PIMCO

PIMCO Variable Insurance Trust

Semiannual Report

June 30, 2018

PIMCO Total Return Portfolio

2018

A company of Allianz

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This material is authorized for use only when preceded or accompanied by the current PIMCO Variable Insurance Trust (the "Trust") prospectus for the Portfolio. (The variable product prospectus may be obtained by contacting your Investment Consultant.)

Dear PIMCO Variable Insurance Trust Shareholder,

Following is the PIMCO Variable Insurance Trust Semiannual Report, which covers the six-month reporting period ended June 30, 2018. On the subsequent pages you will find specific details regarding investment results and a discussion of factors that most affected performance over the reporting period.

For the six-month reporting period ended June 30, 2018

The U.S. economy continued to expand during the reporting period. Looking back, U.S. gross domestic product (GDP) expanded at a revised annual pace of 2.3% and 2.2% during the fourth quarter of 2017 and first quarter of 2018, respectively. The Commerce Department's initial reading — released after the reporting period had ended — showed that second-quarter 2018 GDP grew at an annual pace of 4.1%.

The Federal Reserve (Fed) continued to normalize monetary policy during the reporting period. After raising interest rates three times in 2017, the Fed again raised rates at its March 2018 meeting, pushing the federal funds rate to a range between 1.50% and 1.75%. Finally, at its meeting that concluded on June 13, 2018, the Fed raised rates to a range between 1.75% and 2.00%.

Economic activity outside the U.S. moderated somewhat during the reporting period. Against this backdrop, the European Central Bank (ECB), the Bank of Japan and the Bank of England largely maintained their highly accommodative monetary policies. Other central banks took a more hawkish stance, including the Bank of Canada, as it raised rates in January 2018. Meanwhile, in June 2018, the ECB indicated that it plans to end its quantitative easing program by the end of the year, but it did 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 their longer-term counterparts. The increase in rates at the short end of the yield curve was mostly due to Fed interest rate hikes. The yield on the benchmark 10-year U.S. Treasury note was 2.85% 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 -1.08% over the six months ended June 30, 2018. Meanwhile the Bloomberg Barclays U.S. Aggregate Bond Index, a widely used index of U.S. investment grade bonds, returned -1.62% over the period. Riskier fixed income asset classes, including high yield corporate bonds and emerging market debt, generated mixed results versus the broad U.S. market. The ICE BofAML U.S. High Yield Index gained 0.08% over the reporting period, whereas emerging market external debt, as represented by the JPMorgan Emerging Markets Bond Index (EMBI) Global, returned -5.23% over the reporting period. Emerging market local bonds, as represented by the JPMorgan Government Bond Index-Emerging Markets Global Diversified Index (Unhedged), returned -6.44% over the period.

Global equities generated mixed results during the reporting period. The U.S. market rallied sharply during the first month of the period. Supporting the market were improving global growth, overall solid corporate profits and the passage of a tax reform bill late in 2017. Those gains were then erased in February and March 2018. This was partially driven by fears that the Fed may take a more aggressive approach in terms of raising interest rates. In addition, there were concerns over a possible trade war. However, U.S. equities moved modestly higher over the last three months of the period. All told, U.S. equities, as represented by the S&P 500 Index, returned 2.65% during the reporting period. Emerging market equities, as measured by the MSCI Emerging Markets Index, returned -6.66% over the period, whereas global equities, as represented by the MSCI World Index, gained 0.43%. Elsewhere, Japanese equities, as represented by the Nikkei 225 Index (in JPY), returned -1.05% over the reporting period and European equities, as represented by the MSCI Europe Index (in EUR), returned -0.48%.

Commodity prices fluctuated and produced mixed results during the six months ended June 30, 2018. When the reporting period began, crude oil was approximately $60 a barrel. By the end of the period it was roughly $74 a barrel. This ascent was driven in part by planned and observed production cuts by OPEC and the collapse in

Venezuelan oil production, as well as global growth maintaining demand. Elsewhere, gold and copper prices moved lower over the reporting period.

Finally, during the reporting period, there were periods of volatility in the foreign exchange markets, due in part to signs of improving global growth, decoupling central bank policies, and a number of geopolitical events. All told, the U.S. dollar returned 2.73%, 2.26% and -1.71% versus the euro, British pound and Japanese yen, respectively, during the six months ended June 30, 2018.

Thank you for the assets you have placed with us. We deeply value your trust, and 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

August 22, 2018

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

Important Information About the PIMCO Total Return Portfolio

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

We believe that bond funds have an important role to play in a well-diversified investment portfolio. It is important to note, however, that in an environment where interest rates may trend upward, rising rates would negatively impact the performance of most bond funds, and fixed income securities and other instruments held by the Portfolio are likely to decrease in value. A wide variety of factors can cause interest rates 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. As such, bond funds may currently face an increased exposure to the risks associated with a rising interest rate environment. This is especially true as the Fed ended its quantitative easing program in October 2014 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.

On the Portfolio Summary page in this Shareholder Report, the Average Annual Total Return table and Cumulative Returns chart measure performance assuming that any dividend and capital gain distributions were reinvested. The Cumulative Returns chart reflects only Administrative Class performance. Performance may vary by share class based on each class's expense ratios. The Portfolio measures its performance against at least one broad-based securities market index ("benchmark index"). The benchmark index does not take into account fees, expenses, or taxes. The Portfolio's past performance, before and after taxes, is not necessarily an indication of how the Portfolio will perform in the future. There is no assurance that the Portfolio, even if the Portfolio has experienced high or unusual performance for one or more periods, will experience similar levels of performance in the future. High performance is defined as a significant increase in either 1) the Portfolio's total return in excess of that of the Portfolio's benchmark between reporting periods or 2) the Portfolio's total return in excess of the Portfolio's historical returns between reporting periods. Unusual performance is defined as a significant change in the Portfolio's performance as compared to one or more previous reporting periods.

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

An investment in the Portfolio is not a bank deposit and is not guaranteed or insured by the Federal Deposit Insurance Corporation ("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.

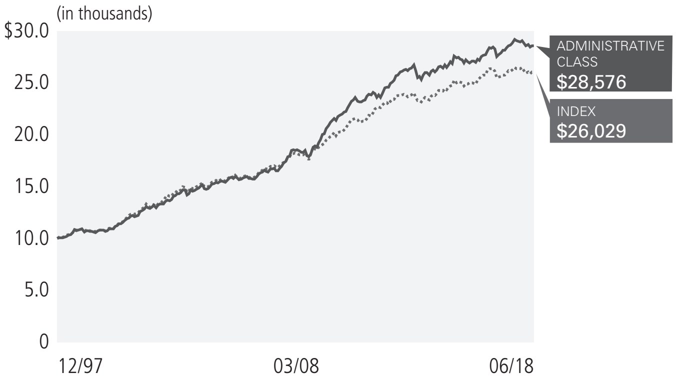
PIMCO has adopted written proxy voting policies and procedures ("Proxy Policy") as required by Rule 206(4)-6 under the Investment Advisers Act of 1940, as amended. The Proxy Policy has been adopted by the Trust as the policies and procedures that PIMCO will use when voting proxies on behalf of the Portfolio. 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, and on the Securities and Exchange Commission's ("SEC") website at 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 and may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. 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. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

The SEC adopted a rule that generally allows funds to deliver shareholder reports 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. PIMCO is evaluating how to make the electronic delivery option available to shareholders in the future.

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

Cumulative Returns Through June 30, 2018



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

Allocation Breakdown as of 06/30/2018†§

U.S. Government Agencies	31.7%
Corporate Bonds & Notes	24.1%
Short-Term Instruments‡	15.2%
U.S. Treasury Obligations	9.8%
Asset-Backed Securities	9.7%
Non-Agency Mortgage-Backed Securities	5.2%
Sovereign Issues	3.9%
Other	0.4%

† % of Investments, at value.

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

‡ Includes Central Funds Used for Cash Management Purposes.

Average Annual Total Return for the period ended June 30, 2018

		6 Months*	1 Year	5 Years	10 Years	Inception≈
	PIMCO Total Return Portfolio Institutional Class	(1.64)%	(0.03)%	2.44%	4.71%	5.51%
—	PIMCO Total Return Portfolio Administrative Class	(1.71)%	(0.18)%	2.29%	4.55%	5.26%
	PIMCO Total Return Portfolio Advisor Class	(1.76)%	(0.28)%	2.19%	4.45%	4.73%
·····	Bloomberg Barclays U.S. Aggregate Index±	(1.62)%	(0.40)%	2.27%	3.72%	4.77%♦

All Portfolio returns are net of fees and expenses.

* Cumulative return.

≈ For class inception dates please refer to the Important Information.

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

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

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

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

The Portfolios total annual operating expense ratio in effect as of period end were 0.54% for Institutional Class shares, 0.69% for Administrative Class shares, and 0.79% 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.

Investment Objective and Strategy Overview

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

Portfolio Insights

The following affected performance during the reporting period:

» Underweight exposure to investment-grade corporate credit contributed to performance, as spreads widened.

» Exposure to non-agency mortgage-backed securities contributed to performance, as spreads tightened during the reporting period.

» Short exposure to U.K. duration contributed to performance, as U.K. rates rose.

» Long exposure to the Argentine peso versus the U.S. dollar detracted from performance, as the Argentine peso depreciated against the U.S. dollar.

» Short exposure to the Japanese yen versus the U.S. dollar detracted from performance, as the Japanese yen appreciated against the U.S. dollar.

» Long exposure to the Swedish krona versus the U.S. dollar detracted from performance, as the Swedish krona depreciated against the U.S. dollar.

Expense Example PIMCO Total Return Portfolio

Example

As a shareholder of the Portfolio, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including 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 January 1, 2018 to June 30, 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)			
	Beginning Account Value (01/01/18)	**Ending Account Value (06/30/18)**	**Expenses Paid During Period***	**Beginning Account Value (01/01/18)**	**Ending Account Value (06/30/18)**	**Expenses Paid During Period***	**Net Annualized Expense Ratio****
Institutional Class	$ 1,000.00	$ 983.60	$ 3.64	$ 1,000.00	$ 1,021.12	$ 3.71	0.74%
Administrative Class	1,000.00	982.90	4.38	1,000.00	1,020.38	4.46	0.89
Advisor Class	1,000.00	982.40	4.87	1,000.00	1,019.89	4.96	0.99

* 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 181/365 (to reflect the one-half year period). Overall fees and expenses of investing in the Portfolio will be higher because the example does not reflect variable contract fees and expenses.

