEC reporting modernization regime; expanding the Fund Treasurer's Office; enhancing a proprietary application to provide portfolio managers with more timely and high quality income reporting; developing a global tax management application that will enable investment professionals to access foreign market and security tax information on a real-time basis; enhancing reporting of tax reporting for portfolio managers for income products with improved transparency on tax factors impacting income generation and dividend yield; upgrading a proprietary application to allow shareholder subscription and redemption data to pass to portfolio managers more quickly and efficiently; and continuing to expand the pricing portal and the proprietary performance reconciliation tool.

Similarly, the Board considered the asset allocation services provided by Research Affiliates to the PIMCO All Asset Portfolio and PIMCO All Asset All Authority Portfolio. The Board further considered PIMCO's oversight of Research Affiliates in connection with Research Affiliates providing asset allocation services to the Asset Portfolio and All Asset All Authority Portfolio. The Board also considered the depth and quality of Research Affiliates' investment management and research capabilities, the experience and capabilities of its portfolio management personnel and the overall financial strength of the organization.

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

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

The Board considered the terms of the Supervision and Administration Agreement, under which the Trust pays for the supervisory and administrative services provided pursuant to that agreement under what is essentially an all-in fee structure (the "unified fee"). In return, PIMCO provides or procures certain supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including audit, custodial, portfolio accounting, legal, transfer agency, sub-accounting and printing costs. The Board noted that the scope and complexity, as well as the costs, of the supervisory

and administrative services provided by PIMCO under the Supervision and Administration Agreement continue to increase. The Board considered PIMCO's provision of supervisory and administrative services and its supervision of the Trust's third party service providers to assure that these service providers continue to provide a high level of service relative to alternatives available in the market.

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

### 3. INVESTMENT PERFORMANCE

The Board reviewed information from PIMCO concerning the Portfolios' performance, as available, over short- and long-term periods ended March 31, 2018 and other performance data, as available, over short- and long-term periods ended June 30, 2018 (the "PIMCO Report") and from Broadridge concerning the Portfolios' performance, as available, over short- and long-term periods ended March 31, 2018 (the "Lipper Report").

The Board considered information regarding both the short- and long-term investment performance of each Portfolio relative to its peer group and relevant benchmark index as provided to the Board in advance of each of its quarterly meetings throughout the year, including the PIMCO Report and Lipper Report, which were provided in advance of the August 20-21, 2018 meeting. The Trustees noted that many of the Portfolios outperformed their respective Lipper medians on a net-of-fees basis over the three-, five- and ten-year periods ended March 31, 2018. The Board also noted that, as of March 31, 2018, the Administrative Class of 72%, 35% and 73% of the Portfolios outperformed their respective Lipper category median on a net-of-fees basis over the three-, five- and ten-year periods, respectively. The Trustees considered that other classes of each Portfolio would have substantially similar performance to that of the Administrative Class of the relevant Portfolio on a relative basis because all of the classes are invested in the same portfolio of investments and that differences in performance among classes could principally be attributed to differences in the supervisory and administrative fees and distribution and servicing expenses of each class. The Board also considered that the investment objectives of certain of the Portfolios may not always be identical to those of the other funds in their respective peer groups and that the Lipper categories do not: separate funds based upon maturity or duration; account for the applicable Portfolios' hedging strategies; distinguish between enhanced index and actively managed equity strategies; include as many subsets as the Portfolios offer (*i.e.*, Portfolios may be placed in a "catch-all" Lipper category to which they do not properly belong); or account for certain fee waivers. The Board noted that, due to these differences, performance comparisons between certain of the Portfolios and their so-called peers may not be

particularly relevant to the consideration of Portfolio performance but found the comparative information supported its overall evaluation.

The Board noted that performance for a majority of the Portfolios has been mixed compared to their respective benchmark indexes over the five-year period ended March 31, 2018. The Board noted that, as of March 31, 2018, 70%, 23% and 92% of the Trust's assets (based on Administrative Class performance) outperformed their respective benchmarks on a net-of-fees basis over the three-, five- and ten-year periods, respectively. The Board also discussed actions that have been taken by PIMCO to attempt to improve performance and took note of PIMCO's plans to monitor performance going forward.

The Board considered PIMCO's discussion of the intensive nature of managing bond funds, noting that it requires the management of a number of factors, including: varying maturities; prepayments; collateral management; counterparty management; pay-downs; credit and corporate events; workouts; derivatives; net new issuance in the bond market; and decreased market maker inventory levels. The Board noted that in addition to managing these factors, PIMCO must also balance risk controls and strategic positions in each portfolio it manages, including the Portfolios. Despite these challenges, the Board noted PIMCO's ability to generate non-market correlated excess performance for its clients over time, including the Trust.

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

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

The Board considered that PIMCO seeks to price new funds and classes to scale. PIMCO reported to the Board that, in proposing fees for any Portfolio or class of shares, it considers a number of factors, including, but not limited to, the type and complexity of the services provided, the cost of providing services, the risk assumed by PIMCO in the development of products and the provision of services and the competitive marketplace for financial products. Fees charged to or proposed for different Portfolios for advisory services and supervisory and administrative services may vary in light of these various factors. The Board considered that portfolio pricing generally is not driven by comparison to passively-managed products.