** 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 Total Return Portfolio

		Investment Operations			Less Distributions[b]		
Selected Per Share Data for the Year or Period Ended^:	Net Asset Value Beginning of Year or Period	Net Investment Income (Loss)[a]	Net Realized/ Unrealized Gain (Loss)	Total	From Net Investment Income	From Net Realized Capital Gain	Total
Institutional Class							
01/01/2018 - 06/30/2018+	$ 10.94	$ 0.14	$ (0.32)	$ (0.18)	$ (0.13)	$ 0.00	$ (0.13)
12/31/2017	10.64	0.26	0.28	0.54	(0.24)	0.00	(0.24)
12/31/2016	10.58	0.29	0.01	0.30	(0.24)	0.00	(0.24)
12/31/2015	11.20	0.30	(0.23)	0.07	(0.57)	(0.12)	(0.69)
12/31/2014	10.98	0.19	0.29	0.48	(0.26)	0.00	(0.26)
12/31/2013	11.55	0.19	(0.39)	(0.20)	(0.27)	(0.10)	(0.37)
Administrative Class							
01/01/2018 - 06/30/2018+	10.94	0.13	(0.32)	(0.19)	(0.12)	0.00	(0.12)
12/31/2017	10.64	0.25	0.27	0.52	(0.22)	0.00	(0.22)
12/31/2016	10.58	0.28	0.00	0.28	(0.22)	0.00	(0.22)
12/31/2015	11.20	0.30	(0.25)	0.05	(0.55)	(0.12)	(0.67)
12/31/2014	10.98	0.18	0.29	0.47	(0.25)	0.00	(0.25)
12/31/2013	11.55	0.18	(0.40)	(0.22)	(0.25)	(0.10)	(0.35)
Advisor Class							
01/01/2018 - 06/30/2018+	10.94	0.12	(0.31)	(0.19)	(0.12)	0.00	(0.12)
12/31/2017	10.64	0.24	0.27	0.51	(0.21)	0.00	(0.21)
12/31/2016	10.58	0.26	0.01	0.27	(0.21)	0.00	(0.21)
12/31/2015	11.20	0.29	(0.25)	0.04	(0.54)	(0.12)	(0.66)
12/31/2014	10.98	0.17	0.29	0.46	(0.24)	0.00	(0.24)
12/31/2013	11.55	0.16	(0.39)	(0.23)	(0.24)	(0.10)	(0.34)

^ A zero balance may reflect actual amounts rounding to less than $0.01 or 0.01%.
+ Unaudited
* Annualized
[a] Per share amounts based on average number of shares outstanding during the year or period.
[b] The tax characterization of distributions is determined in accordance with Federal income tax regulations. The actual tax characterization of distributions paid is determined at the end of the fiscal year. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

See Accompanying Notes

Net Asset Value End of Year or Period	Total Return	Net Assets End of Year or Period (000s)	Ratios/Supplemental Data: Ratios to Average Net Assets: Expenses	Expenses Excluding Waivers	Expenses Excluding Interest Expense	Expenses Excluding Interest Expense and Waivers	Net Investment Income (Loss)	Portfolio Turnover Rate
$ 10.63	(1.64)%	$ 76,698	0.74%*	0.74%*	0.50%*	0.50%*	2.55%*	297%
10.94	5.07	83,041	0.54	0.54	0.50	0.50	2.43	574
10.64	2.83	92,502	0.51	0.51	0.50	0.50	2.71	512
10.58	0.60	80,007	0.51	0.51	0.50	0.50	2.65	462
11.20	4.43	214,717	0.50	0.50	0.50	0.50	1.73	313
10.98	(1.81)	278,698	0.50	0.50	0.50	0.50	1.73	305
10.63	(1.71)	4,214,495	0.89*	0.89*	0.65*	0.65*	2.40*	297
10.94	4.91	4,456,274	0.69	0.69	0.65	0.65	2.28	574
10.64	2.68	4,728,701	0.66	0.66	0.65	0.65	2.56	512
10.58	0.45	5,059,606	0.66	0.66	0.65	0.65	2.68	462
11.20	4.28	6,244,893	0.65	0.65	0.65	0.65	1.59	313
10.98	(1.96)	7,756,022	0.65	0.65	0.65	0.65	1.55	305
10.63	(1.76)	2,702,514	0.99*	0.99*	0.75*	0.75*	2.30*	297
10.94	4.81	2,955,716	0.79	0.79	0.75	0.75	2.19	574
10.64	2.57	2,693,074	0.76	0.76	0.75	0.75	2.46	512
10.58	0.35	2,607,844	0.76	0.76	0.75	0.75	2.62	462
11.20	4.17	2,439,681	0.75	0.75	0.75	0.75	1.51	313
10.98	(2.06)	2,213,692	0.75	0.75	0.75	0.75	1.44	305

Statement of Assets and Liabilities PIMCO Total Return Portfolio

(Unaudited)

(Amounts in thousands†, except per share amounts)	June 30, 2018
Assets:	
Investments, at value	
Investments in securities	$ 10,853,260
Investments in Affiliates	604,080
Financial Derivative Instruments	
Exchange-traded or centrally cleared	4,310
Over the counter	87,032
Deposits with counterparty	14,828
Foreign currency, at value	17,529
Receivable for investments sold	23,780
Receivable for TBA investments sold	3,083,037
Receivable for Portfolio shares sold	802
Interest and/or dividends receivable	37,669
Dividends receivable from Affiliates	1,266
Total Assets	14,727,593
Liabilities:	
Borrowings & Other Financing Transactions	
Payable for reverse repurchase agreements	$ 998,696
Payable for sale-buyback transactions	165,521
Financial Derivative Instruments	
Exchange-traded or centrally cleared	5,179
Over the counter	33,786
Payable for investments purchased	65,543
Payable for investments in Affiliates purchased	1,266
Payable for TBA investments purchased	6,365,733
Deposits from counterparty	86,029
Payable for Portfolio shares redeemed	3,515
Overdraft due to custodian	4,411
Accrued investment advisory fees	1,484
Accrued supervisory and administrative fees	1,484
Accrued distribution fees	573
Accrued servicing fees	537
Other liabilities	129
Total Liabilities	7,733,886
Net Assets	$ 6,993,707
Net Assets Consist of:	
Paid in capital	$ 7,020,963
Undistributed (overdistributed) net investment income	15,278
Accumulated undistributed net realized gain (loss)	(59,237)
Net unrealized appreciation (depreciation)	16,703
Net Assets	$ 6,993,707
Net Assets:	
Institutional Class	$ 76,698
Administrative Class	4,214,495
Advisor Class	2,702,514
Shares Issued and Outstanding:	
Institutional Class	7,219
Administrative Class	396,648
Advisor Class	254,348
Net Asset Value Per Share Outstanding:	
Institutional Class	$ 10.63
Administrative Class	10.63
Advisor Class	10.63
Cost of investments in securities	$ 10,879,400
Cost of investments in Affiliates	$ 604,244
Cost of foreign currency held	$ 17,566
Cost or premiums of financial derivative instruments, net	$ 11,635

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

Statement of Operations PIMCO Total Return Portfolio

(Amounts in thousands†)	Six Months Ended June 30, 2018 (Unaudited)
Investment Income:	
Interest, net of foreign taxes*	$ 112,017
Dividends from Investments in Affiliates	6,016
Total Income	118,033
Expenses:	
Investment advisory fees	8,968
Supervisory and administrative fees	8,969
Servicing fees - Administrative Class	3,204
Distribution and/or servicing fees - Advisor Class	3,527
Trustee fees	102
Interest expense	8,468
Miscellaneous expense	26
Total Expenses	33,264
Net Investment Income (Loss)	84,769
Net Realized Gain (Loss):	
Investments in securities	15,083
Investments in Affiliates	128
Exchange-traded or centrally cleared financial derivative instruments	(3,566)
Over the counter financial derivative instruments	(117,779)
Short sales	(260)
Foreign currency	(5,559)
Net Realized Gain (Loss)	(111,953)
Net Change in Unrealized Appreciation (Depreciation):	
Investments in securities	(235,258)
Investments in Affiliates	(184)
Exchange-traded or centrally cleared financial derivative instruments	(29,830)
Over the counter financial derivative instruments	161,359
Foreign currency assets and liabilities	(756)
Net Change in Unrealized Appreciation (Depreciation)	(104,669)
Net Increase (Decrease) in Net Assets Resulting from Operations	$ (131,853)
* Foreign tax withholdings	$ 88

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

Statements of Changes in Net Assets PIMCO Total Return Portfolio

(Amounts in thousands†)	Six Months Ended June 30, 2018 (Unaudited)	Year Ended December 31, 2017
Increase (Decrease) in Net Assets from:		
Operations:		
Net investment income (loss)	$ 84,769	$ 167,626
Net realized gain (loss)	(111,953)	98,759
Net change in unrealized appreciation (depreciation)	(104,669)	85,254
Net Increase (Decrease) in Net Assets Resulting from Operations	(131,853)	351,639
Distributions to Shareholders:		
From net investment income		
Institutional Class	(994)	(1,947)
Administrative Class	(49,299)	(91,412)
Advisor Class	(31,049)	(55,074)
Total Distributions[(a)]	(81,342)	(148,433)
Portfolio Share Transactions:		
Net increase (decrease) resulting from Portfolio share transactions**	(288,129)	(222,452)
Total Increase (Decrease) in Net Assets	(501,324)	(19,246)
Net Assets:		
Beginning of period	7,495,031	7,514,277
End of period*	$ 6,993,707	$ 7,495,031
* Including undistributed (overdistributed) net investment income of:	$ 15,278	$ 11,851

† A zero balance may reflect actual amounts rounding to less than one thousand.
**See Note 13, Shares of Beneficial Interest, in the Notes to Financial Statements.
(a) The tax characterization of distributions is determined in accordance with Federal income tax regulations. The actual tax characterization of distributions paid is determined at the end of the fiscal year. See Note 2, Distributions to Shareholders, in the Notes to Financial Statements for more information.

(Amounts in thousands*, except number of shares, contracts and units, if any)

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
INVESTMENTS IN SECURITIES 155.2%		
LOAN PARTICIPATIONS AND ASSIGNMENTS 0.4%		
Avolon Holdings Ltd.		
4.088% (LIBOR03M + 2.000%) due 01/15/2025 ~	$ 13,895	$ 13,750
State Of Qatar		
TBD% due 12/21/2020 «	10,000	9,902
Swissport Investments S.A.		
4.750% (EUR003M + 4.750%) due 02/08/2022 ~	EUR 715	832
Total Loan Participations and Assignments (Cost $24,612)		**24,484**
CORPORATE BONDS & NOTES 39.6%		
BANKING & FINANCE 28.8%		
ABN AMRO Bank NV		
2.450% due 06/04/2020	$ 3,600	3,542
AIG Global Funding		
3.350% due 06/25/2021	4,000	4,007
Alexandria Real Estate Equities, Inc.		
4.300% due 01/15/2026	7,500	7,514
4.500% due 07/30/2029	4,700	4,691
Ally Financial, Inc.		
4.125% due 03/30/2020	1,400	1,405
American Express Co.		
3.375% due 05/17/2021	17,400	17,414
American Honda Finance Corp.		
2.713% (US0003M + 0.350%) due 11/05/2021 ~	8,200	8,209
Australia & New Zealand Banking Group Ltd.		
2.781% (US0003M + 0.460%) due 05/17/2021 ~	17,200	17,179
3.300% due 05/17/2021	17,500	17,513
Aviation Capital Group LLC		
3.875% due 05/01/2023	20,000	19,957
Banco Espirito Santo S.A.		
4.000% due 01/21/2019 ^(d)	EUR 7,700	2,698
Bank of America Corp.		
2.987% (US0003M + 0.650%) due 10/01/2021 ~	$ 15,100	15,158
3.108% (US0003M + 0.790%) due 03/05/2024 ~	18,600	18,550
3.359% (US0003M + 1.000%) due 04/24/2023 ~	22,400	22,648
3.419% due 12/20/2028 •	4,869	4,589
3.550% due 03/05/2024 •	13,400	13,267
4.000% due 04/01/2024	5,405	5,454
4.125% due 01/22/2024	5,100	5,186
Bank of New York Mellon Corp.		
2.600% due 08/17/2020	16,000	15,850
3.191% (US0003M + 0.870%) due 08/17/2020 ~	16,500	16,723
Bank of Nova Scotia		
1.875% due 04/26/2021	21,400	20,716
Barclays Bank PLC		
5.125% due 01/08/2020	3,600	3,701
7.625% due 11/21/2022 (j)	800	863
10.179% due 06/12/2021	5,900	6,812
Barclays PLC		
3.200% due 08/10/2021 (l)	19,900	19,516
3.962% (US0003M + 1.625%) due 01/10/2023 ~	22,600	22,961
4.463% (US0003M + 2.110%) due 08/10/2021 ~	35,200	36,548
7.000% due 09/15/2019 •(i)(j)	GBP 500	676
BBVA Bancomer S.A.		
6.500% due 03/10/2021	$ 6,400	6,680
7.250% due 04/22/2020	6,400	6,712
Blackstone CQP Holdco LP		
6.500% due 03/20/2021	34,900	35,074
BNP Paribas S.A.		
3.500% due 03/01/2023	18,700	18,240

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Cantor Fitzgerald LP		
6.500% due 06/17/2022	$ 8,500	$ 9,029
Capital One Financial Corp.		
2.400% due 10/30/2020	18,400	17,956
2.809% (US0003M + 0.450%) due 10/30/2020 ~	18,600	18,536
3.450% due 04/30/2021	5,000	4,991
Cargill-Lloyds		
3.679% due 09/05/2018 (k)	1,400	1,400
CIT Group, Inc.		
3.875% due 02/19/2019	4,180	4,197
6.125% due 03/09/2028	2,200	2,266
Citigroup, Inc.		
2.700% due 10/27/2022	19,400	18,643
2.750% due 04/25/2022	10,900	10,557
2.876% due 07/24/2023 •	2,100	2,026
3.127% (US0003M + 0.790%) due 01/10/2020 ~	22,600	22,760
3.352% (US0003M + 1.023%) due 06/01/2024 ~	17,200	17,229
3.730% (US0003M + 1.430%) due 09/01/2023 ~	1,000	1,021
Cooperatieve Rabobank UA		
5.500% due 06/29/2020 •(i)(j)	EUR 600	750
6.875% due 03/19/2020 (j)	8,200	10,631
Credit Suisse AG		
6.500% due 08/08/2023 (j)	$ 4,000	4,264
Credit Suisse Group Funding Guernsey Ltd.		
3.450% due 04/16/2021	11,500	11,463
3.800% due 09/15/2022	15,000	14,944
3.800% due 06/09/2023	8,300	8,202
4.645% (US0003M + 2.290%) due 04/16/2021 ~	23,800	24,882
Deutsche Bank AG		
2.500% due 02/13/2019	3,500	3,476
2.850% due 05/10/2019	35,600	35,295
3.300% due 11/16/2022	14,400	13,500
3.312% (US0003M + 0.970%) due 07/13/2020 ~	9,500	9,443
3.950% due 02/27/2023	13,000	12,492
4.250% due 10/14/2021	12,200	12,020
4.263% (US0003M + 1.910%) due 05/10/2019 ~	8,800	8,843
Dexia Credit Local S.A.		
2.375% due 09/20/2022	34,000	32,960
Discover Financial Services		
5.500% due 10/30/2027 •(i)	11,800	11,535
European Investment Bank		
0.500% due 08/10/2023	AUD 2,600	1,698
Ford Motor Credit Co. LLC		
2.943% due 01/08/2019	$ 13,400	13,410
3.156% (US0003M + 0.830%) due 03/12/2019 ~	7,300	7,324
3.589% (US0003M + 1.235%) due 02/15/2023 ~	14,100	14,196
4.140% due 02/15/2023	14,100	14,092
General Motors Financial Co., Inc.		
2.350% due 10/04/2019	2,700	2,678
3.150% due 01/15/2020	9,400	9,387
3.187% (US0003M + 0.850%) due 04/09/2021 ~	10,400	10,458
3.200% due 07/13/2020	4,685	4,665
3.272% (US0003M + 0.930%) due 04/13/2020 ~	22,200	22,356
3.700% due 11/24/2020	3,786	3,807
Goldman Sachs Group, Inc.		
3.139% (US0003M + 0.780%) due 10/31/2022 ~	24,500	24,517
3.200% due 02/23/2023	19,000	18,528
3.443% (US0003M + 1.100%) due 11/15/2018 ~	5,300	5,320
3.491% (US0003M + 1.170%) due 05/15/2026 ~	8,700	8,603
3.500% due 01/23/2025	3,600	3,478
3.541% (US0003M + 1.200%) due 09/15/2020 ~	8,200	8,326
3.750% due 05/22/2025	17,590	17,183

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Goodman U.S. Finance Three LLC		
3.700% due 03/15/2028	$ 11,700	$ 11,054
GSPA Monetization Trust		
6.422% due 10/09/2029	7,417	8,453
Harley-Davidson Financial Services, Inc.		
3.550% due 05/21/2021	17,800	17,849
HCP, Inc.		
4.000% due 12/01/2022	4,300	4,322
Highwoods Realty LP		
4.125% due 03/15/2028	3,700	3,639
Hospitality Properties Trust		
4.250% due 02/15/2021	6,900	6,950
4.500% due 06/15/2023	4,700	4,725
4.950% due 02/15/2027	13,600	13,438
HSBC Holdings PLC		
3.326% (US0003M + 1.000%) due 05/18/2024 ~	13,500	13,470
3.400% due 03/08/2021	18,600	18,599
3.821% (US0003M + 1.500%) due 01/05/2022 ~	23,900	24,613
4.561% (US0003M + 2.240%) due 03/08/2021 ~	12,000	12,553
6.250% due 03/23/2023 •(i)(j)	22,900	22,499
International Lease Finance Corp.		
7.125% due 09/01/2018	7,000	7,046
Jackson National Life Global Funding		
3.300% due 06/11/2021	19,700	19,684
Jefferies Finance LLC		
7.375% due 04/01/2020	600	606
JPMorgan Chase & Co.		
2.550% due 03/01/2021	6,700	6,568
3.419% (US0003M + 1.100%) due 06/07/2021 ~	27,600	28,129
JPMorgan Chase Bank N.A.		
2.702% (US0003M + 0.340%) due 04/26/2021 ~	30,000	30,015
3.086% due 04/26/2021 •	1,500	1,497
Lloyds Bank PLC		
3.300% due 05/07/2021	16,300	16,276
12.000% due 12/16/2024 •(i)	45,135	55,432
Lloyds Banking Group PLC		
3.000% due 01/11/2022	1,700	1,657
3.679% due 09/04/2019 (k)	1,400	1,400
3.679% due 09/02/2020 (k)	1,400	1,400
3.679% due 09/02/2021 (k)	1,400	1,400
7.000% due 06/27/2019 •(i)(j)	GBP 9,600	12,936
7.625% due 06/27/2023 •(i)(j)	5,400	7,809
Mitsubishi UFJ Financial Group, Inc.		
3.061% (US0003M + 0.740%) due 03/02/2023 ~	$ 18,500	18,550
3.455% due 03/02/2023	22,200	22,017
Mizuho Financial Group, Inc.		
3.549% due 03/05/2023	18,500	18,372
MMcapS Funding Ltd.		
2.629% (US0003M + 0.290%) due 12/26/2039 ~	2,451	2,273
Morgan Stanley		
2.450% due 02/01/2019	3,000	2,995
2.903% (US0003M + 0.550%) due 02/10/2021 ~	22,400	22,449
Nasdaq, Inc.		
2.722% (US0003M + 0.390%) due 03/22/2019 ~	22,600	22,627
National Australia Bank Ltd.		
2.250% due 03/16/2021	19,100	18,684
3.625% due 06/20/2023	5,000	4,994
Nationwide Building Society		
4.000% due 09/14/2026	6,800	6,360
Nykredit Realkredit A/S		
1.000% due 07/01/2018	DKK 221,500	34,725
2.000% due 07/01/2018	169,300	26,540
Oversea-Chinese Banking Corp. Ltd.		
2.771% (US0003M + 0.450%) due 05/17/2021 ~	$ 14,000	14,044