In addition, PIMCO reported to the Board that it periodically reviews the fees charged to the Portfolios. The Board noted that, based upon this review, PIMCO may propose advisory fee or supervisory and administrative fee changes where (i) a Portfolio's long-term performance warrants additional consideration; (ii) there is a notable aid to market

position; (iii) a Portfolio's fee does not reflect the current level of supervision or administrative fees provided to the Portfolio; or (iv) PIMCO would like to change a Portfolio's overall strategic positioning.

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

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

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

The Board considered the Portfolios' supervisory and administrative fees, comparing them to similar funds in the report supplied by Broadridge. The Board also considered that as the Portfolios' business has become increasingly complex and the number of Portfolios has grown over time, PIMCO has provided an increasingly broad array of fund supervisory and administrative functions. In addition, the Board considered the Trust's unified fee structure, under which the Trust pays for the supervisory and administrative services it requires for one set fee. In return for this unified fee, PIMCO provides or procures supervisory and administrative services and bears the costs of various third party services required by the Portfolios, including audit, custodial, portfolio accounting, legal, transfer agency, sub-accounting and printing costs. The Board further considered that many other funds pay for comparable services separately, and thus it is difficult to directly compare the Trust's unified supervisory and administrative fees with the fees paid by other funds for administrative services alone. The Board also considered that the unified supervisory and administrative fee leads to Portfolio fees that are fixed over the contract period, rather than variable. The Board noted that, although the unified fee structure does not have breakpoints, it implicitly reflects economies of scale by fixing the absolute level of Portfolio fees at competitive levels over the contract period even if the Portfolios' operating costs rise when assets remain flat or decrease. Other factors the Board considered in assessing the unified fee include PIMCO's approach of pricing Portfolios to scale at inception and reinvesting in other important areas of the business that support the Portfolios. The Board considered that the Portfolios' unified fee structure meant that fees were not impacted by recent outflows in certain Portfolios, unlike funds without a unified fee structure, which may see increased expense ratios when fixed costs, such as service provider costs, are passed through to a smaller asset base. The Board considered historical advisory and supervisory and administrative fee reductions implemented for different Portfolios and classes, noting that the unified fee can be increased or decreased in subsequent contractual periods and is subject to the periodic reviews discussed above. The Board noted that, with few exceptions, PIMCO



has generally maintained Portfolio fees at the same level as implemented when the unified fee was adopted, and has reduced fees for a number of Portfolios in prior years. The Board concluded that the Portfolios' supervisory and administrative fees were reasonable in relation to the value of the services provided, including the services provided to different classes of shareholders, and that the expenses assumed contractually by PIMCO under the Supervision and Administration Agreement represent, in effect, a cap on overall Portfolio fees during the contractual period, which is beneficial to the Portfolios and their shareholders.

The Board considered the Portfolios' total expenses and discussed with PIMCO those Portfolios and/or classes of Portfolios that had above median total expenses. The Board noted that many of the Portfolios are unique products that have few peers, if any, and cannot easily be grouped with comparable funds. Upon comparing the Portfolios' total expenses to other funds in the "Peer Groups" provided by Broadridge, the Board found total expenses of each Portfolio to be reasonable.

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

Based on the information presented by PIMCO, Research Affiliates and Broadridge, members of the Board determined, in the exercise of their business judgment, that the level of the advisory fees and supervisory and administrative fees charged by PIMCO under the Agreements, as well as the total expenses of each Portfolio, after the proposals to decrease the management fee, are reasonable.

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

The Board reviewed information regarding PIMCO's costs of providing services to the Funds as a whole, as well as the resulting level of profits to PIMCO under both the adjusted asset profitability method and the profit and loss profitability method, which were each utilized to calculate profitability. To the extent applicable, the Board also reviewed information regarding the portion of a Portfolio's advisory fee retained by PIMCO, following the payment of sub-advisory fees to Research Affiliates, with respect to the Portfolio. Additionally, the Board noted that profit margins with respect to the Trust shows that the Trust is profitable, although less so than PIMCO Funds due to payments made

by PIMCO to participating insurance companies. The Board further noted PIMCO's engagement of a third party to review and to make recommendations regarding PIMCO's processes supporting its profitability estimation materials. The Board also noted that it had received information regarding the structure and manner in which PIMCO's investment professionals were compensated, and PIMCO's view of the relationship of such compensation to the attraction and retention of quality personnel. The Board considered PIMCO's need to invest in global infrastructure, technology capabilities, risk management processes and qualified personnel to reinforce and offer new services and to accommodate changing regulatory requirements.

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

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

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

## 6. ANCILLARY BENEFITS

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

## 7. CONCLUSIONS

Based on their review, including their comprehensive consideration and evaluation of each of the broad factors and information summarized above, the Independent Trustees and the Board as a whole concluded that the nature, extent and quality of the services rendered to the Portfolios by PIMCO and Research Affiliates supported the renewal of the Agreements and the Asset Allocation Agreement. The Independent Trustees and the Board as a whole concluded that the Agreements and the Asset Allocation Agreement continued to be fair and reasonable to the Portfolios and their shareholders, that the Portfolios' shareholders received reasonable value in return for the fees paid to PIMCO by the Portfolios under the Agreements and the fees paid to Research Affiliates by PIMCO under the Asset Allocation Agreement, and that the renewal of the Agreements and the Asset Allocation Agreement was in the best interests of the Portfolios and their shareholders.



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## General Information

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

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