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Piper Jaffray Cos.		
5.060% due 10/09/2018	$ 6,000	$ 6,029
Preferred Term Securities Ltd.		
2.841% (US0003M + 0.500%) due 03/23/2035 ~	17,221	16,360
3.197% (US0003M + 0.860%) due 07/03/2033 ~	4,000	3,700
Public Storage		
3.094% due 09/15/2027	12,500	11,769
Realty Income Corp.		
3.000% due 01/15/2027	7,600	6,966
Royal Bank of Canada		
2.300% due 03/22/2021	19,300	18,932
Santander UK Group Holdings PLC		
2.875% due 08/05/2021	7,100	6,886
Santander UK PLC		
2.375% due 03/16/2020	5,900	5,812
Senior Housing Properties Trust		
4.750% due 02/15/2028	11,000	10,643
Skandinaviska Enskilda Banken AB		
2.751% (US0003M + 0.430%) due 05/17/2021 ~	17,600	17,592
3.250% due 05/17/2021	17,800	17,726
Society of Lloyd's		
4.750% due 10/30/2024	GBP 1,800	2,558
Springleaf Finance Corp.		
6.125% due 05/15/2022	$ 19,200	19,680
Sumitomo Mitsui Banking Corp.		
2.514% due 01/17/2020	20,300	20,090
2.665% (US0003M + 0.310%) due 10/18/2019 ~	22,900	22,931
Sumitomo Mitsui Financial Group, Inc.		
2.934% due 03/09/2021	19,300	19,086
Sumitomo Mitsui Trust Bank Ltd.		
1.950% due 09/19/2019	13,900	13,716
2.050% due 03/06/2019	12,000	11,939
Svenska Handelsbanken AB		
3.350% due 05/24/2021	18,300	18,333
Synchrony Bank		
3.650% due 05/24/2021	18,200	18,222
Toronto-Dominion Bank		
2.250% due 03/15/2021	1,900	1,859
2.500% due 01/18/2023	22,000	21,542
U.S. Bank N.A.		
3.150% due 04/26/2021	21,100	21,146
UBS AG		
2.901% due 06/08/2020 •	31,200	31,302
3.150% (US0003M + 0.850%) due 06/01/2020 ~	3,400	3,430
5.125% due 05/15/2024 (j)	1,700	1,699
7.625% due 08/17/2022 (j)	3,700	4,094
UBS Group Funding Switzerland AG		
3.000% due 04/15/2021	21,700	21,375
4.125% due 04/15/2026	15,000	14,855
Unigel Luxembourg S.A.		
10.500% due 01/22/2024	10,500	10,854
United Overseas Bank Ltd.		
3.200% due 04/23/2021	15,000	14,968
Ventas Realty LP		
3.250% due 10/15/2026	4,300	3,971
Washington Prime Group LP		
5.950% due 08/15/2024 (l)	19,000	18,329
Wells Fargo & Co.		
6.111% (US0003M + 3.770%) due 09/15/2018 ~(i)	37,900	38,445
Wells Fargo Bank N.A.		
2.964% (US0003M + 0.650%) due 12/06/2019 ~	11,500	11,579
Westpac Banking Corp.		
3.050% due 05/15/2020	17,900	17,892
		2,010,349
INDUSTRIALS 7.6%		
Altice Financing S.A.		
6.625% due 02/15/2023	$ 1,300	$ 1,284
Amazon.com, Inc.		
2.800% due 08/22/2024	8,600	8,211
American Airlines Pass-Through Trust		
3.000% due 04/15/2030	8,050	7,584
3.250% due 04/15/2030	4,170	3,977
Andeavor Logistics LP		
5.500% due 10/15/2019	9,031	9,268
AP Moller - Maersk A/S		
2.550% due 09/22/2019	4,800	4,752
Bacardi Ltd.		
4.450% due 05/15/2025	13,100	13,071
Baker Hughes a GE Co. LLC		
2.773% due 12/15/2022	7,700	7,472
BAT Capital Corp.		
2.764% due 08/15/2022	11,500	11,035
3.222% due 08/15/2024	9,100	8,628
3.557% due 08/15/2027	1,900	1,770
Bayer U.S. Finance LLC		
3.345% (US0003M + 1.010%) due 12/15/2023 ~	8,000	8,006
Broadcom Corp.		
3.875% due 01/15/2027	3,700	3,505
Campbell Soup Co.		
3.650% due 03/15/2023	15,200	14,935
Centene Escrow Corp.		
5.375% due 06/01/2026	14,000	14,219
CenterPoint Energy Resources Corp.		
3.550% due 04/01/2023	9,000	8,925
CVS Health Corp.		
4.300% due 03/25/2028	22,200	21,933
Daimler Finance North America LLC		
2.753% (US0003M + 0.390%) due 05/04/2020 ~	9,650	9,649
3.100% due 05/04/2020	17,900	17,868
3.203% (US0003M + 0.840%) due 05/04/2023 ~	17,600	17,664
3.700% due 05/04/2023	17,600	17,520
Dell International LLC		
4.420% due 06/15/2021	3,100	3,147
5.450% due 06/15/2023	13,100	13,715
Delta Air Lines, Inc.		
3.400% due 04/19/2021	8,000	7,969
Dominion Energy Gas Holdings LLC		
2.926% (US0003M + 0.600%) due 06/15/2021 ~	20,900	20,897
EMC Corp.		
2.650% due 06/01/2020	11,200	10,881
Full House Resorts, Inc.		
8.575% due 01/31/2024 «	3,980	3,810
General Electric Co.		
5.000% due 01/21/2021 •(i)	17,000	16,792
GlaxoSmithKline Capital PLC		
3.125% due 05/14/2021	17,800	17,846
GLP Capital LP		
5.250% due 06/01/2025	3,300	3,316
5.750% due 06/01/2028	5,300	5,366
Kraft Heinz Foods Co.		
2.800% due 07/02/2020	1,500	1,489
4.000% due 06/15/2023	21,100	21,053
Maple Escrow Subsidiary, Inc.		
3.551% due 05/25/2021	2,400	2,404
4.057% due 05/25/2023	11,600	11,656
McDonald's Corp.		
2.759% (US0003M + 0.430%) due 10/28/2021 ~	10,000	10,044
Melco Resorts Finance Ltd.		
4.875% due 06/06/2025	2,000	1,894
Microchip Technology, Inc.		
3.922% due 06/01/2021	3,000	3,007
Mondelez International, Inc.		
3.000% due 05/07/2020	$ 10,000	$ 9,983
3.625% due 05/07/2023	14,100	14,063
MPLX LP		
4.000% due 03/15/2028	7,200	6,862
Northwest Airlines Pass-Through Trust		
7.150% due 04/01/2021	1,617	1,662
Odebrecht Oil & Gas Finance Ltd.		
0.000% due 07/30/2018 (f)(i)	5,201	84
Oracle Corp.		
1.900% due 09/15/2021	10,000	9,528
Philip Morris International, Inc.		
2.375% due 08/17/2022	21,600	20,677
Reliance Holdings USA, Inc.		
4.500% due 10/19/2020	4,600	4,677
Shire Acquisitions Investments Ireland DAC		
1.900% due 09/23/2019	2,700	2,659
Southern Co.		
2.350% due 07/01/2021	15,100	14,636
Sprint Spectrum Co. LLC		
4.738% due 09/20/2029	16,900	16,812
5.152% due 09/20/2029	11,100	10,906
Syngenta Finance NV		
3.933% due 04/23/2021	12,600	12,575
Teva Pharmaceutical Finance BV		
1.500% due 10/25/2018	CHF 1,800	1,823
Teva Pharmaceutical Finance Netherlands BV		
0.125% due 07/27/2018	4,700	4,745
4.500% due 03/01/2025	EUR 11,900	14,264
Wynn Las Vegas LLC		
5.500% due 03/01/2025	$ 18,800	18,518
Zimmer Biomet Holdings, Inc.		
2.700% due 04/01/2020	700	693
		531,729
UTILITIES 3.2%		
AT&T, Inc.		
2.975% (US0003M + 0.750%) due 06/01/2021 ~	20,600	20,694
2.998% (US0003M + 0.650%) due 01/15/2020 ~	14,700	14,779
3.298% (US0003M + 0.950%) due 07/15/2021 ~	16,110	16,270
3.400% due 05/15/2025	11,800	11,114
BellSouth Corp.		
4.333% due 04/26/2021	14,200	14,351
Duke Energy Corp.		
2.830% (US0003M + 0.500%) due 05/14/2021 ~	17,500	17,502
Enel Finance International NV		
2.875% due 05/25/2022	10,520	10,030
Genesis Energy LP		
6.750% due 08/01/2022	4,500	4,568
Odebrecht Drilling Norbe Ltd.		
6.350% due 12/01/2021	4,867	4,599
Odebrecht Drilling Norbe Ltd. (6.350% Cash or 7.350% PIK)		
7.350% due 12/01/2026 (c)	8,510	4,234
Odebrecht Offshore Drilling Finance Ltd.		
6.720% due 12/01/2022	1,200	1,089
Odebrecht Offshore Drilling Finance Ltd. (6.720% Cash or 7.720% PIK)		
7.720% due 12/01/2026 (c)	3,869	1,035
Petrobras Global Finance BV		
6.125% due 01/17/2022	4,547	4,636
Sempra Energy		
2.791% (US0003M + 0.450%) due 03/15/2021 ~	22,200	22,219
Verizon Communications, Inc.		
3.376% due 02/15/2025	53,814	51,761
3.443% (US0003M + 1.100%) due 05/15/2025 ~	17,600	17,596

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
3.500% due 11/01/2024	$ 7,800	$ 7,552
		224,029
Total Corporate Bonds & Notes (Cost $2,776,829)		**2,766,107**
MUNICIPAL BONDS & NOTES 0.4%		
CALIFORNIA 0.0%		
Riverside Community College District Foundation, California General Obligation Bonds, (BABs), Series 2010		
6.971% due 08/01/2035	400	433
ILLINOIS 0.2%		
Chicago, Illinois General Obligation Bonds, Series 2015		
7.750% due 01/01/2042	14,300	15,508
IOWA 0.0%		
Iowa Tobacco Settlement Authority Revenue Bonds, Series 2005		
6.500% due 06/01/2023	420	427
NEW JERSEY 0.2%		
New Jersey Economic Development Authority Revenue Bonds, (AGM Insured), Series 1997		
0.000% due 02/15/2024 (f)	12,540	10,097
Total Municipal Bonds & Notes (Cost $24,238)		**26,465**
U.S. GOVERNMENT AGENCIES 51.9%		
Fannie Mae		
1.494% due 08/25/2055 ~(a)	18,999	1,000
2.151% (LIBOR01M + 0.060%) due 12/25/2036 - 07/25/2037 ~	968	952
2.207% (LIBOR01M + 0.300%) due 03/25/2044 ~	5,275	5,232
2.310% due 08/01/2022 (l)	4,700	4,571
2.341% (LIBOR01M + 0.250%) due 05/25/2037 ~	65	65
2.357% (LIBOR01M + 0.450%) due 09/25/2046 ~	4,370	4,374
2.441% (US0001M + 0.350%) due 03/25/2044 ~	632	632
2.501% (LIBOR01M + 0.410%) due 09/25/2035 ~	380	381
2.664% (12MTA + 1.200%) due 06/01/2043 - 07/01/2044 ~	902	916
2.670% due 08/01/2022	717	704
2.791% (LIBOR01M + 0.700%) due 10/25/2037 ~	575	583
2.864% (12MTA + 1.400%) due 09/01/2040 ~	3	3
2.870% due 09/01/2027 (l)	6,700	6,395
3.000% due 09/01/2020 - 10/01/2028	1,703	1,703
3.000% due 06/01/2030 (l)	60,118	60,112
3.216% (US0012M + 1.466%) due 08/01/2035 ~	354	370
3.325% (US0006M + 1.325%) due 04/01/2035 ~	268	279
3.330% due 11/01/2021 (l)	1,228	1,239
3.367% (US0006M + 1.325%) due 04/01/2035 ~(l)	745	766
3.500% due 08/01/2029 - 09/01/2029	608	617
3.517% (H15T1Y + 2.210%) due 09/01/2039 ~	18	18
3.566% due 05/25/2035 ~	117	123
3.586% (H15T1Y + 2.110%) due 01/01/2025 ~	2	2
3.590% (US0012M + 1.840%) due 09/01/2035 ~	45	47
3.662% (US0012M + 1.912%) due 08/01/2035 ~	28	30
3.712% (US0012M + 1.731%) due 05/01/2038 ~(l)	$ 10,528	$ 11,099
3.823% (COF 11 + 1.250%) due 11/01/2035 ~	29	30
3.837% (COF 11 + 1.250%) due 10/01/2032 ~	163	171
4.000% due 01/01/2026 - 01/01/2046	1,249	1,281
4.234% (COF 11 + 1.926%) due 12/01/2036 ~	231	242
4.500% due 07/01/2020 - 09/01/2045	12,389	12,982
4.500% due 01/01/2034 - 07/01/2044 (l)	10,658	11,134
4.946% (COF 11 + 1.732%) due 09/01/2034 ~	114	120
5.000% due 01/01/2025 - 08/01/2044	4,827	5,133
5.000% due 08/01/2039 (l)	2,420	2,587
5.500% due 09/01/2019 - 06/01/2039	9,744	10,521
5.500% due 04/01/2034 - 07/01/2041 (l)	8,254	8,953
6.000% due 09/01/2021 - 02/01/2039	4,454	4,888
6.000% due 09/01/2038 (l)	1,166	1,286
6.500% due 11/01/2034	24	27
7.000% due 04/25/2023 - 06/01/2032	251	272
Fannie Mae, TBA		
3.000% due 07/01/2048 - 08/01/2048	667,000	645,604
3.500% due 07/01/2033 - 08/01/2048	1,081,000	1,075,479
4.000% due 07/01/2048 - 09/01/2048	1,145,000	1,165,511
4.500% due 07/01/2048 - 08/01/2048	64,000	66,526
5.000% due 08/01/2048	2,500	2,644
5.500% due 07/01/2048 - 08/01/2048	13,000	13,927
6.000% due 07/01/2048	4,000	4,375
Freddie Mac		
1.393% due 08/25/2022 ~(a)	53,782	2,323
2.523% (LIBOR01M + 0.450%) due 11/15/2030 ~	3	3
2.573% (LIBOR01M + 0.500%) due 09/15/2030 ~	4	5
2.577% (12MTA + 1.200%) due 02/25/2045 ~	165	165
2.793% (LIBOR01M + 0.720%) due 05/15/2037 ~	206	209
4.000% due 04/01/2029 - 10/01/2041	701	717
4.000% due 01/01/2041 - 09/01/2041 (l)	4,179	4,296
4.500% due 03/01/2029 - 09/01/2041	917	957
4.500% due 04/01/2029 (l)	1,365	1,422
5.500% due 10/01/2034 - 10/01/2038	1,970	2,133
6.000% due 02/01/2033 - 05/01/2040	1,012	1,113
6.000% due 01/01/2037 (l)	2,556	2,819
6.500% due 04/15/2029 - 10/01/2037	36	40
7.000% due 06/15/2023	126	134
7.500% due 07/15/2030 - 03/01/2032	41	47
8.500% due 08/01/2024	2	2
Freddie Mac, TBA		
3.500% due 07/01/2048	97,000	96,467
4.000% due 07/01/2048 - 08/01/2048	91,000	92,630
4.500% due 07/01/2048	48,900	50,892
6.000% due 07/01/2048	1,000	1,094
Ginnie Mae		
2.282% due 10/20/2043 ~	18,498	18,486
2.367% (US0001M + 0.450%) due 08/20/2066 ~	5,948	5,956
2.517% (US0001M + 0.600%) due 07/20/2065 - 08/20/2065 ~	$ 28,751	$ 28,917
2.567% (US0001M + 0.650%) due 07/20/2063 ~	13,611	13,661
2.625% (H15T1Y + 1.500%) due 04/20/2026 - 05/20/2030 ~	21	21
2.685% (LIBOR01M + 0.600%) due 02/16/2030 ~	35	36
2.687% (US0001M + 0.770%) due 10/20/2066 ~	12,172	12,340
2.717% (US0001M + 0.800%) due 06/20/2066 ~	6,543	6,642
2.747% (US0001M + 0.830%) due 08/20/2066 ~	18,409	18,712
2.750% (H15T1Y + 1.500%) due 07/20/2030 ~	2	2
2.917% (US0001M + 1.000%) due 01/20/2066 ~	4,754	4,867
3.000% due 03/15/2045 - 08/15/2045 (l)	10,559	10,346
3.125% (H15T1Y + 1.500%) due 10/20/2029 - 11/20/2029 ~	44	46
3.247% (US0012M + 0.750%) due 04/20/2067 ~	13,533	13,956
3.375% (H15T1Y + 1.500%) due 02/20/2027 - 02/20/2032 ~	118	123
3.527% (US0012M + 0.750%) due 06/20/2067 ~	639	659
4.444% due 09/20/2066 ~	22,382	24,808
6.000% due 12/15/2038 - 11/15/2039	24	26
Ginnie Mae, TBA		
3.500% due 07/01/2048	13,000	13,047
4.000% due 07/01/2048 - 08/01/2048	63,500	64,982
Small Business Administration		
5.130% due 09/01/2023	6	6
6.290% due 01/01/2021	6	6
Total U.S. Government Agencies (Cost $3,617,111)		**3,631,019**
U.S. TREASURY OBLIGATIONS 16.0%		
U.S. Treasury Bonds		
2.500% due 05/15/2046 (l)	34,400	31,229
2.750% due 08/15/2042 (l)	49,200	47,291
2.750% due 11/15/2042 (l)(p)	34,200	32,857
2.875% due 05/15/2043 (l)(n)	38,400	37,688
3.000% due 02/15/2048	29,600	29,675
3.125% due 02/15/2042 (l)	9,800	10,057
3.125% due 02/15/2043 (l)	9,800	10,049
3.125% due 08/15/2044 (l)	92,600	94,951
3.375% due 05/15/2044 (l)	249,200	266,732
3.625% due 08/15/2043 (l)(n)	52,880	58,876
3.750% due 11/15/2043 (l)(p)	37,800	42,927
4.250% due 05/15/2039 (l)(p)	6,200	7,473
4.375% due 11/15/2039 (l)	18,100	22,208
4.375% due 05/15/2040 (l)	35,994	44,252
4.500% due 08/15/2039 (l)	9,700	12,083
4.625% due 02/15/2040 (l)	4,500	5,706
U.S. Treasury Inflation Protected Securities		
0.875% due 02/15/2047 (h)(l)(n)	8,511	8,520
U.S. Treasury Notes		
1.750% due 09/30/2022 (l)(n)(p)	45,000	43,279
1.875% due 07/31/2022 (l)(n)	52,900	51,207
2.000% due 08/31/2021 (n)(p)	1,400	1,373
2.000% due 10/31/2022	1,700	1,651
2.125% due 09/30/2024 (l)(p)	90,600	87,095
2.250% due 11/15/2024 (l)(n)(p)	7,100	6,870
2.250% due 11/15/2025 (l)(n)(p)	3,900	3,751
2.250% due 08/15/2027 (l)	31,220	29,710
2.375% due 08/15/2024 (l)(n)(p)	13,700	13,374
2.375% due 05/15/2027	66,900	64,412
2.500% due 05/15/2024 (l)(n)(p)	26,500	26,084
2.750% due 02/15/2024 (l)(n)	28,700	28,661
Total U.S. Treasury Obligations (Cost $1,125,714)		**1,120,041**

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
NON-AGENCY MORTGAGE-BACKED SECURITIES 8.5%		
Alba PLC		
0.801% due 03/17/2039 •	GBP 12,326	$ 15,626
American Home Mortgage Investment Trust		
4.467% due 02/25/2045 •	$ 485	495
6.200% due 06/25/2036 ×	12,601	5,026
Banc of America Funding Trust		
3.909% due 05/25/2035 ~	475	499
6.000% due 03/25/2037 ^	3,654	3,300
Banc of America Mortgage Trust		
3.901% due 03/25/2035 ~	4,293	4,211
4.436% due 05/25/2033 ~	550	563
6.500% due 10/25/2031	52	54
BCAP LLC Trust		
2.301% due 05/25/2047 •	4,126	3,824
4.955% due 03/26/2037 ×	675	672
Bear Stearns Adjustable Rate Mortgage Trust		
2.782% due 11/25/2030 ~	1	1
3.615% due 02/25/2033 ~	7	7
3.670% due 02/25/2036 •	73	74
3.692% due 11/25/2034 ~	1,292	1,267
3.698% due 02/25/2033 ~	12	11
3.808% due 01/25/2034 ~	268	275
3.827% due 04/25/2033 ~	117	118
3.850% due 01/25/2035 ~	319	312
3.882% due 01/25/2035 ~	127	130
3.911% due 04/25/2034 ~	539	542
4.250% due 07/25/2034 ~	564	555
Bear Stearns ALT-A Trust		
3.781% due 05/25/2035 ~	1,552	1,569
3.791% due 09/25/2035 ~	911	752
3.835% due 05/25/2036 ^~	2,531	1,893
Bear Stearns Structured Products, Inc. Trust		
3.104% due 12/26/2046 ~	1,300	1,192
3.664% due 01/26/2036 ~	2,093	1,858
Business Mortgage Finance PLC		
2.640% due 02/15/2041 •	GBP 3,538	4,676
BX Trust		
2.993% due 07/15/2034 •	$ 18,700	18,700
CFCRE Commercial Mortgage Trust		
3.644% due 12/10/2054	7,337	7,374
Chase Mortgage Finance Trust		
3.391% due 01/25/2036 ^~	2,593	2,326
Citigroup Mortgage Loan Trust		
3.630% due 10/25/2035 •	172	175
5.500% due 12/25/2035	3,839	3,205
Citigroup Mortgage Loan Trust, Inc.		
3.853% due 05/25/2035 ~	758	766
4.240% due 09/25/2035 •	8,854	8,989
Countrywide Alternative Loan Trust		
2.261% due 05/25/2047 •	2,380	2,162
2.271% due 05/25/2047 •	1,506	1,467
2.274% due 09/20/2046 •	8,435	7,065
2.281% due 09/25/2046 ^•	19,045	17,481
2.291% due 05/25/2036 •	1,355	1,158
2.294% due 05/20/2046 ^•	7,418	6,219
2.391% due 08/25/2035 •	9,386	8,841
2.414% due 11/20/2035 •	6,622	6,477
3.091% due 08/25/2035 ^•	4,178	3,042
6.000% due 03/25/2035	16,986	16,111
6.000% due 02/25/2037 ^	8,453	6,227
Countrywide Home Loan Mortgage Pass-Through Trust		
3.462% due 02/20/2036 ^•	296	263
3.519% due 11/25/2034 ~	1,140	1,138
3.585% due 02/20/2035 ~	1,033	1,046
6.000% due 03/25/2037 ^	2,167	1,796
Credit Suisse First Boston Mortgage Securities Corp.		
5.120% due 06/25/2032 ~	17	16
Deutsche ALT-A Securities, Inc.		
2.241% due 03/25/2037 ^•	5,752	5,256
2.591% due 02/25/2035 •	316	308
Eurosail PLC		
0.777% due 03/13/2045 •	GBP 1,961	2,554
0.787% due 03/13/2045 •	7,091	9,256
First Horizon Alternative Mortgage Securities Trust		
3.324% due 08/25/2035 ^~	$ 3,255	$ 2,952
First Horizon Mortgage Pass-Through Trust		
3.400% due 10/25/2035 ^~	2,962	2,875
Great Hall Mortgages PLC		
2.465% due 06/18/2039 •	4,228	4,151
GS Mortgage Securities Corp.		
3.120% due 05/10/2050	13,800	13,698
GS Mortgage Securities Corp. Trust		
2.856% due 05/10/2034	11,100	10,891
3.203% due 02/10/2029	5,700	5,694
3.980% due 02/10/2029	17,850	17,919
GS Mortgage Securities Trust		
3.722% due 10/10/2049 ~	3,137	3,087
GSR Mortgage Loan Trust		
3.657% due 11/25/2035 ~	576	582
3.678% due 09/25/2035 ~	2,202	2,251
HarborView Mortgage Loan Trust		
2.275% due 01/19/2038 •	4,165	4,099
2.525% due 05/19/2035 •	380	367
2.585% due 01/19/2036 •	8,718	6,874
2.745% due 01/19/2035 •	3,502	2,892
2.835% due 10/19/2035 •	3,055	2,596
3.410% due 12/19/2035 ^~	3,277	2,734
4.056% due 07/19/2035 ~	1,258	1,113
Hilton USA Trust		
2.828% due 11/05/2035	15,000	14,592
IndyMac Adjustable Rate Mortgage Trust		
2.779% due 01/25/2032 ~	1	1
IndyMac Mortgage Loan Trust		
2.261% due 01/25/2037 •	2,891	2,776
2.301% due 04/25/2046 •	4,782	4,458
3.570% due 06/25/2036 ~	7,531	6,644
3.648% due 11/25/2037 ~	2,380	2,338
JPMorgan Chase Commercial Mortgage Securities Corp.		
3.000% due 06/15/2032 •(b)	21,000	21,032
JPMorgan Mortgage Trust		
3.653% due 10/25/2036 ^~	4,473	4,090
3.674% due 06/25/2035 ~	429	438
3.675% due 08/25/2034 ~	2,546	2,539
5.750% due 01/25/2036 ^	541	440
Landmark Mortgage Securities PLC		
1.066% due 04/17/2044 •	GBP 21,859	27,898
LMREC, Inc.		
3.082% due 02/22/2032 •	$ 14,200	14,235
MASTR Adjustable Rate Mortgages Trust		
2.298% due 01/25/2047 ^•	3,321	2,695
Merrill Lynch Mortgage Investors Trust		
2.341% due 11/25/2035 •	52	50
2.982% due 10/25/2035 •	240	231
3.532% due 04/25/2035 ~	2,921	2,829
Morgan Stanley Bank of America Merrill Lynch Trust		
3.069% due 02/15/2048	3,200	3,174
3.557% due 12/15/2047	7,500	7,577
Morgan Stanley Mortgage Loan Trust		
3.746% due 07/25/2035 ^~	3,405	3,187
MortgageIT Trust		
2.401% due 12/25/2035 •	3,198	3,155
MSSG Trust		
3.397% due 09/13/2039	18,100	17,602
Prime Mortgage Trust		
2.491% due 02/25/2034 •	79	75
2.591% due 02/25/2035 •	3,623	3,507
RBSSP Resecuritization Trust		
3.309% due 12/25/2035 ~	17,165	17,571
Residential Accredit Loans, Inc. Trust		
2.191% due 05/25/2037 •	10,180	9,411
2.276% due 08/25/2036 •	7,058	6,498
3.491% due 08/25/2036 ^•	4,673	4,474
4.523% due 12/25/2035 ~	511	467
6.000% due 09/25/2036	992	888
6.000% due 02/25/2037 ^	23,053	20,390
6.500% due 09/25/2036 ^	6,580	4,978
Residential Asset Securitization Trust		
2.541% due 10/25/2035 •	$ 1,899	$ 1,574
Residential Funding Mortgage Securities, Inc. Trust		
5.500% due 11/25/2035	2,023	1,985
6.000% due 06/25/2037 ^	2,881	2,741
Structured Adjustable Rate Mortgage Loan Trust		
2.291% due 04/25/2047 •	2,104	2,124
Structured Asset Mortgage Investments Trust		
2.301% due 09/25/2047 ^•	3,247	3,145
2.335% due 07/19/2035 •	1,570	1,534
2.745% due 09/19/2032 •	23	23
Structured Asset Securities Corp. Mortgage Pass-Through Certificates		
4.150% due 07/25/2032 ~	1	1
Suntrust Adjustable Rate Mortgage Loan Trust		
3.704% due 02/25/2037 ^~	2,739	2,472
Tharaldson Hotel Portfolio Trust		
2.796% due 11/11/2034 •	9,470	9,475
Thornburg Mortgage Securities Trust		
4.020% due 06/25/2047 ^•	12,892	11,763
4.070% due 03/25/2037 •	1,473	1,283
Wachovia Mortgage Loan Trust LLC		
3.962% due 05/20/2036 ^~	3,127	2,857
WaMu Mortgage Pass-Through Certificates Trust		
2.381% due 10/25/2045 •	345	346
2.591% due 02/25/2045 •	11,382	11,186
2.758% due 11/25/2042 •	182	175
2.958% due 08/25/2042 •	364	357
3.208% due 12/25/2036 ^~	382	373
3.346% due 05/25/2037 ^~	4,808	4,085
3.565% due 07/25/2037 ^~	2,772	2,586
Warwick Finance Residential Mortgages Number Three PLC		
0.000% due 12/21/2049 (f)	GBP 0	2,126
1.436% due 12/21/2049 •	24,878	32,943
2.136% due 12/21/2049 •	2,359	3,160
2.636% due 12/21/2049 •	1,179	1,582
3.136% due 12/21/2049 •	674	905
3.636% due 12/21/2049 •	674	894
Washington Mutual Mortgage Pass-Through Certificates Trust		
5.750% due 01/25/2036 ^	$ 4,588	4,193
Wells Fargo Mortgage-Backed Securities Trust		
3.739% due 12/25/2034 ~	539	552
3.755% due 01/25/2035 ~	622	638
3.822% due 03/25/2036 ~	975	993
4.120% due 07/25/2036 ^~	5,454	5,352
Total Non-Agency Mortgage-Backed Securities (Cost $585,124)		**597,358**
ASSET-BACKED SECURITIES 15.8%		
Accredited Mortgage Loan Trust		
2.221% due 02/25/2037 •	1,089	1,088
2.351% due 09/25/2036 •	8,987	8,779
ALESCO Preferred Funding Ltd.		
2.665% due 12/23/2036 •	5,978	5,530
2.675% due 09/23/2036 •	8,885	8,218
3.085% due 09/23/2038 •	6,094	5,972
Allegro CLO Ltd.		
3.579% due 01/30/2026 •	9,998	10,002
American Express Credit Account Master Trust		
1.640% due 12/15/2021	28,000	27,762
AmeriCredit Automobile Receivables Trust		
2.385% due 05/18/2020 •	971	971
Ameriquest Mortgage Securities, Inc. Asset-Backed Pass-Through Certificates		
2.561% due 11/25/2035 •	9,000	8,715
Argent Securities Trust		
2.241% due 07/25/2036 •	20,043	8,298
2.281% due 03/25/2036 •	6,892	4,163
Atrium CDO Corp.		
3.192% due 04/22/2027 •	16,700	16,654
Avery Point CLO Ltd.		
3.460% due 04/25/2026 •	12,300	12,309

	PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
Bear Stearns Asset-Backed Securities Trust		
2.241% due 11/25/2036 •	$ 10,020	$ 9,784
2.251% due 08/25/2036 •	1,398	1,638
2.431% due 12/25/2036 •	12,335	11,257
3.216% due 02/25/2035 •	7,981	8,021
Capital Auto Receivables Asset Trust		
2.254% due 10/20/2020 •	15,000	14,993
CARDS Trust		
2.333% due 10/17/2022 •	19,000	18,993
2.423% due 04/17/2023 •	17,600	17,616
3.047% due 04/17/2023	17,600	17,603
Cent CLO Ltd.		
3.576% (US0003M + 1.210%) due 07/27/2026 •	17,900	17,925
Chase Issuance Trust		
2.373% (LIBOR01M + 0.300%) due 01/18/2022 •	14,900	14,953
Citigroup Mortgage Loan Trust		
2.711% (US0001M + 0.620%) due 12/25/2035 •	926	930
6.750% due 05/25/2036 ×	4,539	3,492
Countrywide Asset-Backed Certificates		
2.231% (US0001M + 0.140%) due 06/25/2047 ^•	3,790	3,506
2.241% (US0001M + 0.150%) due 07/25/2036 •	3,884	3,879
2.241% (US0001M + 0.150%) due 01/25/2037 •	1,073	1,072
2.261% (US0001M + 0.170%) due 06/25/2037 •	4,542	4,535
2.311% (US0001M + 0.220%) due 06/25/2047 •	16,837	15,887
2.321% (US0001M + 0.230%) due 05/25/2037 •	7,700	7,107
2.491% (US0001M + 0.400%) due 06/25/2036 •	6,900	6,793
2.841% (US0001M + 0.750%) due 05/25/2034 •	2,833	2,837
Countrywide Asset-Backed Certificates Trust		
2.891% due 08/25/2047 •	1,718	1,705
Credit Suisse Mortgage Capital Trust		
4.500% due 03/25/2021	13,353	13,474
Credit-Based Asset Servicing & Securitization LLC		
2.151% due 11/25/2036 •	431	281
Discover Card Execution Note Trust		
2.613% due 09/15/2021 •	14,800	14,842
ECMC Group Student Loan Trust		
3.141% due 05/25/2067 •	9,992	10,133
EMC Mortgage Loan Trust		
2.831% due 05/25/2040 •	120	118
Figueroa CLO Ltd.		
0.000% due 01/15/2027 •(b)	17,500	17,500
2.925% due 06/20/2027 •	17,500	17,491
First Franklin Mortgage Loan Trust		
2.571% due 12/25/2035 •	3,727	3,752
2.826% due 09/25/2035 •	953	959
Flagship Credit Auto Trust		
1.850% due 07/15/2021	3,497	3,476
Ford Credit Floorplan Master Owner Trust		
2.177% due 05/15/2023 •	30,000	30,018
Fremont Home Loan Trust		
2.151% due 01/25/2037 •	80	47
2.501% due 11/25/2035 •	8,400	7,463
Golden Credit Card Trust		
2.473% due 02/15/2021 •	15,000	15,022
GoldenTree Loan Opportunities Ltd.		
3.729% due 10/29/2026 •	6,300	6,308
GSAA Trust		
5.995% due 03/25/2046 ^~	10,179	7,229
GSAMP Trust		
2.181% due 06/25/2036 •	4,704	3,258
Halcyon Loan Advisors Funding Ltd.		
3.462% due 10/22/2025 •	22,400	22,404
Home Equity Loan Trust		
2.321% due 04/25/2037 •	20,000	18,171
Home Equity Mortgage Loan Asset-Backed Trust		
2.231% due 11/25/2036 •	$ 7,527	$ 7,230
Hyundai Auto Lease Securitization Trust		
2.353% due 12/16/2019 •	4,865	4,869
Jamestown CLO Ltd.		
3.190% due 07/25/2027 •	6,700	6,671
JMP Credit Advisors CLO Ltd.		
3.203% due 01/17/2028 •	21,700	21,704
JPMorgan Mortgage Acquisition Corp.		
2.481% due 05/25/2035 •	4,700	4,680
2.501% due 10/25/2035 ^•	7,500	7,286
JPMorgan Mortgage Acquisition Trust		
2.351% due 03/25/2037 •	2,000	1,960
Lehman XS Trust		
2.271% due 06/25/2036 •	3,115	3,038
LoanCore Issuer Ltd.		
3.203% due 05/15/2028 •	17,400	17,428
Long Beach Mortgage Loan Trust		
5.091% due 11/25/2032 •	15	15
Master Credit Card Trust		
2.578% due 07/22/2024 •	18,700	18,706
MASTR Asset-Backed Securities Trust		
2.331% due 03/25/2036 •	6,404	4,757
2.671% due 12/25/2035 •	5,567	5,580
Merrill Lynch Mortgage Investors Trust		
2.251% due 05/25/2037 •	24,052	18,524
MidOcean Credit CLO		
3.148% due 04/15/2027 •	4,700	4,700
Monarch Grove CLO		
3.240% due 01/25/2028 •	11,000	11,005
Morgan Stanley ABS Capital, Inc. Trust		
2.241% due 07/25/2036 •	8,396	4,669
2.341% due 08/25/2036 •	15,790	10,288
Mountain Hawk CLO Ltd.		
3.555% due 04/18/2025 •	13,000	13,014
Navient Private Education Loan Trust		
3.573% due 01/16/2035 •	4,063	4,077
NovaStar Mortgage Funding Trust		
2.331% due 11/25/2036 •	3,344	1,601
OCP CLO Ltd.		
3.148% due 07/15/2027 •	12,100	12,092
Option One Mortgage Loan Trust		
2.231% due 03/25/2037 •	7,077	6,417
2.311% due 05/25/2037 •	12,974	9,359
Option One Mortgage Loan Trust Asset-Backed Certificates		
2.551% due 11/25/2035 •	14,500	13,571
OSCAR U.S. Funding Trust LLC		
2.910% due 04/12/2021	4,600	4,597
Palmer Square CLO Ltd.		
0.000% due 08/15/2026 •(b)	14,000	14,000
Popular ABS Mortgage Pass-Through Trust		
5.507% due 05/25/2035 ×	9,001	8,164
RAAC Trust		
2.431% due 02/25/2036 •	1,400	1,395
Renaissance Home Equity Loan Trust		
5.285% due 01/25/2037 ×	13,374	7,315
5.586% due 11/25/2036 ×	20,781	12,099
Residential Asset Mortgage Products Trust		
2.771% due 04/25/2035 •	7,600	7,616
Residential Asset Securities Corp. Trust		
2.251% due 06/25/2036 •	1,665	1,663
2.331% due 09/25/2036 •	10,287	10,223
2.341% due 04/25/2037 •	4,563	4,501
2.491% due 02/25/2036 •	6,800	6,349
2.751% due 12/25/2035 •	5,820	4,870
2.961% due 05/25/2035 •	843	849
Santander Retail Auto Lease Trust		
2.710% due 10/20/2020	14,800	14,786
Securitized Asset-Backed Receivables LLC Trust		
2.221% due 05/25/2037 ^•	1,310	1,012
SG Mortgage Securities Trust		
2.361% due 02/25/2036 •	2,863	1,971
SLM Student Loan Trust		
0.000% due 12/15/2023 •	EUR 3,198	$ 3,736
2.811% due 12/15/2027 •	$ 14,331	14,394
2.891% due 12/15/2025 •	17,571	17,665
SMB Private Education Loan Trust		
2.423% due 03/16/2026 •	12,636	12,647
SoFi Professional Loan Program Trust		
2.640% due 08/25/2047	20,775	20,702
Soundview Home Loan Trust		
2.201% due 02/25/2037 •	1,973	831
2.241% due 06/25/2037 •	5,804	4,222
2.341% due 11/25/2036 •	32,677	29,788
2.991% due 10/25/2037 •	22,777	19,434
Specialty Underwriting & Residential Finance Trust		
2.241% due 11/25/2037 •	18,770	12,453
Structured Asset Securities Corp. Mortgage Loan Trust		
2.261% due 12/25/2036 •	8,455	8,284
2.541% due 05/25/2037 •	6,900	6,546
Sudbury Mill CLO Ltd.		
3.503% due 01/17/2026 •	9,389	9,399
3.523% due 01/17/2026 •	9,389	9,397
Symphony CLO Ltd.		
3.378% due 10/15/2025 •	18,202	18,212
Synchrony Credit Card Master Note Trust		
2.970% due 03/15/2024	13,000	12,978
Telos CLO Ltd.		
3.623% due 01/17/2027 •	9,800	9,809
U.S. Residential Opportunity Fund Trust		
3.352% due 11/27/2037 ×	11,294	11,271
Upstart Securitization Trust		
3.887% due 08/20/2025	5,000	4,998
VB-S1 Issuer LLC		
6.901% due 06/15/2046	2,500	2,603
Venture CLO Ltd.		
3.168% due 04/15/2027 •	13,100	13,038
3.198% due 01/15/2028 •	10,100	10,113
VOLT LLC		
3.125% due 06/25/2047 ×	11,709	11,657
3.250% due 06/25/2047 ×	5,632	5,615
3.500% due 03/25/2047 ×	4,061	4,057
Voya CLO Ltd.		
3.080% due 07/25/2026 •	8,700	8,673
WaMu Asset-Backed Certificates WaMu Trust		
2.341% due 04/25/2037 •	7,061	3,890
Washington Mutual Asset-Backed Certificates Trust		
2.331% due 05/25/2036 •	10,493	9,224
Wells Fargo Home Equity Asset-Backed Securities Trust		
2.976% due 11/25/2035 •	1,800	1,810
Total Asset-Backed Securities (Cost $1,054,216)		**1,107,030**
SOVEREIGN ISSUES 6.4%		
Argentina Government International Bond		
21.200% due 09/19/2018	ARS 50,793	1,699
Autonomous Community of Catalonia		
4.950% due 02/11/2020	EUR 10,000	12,360
Bonos de la Nacion Argentina con Ajuste por CER		
4.000% due 03/06/2020	ARS 533,600	18,371
Brazil Letras do Tesouro Nacional		
0.000% due 10/01/2018 (f)	BRL 857,200	217,649
0.000% due 01/01/2019 (f)	41,200	10,290
Cyprus Government International Bond		
3.750% due 07/26/2023	EUR 16,900	21,755
4.250% due 11/04/2025	8,000	10,670
Development Bank of Japan, Inc.		
2.125% due 09/01/2022	$ 18,800	18,094
Japan Finance Organization for Municipalities		
2.625% due 04/20/2022	22,300	21,763
Japan International Cooperation Agency		
2.750% due 04/27/2027	14,600	13,963
Province of Ontario		
1.650% due 09/27/2019	2,800	2,767

		PRINCIPAL AMOUNT (000S)	MARKET VALUE (000S)
3.000% due 07/16/2018	$	3,700	$ 3,701
3.150% due 06/02/2022	CAD	7,600	5,937
4.000% due 10/07/2019	$	700	711
4.000% due 06/02/2021	CAD	21,400	17,059
4.200% due 06/02/2020		12,500	9,876
4.400% due 06/02/2019		5,600	4,357
4.400% due 04/14/2020	$	600	617
Province of Quebec			
2.750% due 08/25/2021		17,100	16,986
3.500% due 07/29/2020		3,000	3,043
3.500% due 12/01/2022	CAD	6,300	5,002
3.750% due 09/01/2024		4,800	3,888
4.500% due 12/01/2020		2,500	2,005
Qatar Government International Bond			
3.875% due 04/23/2023	$	18,900	18,921
Republic of Greece Government International Bond			
4.750% due 04/17/2019	EUR	5,500	6,618
Total Sovereign Issues (Cost $516,204)			**448,102**
SHORT-TERM INSTRUMENTS 16.2%			
CERTIFICATES OF DEPOSIT 1.0%			
Barclays Bank PLC			
1.940% due 09/04/2018	$	66,800	66,763
COMMERCIAL PAPER 1.6%			
Bank of Montreal			
1.540% due 07/03/2018	CAD	5,000	3,803
Boston Scientific Corp.			
2.400% due 07/12/2018	$	2,600	2,598
Commonwealth Edison			
2.330% due 07/12/2018		7,000	6,994
Cox Enterprises, Inc.			
2.330% due 07/05/2018		23,800	23,791
Discovery Communications LLC			
2.670% due 07/13/2018		12,800	12,788
HP, Inc.			
2.400% due 07/23/2018		26,600	26,565
Marriot International			
2.480% due 08/16/2018	$	5,200	$ 5,183
Sempra Energy Holdings			
2.520% due 07/17/2018		12,450	12,436
Syngenta Wilmington			
2.950% due 07/27/2018		14,100	14,074
			108,232
SHORT-TERM NOTES 0.2%			
Capital Auto Receivables Asset Trust			
2.100% due 03/20/2019		10,323	10,324
Letras del Banco Central de la Republica Argentina			
25.400% due 08/15/2018 (g)	ARS	35,300	1,160
25.500% due 08/15/2018 (g)		2,650	87
25.650% due 08/15/2018 (g)		2,370	78
25.800% due 08/15/2018 (g)		10,420	342
33.500% due 07/18/2018 (g)		21,984	745
37.800% due 11/21/2018 (g)		9,060	270
40.700% due 07/18/2018 (g)		4,790	162
			13,168
ARGENTINA TREASURY BILLS 1.0%			
11.434% due 09/14/2018 - 10/12/2018 (e)(f)	ARS	950,356	32,726
3.038% due 07/27/2018 - 01/11/2019 (e)(f)	$	40,900	40,326
			73,052
GREECE TREASURY BILLS 1.5%			
1.138% due 07/06/2018 - 03/15/2019 (e)(f)	EUR	87,000	101,423
JAPAN TREASURY BILLS 10.7%			
(0.142)% due 07/30/2018 - 08/20/2018 (e)(f)	JPY	83,160,000	751,211
NIGERIA TREASURY BILLS 0.0%			
15.450% due 10/04/2018 (f)(g)	NGN	1,100,000	$ 2,964
U.S. TREASURY BILLS 0.2%			
1.880% due 08/02/2018 - 10/04/2018 (e)(f)(n)(p)	$	15,880	15,841
Total Short-Term Instruments (Cost $1,155,352)			**1,132,654**
Total Investments in Securities (Cost $10,879,400)			**10,853,260**

	SHARES	
INVESTMENTS IN AFFILIATES 8.6%		
SHORT-TERM INSTRUMENTS 8.6%		
CENTRAL FUNDS USED FOR CASH MANAGEMENT PURPOSES 8.6%		
PIMCO Short Asset Portfolio	36,934,124	369,563
PIMCO Short-Term Floating NAV Portfolio III	23,722,188	234,517
Total Short-Term Instruments (Cost $604,244)		**604,080**
Total Investments in Affiliates (Cost $604,244)		**604,080**
Total Investments 163.8% (Cost $11,483,644)		**$ 11,457,340**
Financial Derivative Instruments (m)(o) 0.7% (Cost or Premiums, net $11,635)		**52,377**
Other Assets and Liabilities, net (64.5)%		**(4,516,010)**
Net Assets 100.0%		**$ 6,993,707**

NOTES TO SCHEDULE OF INVESTMENTS:

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

(k) RESTRICTED SECURITIES:

Issuer Description	Coupon	Maturity Date	Acquisition Date	Cost	Market Value	Market Value as Percentage of Net Assets
Cargill-Lloyds	3.679%	09/05/2018	05/22/2018	$ 1,400	$ 1,400	0.02%
Lloyds Banking Group PLC	3.679	09/02/2018 - 09/05/2021	05/22/2018	4,200	4,200	0.06
				$ 5,600	$ 5,600	0.08%

BORROWINGS AND OTHER FINANCING TRANSACTIONS

REVERSE REPURCHASE AGREEMENTS:

Counterparty	Borrowing Rate[(1)]	Settlement Date	Maturity Date	Amount Borrowed[(1)]	Payable for Reverse Repurchase Agreements
BOM	2.060%	05/23/2018	07/09/2018	$ (102,227)	$ (102,461)
	2.170	06/25/2018	07/26/2018	(1,190)	(1,190)
	2.180	06/15/2018	07/19/2018	(7,699)	(7,707)
BOS	2.000	05/08/2018	07/09/2018	(3,958)	(3,971)
	2.180	06/13/2018	07/12/2018	(57,900)	(57,900)
	2.180	06/20/2018	07/05/2018	(5,726)	(5,730)
	2.200	06/13/2018	07/12/2018	(10,540)	(10,540)
BRC	1.950	06/18/2018	TBD[(2)]	(2,797)	(2,799)
	2.180	06/13/2018	07/12/2018	(54,083)	(54,145)
BSN	1.910	04/13/2018	07/12/2018	(16,621)	(16,691)
	1.960	05/02/2018	07/10/2018	(156,539)	(157,059)
	1.980	05/03/2018	07/11/2018	(23,391)	(23,468)
CIB	2.130	06/04/2018	07/03/2018	(36,193)	(36,253)
	2.180	06/11/2018	07/11/2018	(77,345)	(77,444)
	2.190	06/14/2018	07/13/2018	(141,081)	(141,235)
GRE	1.930	04/18/2018	07/18/2018	(55,768)	(55,992)
	2.020	05/09/2018	07/11/2018	(17,151)	(17,203)
	2.040	05/10/2018	07/17/2018	(7,421)	(7,443)
	2.160	06/13/2018	07/05/2018	(22,552)	(22,578)
RCY	2.020	05/09/2018	07/09/2018	(7,432)	(7,454)
	2.030	05/11/2018	07/11/2018	(54,026)	(54,185)
	2.050	05/22/2018	07/09/2018	(10,868)	(10,893)
	2.070	05/16/2018	07/16/2018	(25,635)	(25,705)
	2.080	05/17/2018	07/17/2018	(97,417)	(97,676)
TDM	1.850	06/15/2018	TBD[(2)]	(973)	(974)
Total Reverse Repurchase Agreements					**$ (998,696)**

SALE-BUYBACK TRANSACTIONS:

Counterparty	Borrowing Rate[(1)]	Borrowing Date	Maturity Date	Amount Borrowed[(1)]	Payable for Sale-Buyback Transactions[(3)]
BPG	2.100%	06/15/2018	07/16/2018	$ (4,785)	$ (4,789)
GSC	1.900	06/05/2018	07/05/2018	(24,724)	(24,759)
UBS	1.980	05/07/2018	07/12/2018	(47,785)	(47,933)
	1.990	05/04/2018	07/10/2018	(1,647)	(1,653)
	2.020	05/10/2018	07/17/2018	(37,482)	(37,595)
	2.030	05/14/2018	07/13/2018	(47,459)	(47,592)
	2.150	06/28/2018	07/27/2018	(1,199)	(1,200)
Total Sale-Buyback Transactions					**$ (165,521)**

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 June 30, 2018:

Counterparty	Repurchase Agreement Proceeds to be Received	Payable for Reverse Repurchase Agreements	Payable for Sale-Buyback Transactions	Total Borrowings and Other Financing Transactions	Collateral Pledged/(Received)	Net Exposure[4]
Global/Master Repurchase Agreement						
BOM	$ 0	$ (111,358)	$ 0	$ (111,358)	$ 110,147	$ (1,211)
BOS	0	(78,141)	0	(78,141)	80,703	2,562
BRC	0	(56,944)	0	(56,944)	58,708	1,764
BSN	0	(197,218)	0	(197,218)	195,722	(1,496)
CIB	0	(254,932)	0	(254,932)	252,652	(2,280)
GRE	0	(103,216)	0	(103,216)	102,679	(537)
RCY	0	(195,913)	0	(195,913)	194,716	(1,197)
TDM	0	(974)	0	(974)	981	7
Master Securities Forward Transaction Agreement						
BPG	0	0	(4,789)	(4,789)	4,812	23
GSC	0	0	(24,759)	(24,759)	24,413	(346)
UBS	0	0	(135,973)	(135,973)	135,172	(801)
Total Borrowings and Other Financing Transactions	**$ 0**	**$ (998,696)**	**$ (165,521)**			

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
Reverse Repurchase Agreements					
Corporate Bonds & Notes	$ 0	$ 0	$ 0	$ (3,773)	$ (3,773)
U.S. Government Agencies	0	(122,585)	0	0	(122,585)
U.S. Treasury Obligations	0	(872,338)	0	0	(872,338)
Total	**$ 0**	**$ (994,923)**	**$ 0**	**$ (3,773)**	**$ (998,696)**
Sale-Buyback Transactions					
U.S. Treasury Obligations	0	(165,521)	0	0	(165,521)
Total	**$ 0**	**$ (165,521)**	**$ 0**	**$ 0**	**$ (165,521)**
Total Borrowings	**$ 0**	**$ (1,160,444)**	**$ 0**	**$ (3,773)**	**$ (1,164,217)**
Payable for reverse repurchase agreements and sale-buyback financing transactions					**$ (1,164,217)**

(l) Securities with an aggregate market value of $1,180,074 have been pledged as collateral under the terms of the above master agreements as of June 30, 2018.

(1) The average amount of borrowings outstanding during the period ended June 30, 2018 was $(890,770) at a weighted average interest rate of 1.800%. Average borrowings may include sale-buyback transactions and reverse repurchase agreements, if held during the period.

(2) Open maturity reverse repurchase agreement.

(3) Payable for sale-buyback transactions includes $(99) of deferred price drop.

(4) 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.

See Accompanying Notes

(m) 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 5-Year Note September 2018 Futures	$ 106.250	08/24/2018	3,500	$ 3,500	$ 30	$ 4
Put - CBOT U.S. Treasury 5-Year Note September 2018 Futures	106.500	08/24/2018	4,986	4,986	43	5
Put - CBOT U.S. Treasury 5-Year Note September 2018 Futures	106.750	08/24/2018	3,740	3,740	32	4
Put - CBOT U.S. Treasury 5-Year Note September 2018 Futures	107.000	08/24/2018	2,653	2,653	23	3
Put - CBOT U.S. Treasury 5-Year Note September 2018 Futures	107.250	08/24/2018	259	259	2	0
Put - CBOT U.S. Treasury 10-Year Note September 2018 Futures	106.500	08/24/2018	750	750	6	1
Put - CBOT U.S. Treasury 10-Year Note September 2018 Futures	107.000	08/24/2018	955	955	8	1
Put - CBOT U.S. Treasury 10-Year Note September 2018 Futures	107.500	08/24/2018	573	573	5	1
Put - CBOT U.S. Treasury 10-Year Note September 2018 Futures	108.000	08/24/2018	286	286	2	0
Put - CBOT U.S. Treasury 10-Year Note September 2018 Futures	108.500	08/24/2018	651	651	6	1
Call - CBOT U.S. Treasury 10-Year Note September 2018 Futures	132.500	08/24/2018	213	213	2	0
Call - CBOT U.S. Treasury 10-Year Note September 2018 Futures	133.500	08/24/2018	183	183	1	0
Call - CBOT U.S. Treasury 30-Year Bond September 2018 Futures	174.000	08/24/2018	812	812	7	1
Call - CBOT U.S. Treasury 30-Year Bond September 2018 Futures	175.000	08/24/2018	1,313	1,313	11	1
Put - CBOT U.S. Treasury Ultra Long-Term Bond September 2018 Futures	110.000	08/24/2018	191	191	2	0
Put - CBOT U.S. Treasury Ultra Long-Term Bond September 2018 Futures	112.000	08/24/2018	218	218	2	0
Call - MSE Canada Government 10-Year Bond September 2018 Futures	CAD 156.000	08/17/2018	100	100	1	1
Call - MSE Canada Government 10-Year Bond September 2018 Futures	158.000	08/17/2018	167	167	1	1
Call - MSE Canada Government 10-Year Bond September 2018 Futures	159.500	08/17/2018	621	621	6	2
					$ 190	$ 26
Total Purchased Options					**$ 190**	**$ 26**

WRITTEN OPTIONS:

OPTIONS ON EXCHANGE-TRADED FUTURES CONTRACTS

Description	Strike Price	Expiration Date	# of Contracts	Notional Amount	Premiums (Received)	Market Value
Put - CBOT U.S. Treasury 10-Year Note August 2018 Futures	$ 119.500	07/27/2018	600	$ 600	$ (121)	$ (112)
Total Written Options					**$ (121)**	**$ (112)**

FUTURES CONTRACTS:

LONG FUTURES CONTRACTS

Description	Expiration Month	# of Contracts	Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin	
					Asset	Liability
3-Month Euribor December Futures	12/2018	1,290	EUR 377,689	$ 80	$ 0	$ (19)
3-Month Euribor September Futures	09/2018	4,771	1,397,211	350	0	0
Call Options Strike @ EUR 152.000 on Euro-BTP 10-Year Bond September 2018 Futures	08/2018	500	6	(1)	0	0
Call Options Strike @ EUR 166.000 on Euro-OAT France Government 10-Year Bond September 2018 Futures	08/2018	930	11	(1)	0	0
Call Options Strike @ EUR 168.000 on Euro-OAT France Government 10-Year Bond September 2018 Futures	08/2018	730	9	(1)	0	0
Call Options Strike @ EUR 170.000 on Euro-OAT France Government 10-Year Bond September 2018 Futures	08/2018	1,000	12	(1)	0	0
Call Options Strike @ EUR 180.000 on Euro-OAT France Government 10-Year Bond September 2018 Futures	08/2018	54	1	0	0	0
Call Options Strike @ GBP 158.000 United Kingdom Gilt September 2018 Futures	08/2018	69	GBP 0	(1)	0	0
Euro-Bund 10-Year Bond September Futures	09/2018	655	EUR 124,336	920	191	0
Put Options Strike @ EUR 144.000 on Euro-Bund 10-Year Bond September 2018 Futures	08/2018	1,253	15	(1)	0	0
Put Options Strike @ EUR 145.000 on Euro-Bund 10-Year Bond September 2018 Futures	08/2018	2,049	24	(2)	0	0
U.S. Treasury 5-Year Note September Futures	09/2018	14,453	$ 1,642,109	(4,071)	0	(339)
U.S. Treasury Ultra Long-Term Bond September Futures	09/2018	256	40,848	790	0	(16)
				$ (1,939)	$ 191	$ (374)

SHORT FUTURES CONTRACTS

Description	Expiration Month	# of Contracts		Notional Amount	Unrealized Appreciation/ (Depreciation)	Variation Margin Asset	Variation Margin Liability
90-Day Eurodollar December Futures	12/2019	447	$	(108,437)	$ 903	$ 11	$ 0
90-Day Eurodollar December Futures	12/2020	879		(213,201)	(216)	33	0
90-Day Eurodollar June Futures	06/2019	985		(239,220)	2,083	0	0
90-Day Eurodollar June Futures	06/2020	2,397		(581,392)	536	90	0
90-Day Eurodollar March Futures	03/2020	2,139		(518,814)	883	80	0
90-Day Eurodollar September Futures	09/2019	1,912		(464,042)	4,233	48	0
90-Day Eurodollar September Futures	09/2020	1,676		(406,535)	36	63	0
Australia Government 10-Year Bond September Futures	09/2018	2,378	AUD	(227,656)	(2,723)	269	(180)
Canada Government 10-Year Bond September Futures	09/2018	871	CAD	(90,575)	(1,803)	742	0
Euro-Buxl 30-Year Bond September Futures	09/2018	769	EUR	(159,581)	(3,110)	0	(1,580)
Euro-OAT France Government 10-Year Bond September Futures	09/2018	3,274		(590,865)	(7,577)	0	(2,600)
Put Options Strike @ EUR 160.500 on Euro-Bund 10-Year Bond August 2018 Futures	07/2018	728		(102)	241	51	0
Put Options Strike @ EUR 161.500 on Euro-Bund 10-Year Bond August 2018 Futures	07/2018	857		(310)	97	94	0
U.S. Treasury 10-Year Note September Futures	09/2018	785	$	(94,347)	(688)	0	0
U.S. Treasury 30-Year Bond September Futures	09/2018	2,834		(410,930)	(10,397)	0	(89)
United Kingdom Long Gilt September Futures	09/2018	69	GBP	(11,206)	(153)	26	0
					$ (17,655)	$ 1,507	$ (4,449)
Total Futures Contracts					**$ (19,594)**	**$ 1,698**	**$ (4,823)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION(1)

Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at June 30, 2018(2)		Notional Amount(3)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(4)	Variation Margin Asset	Variation Margin Liability
MBIA, Inc.	5.000%	Quarterly	12/20/2018	2.311%	$	3,100	$ (16)	$ 61	$ 45	$ 3	$ 0
Morgan Stanley	1.000	Quarterly	12/20/2020	0.375		12,100	201	(15)	186	0	(1)
Tesco PLC	1.000	Quarterly	06/20/2022	0.863	EUR	15,000	(732)	833	101	11	0
							$ (547)	$ 879	$ 332	$ 14	$ (1)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION(1)

Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date		Notional Amount(3)	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Market Value(4)	Variation Margin Asset	Variation Margin Liability
CDX.HY-30 5-Year Index	5.000%	Quarterly	06/20/2023	$	50,900	$ 3,067	$ (13)	$ 3,054	$ 24	$ 0
CDX.IG-30 5-Year Index	1.000	Quarterly	06/20/2023		435,500	6,957	(259)	6,698	220	0
						$ 10,024	$ (272)	$ 9,752	$ 244	$ 0

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	Variation Margin Liability
Pay	1-Year BRL-CDI	7.500%	Maturity	01/02/2020	BRL	1,873,200	$ (444)	$ (3,854)	$ (4,298)	$ 127	$ 0
Pay	1-Year BRL-CDI	7.750	Maturity	01/02/2020		659,100	(131)	(862)	(993)	44	0
Pay	1-Year BRL-CDI	8.660	Maturity	01/04/2021		105,700	(126)	(122)	(248)	32	0
Pay	1-Year BRL-CDI	9.200	Maturity	01/04/2021		633,200	(547)	725	178	187	0
Pay	1-Year BRL-CDI	10.040	Maturity	01/02/2023		111,900	(7)	(400)	(407)	71	0
Receive	3-Month CAD Bank Bill	1.750	Semi-Annual	12/16/2046	CAD	5,800	712	104	816	44	0
Pay	3-Month USD-LIBOR	1.951	Semi-Annual	12/05/2019	$	539,400	0	(5,819)	(5,819)	0	(18)
Receive	3-Month USD-LIBOR	2.250	Semi-Annual	06/20/2028		147,800	8,247	559	8,806	123	0
Receive	3-Month USD-LIBOR	2.532	Semi-Annual	12/05/2047		59,300	0	4,916	4,916	69	0
Pay(5)	6-Month EUR-EURIBOR	1.250	Annual	09/19/2028	EUR	202,900	5,714	1,813	7,527	320	0
Pay(5)	6-Month EUR-EURIBOR	1.250	Annual	12/19/2028		27,200	467	372	839	45	0
Pay	6-Month EUR-EURIBOR	1.613	Annual	07/04/2042		34,300	0	1,531	1,531	243	0
Pay	6-Month EUR-EURIBOR	1.623	Annual	07/04/2042		27,400	0	1,289	1,289	194	0
Pay	6-Month EUR-EURIBOR	1.624	Annual	07/04/2042		63,600	0	3,018	3,018	451	0
Pay(5)	6-Month EUR-EURIBOR	1.500	Annual	09/19/2048		22,600	(257)	435	178	213	0
Receive(5)	6-Month GBP-LIBOR	1.500	Semi-Annual	09/19/2023	GBP	80,300	(51)	(747)	(798)	48	0
Receive(5)	6-Month GBP-LIBOR	1.500	Semi-Annual	09/19/2028		66,400	1,588	(1,168)	420	96	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	Variation Margin Liability
Receive[5]	6-Month GBP-LIBOR	1.750%	Semi-Annual	09/19/2048	GBP 28,100	$ (1,405)	$ 277	$ (1,128)	$ 0	$ (27)
Receive[5]	6-Month GBP-LIBOR	1.500	Semi-Annual	12/19/2048	41,900	197	1,633	1,830	0	(58)
Receive	6-Month JPY-LIBOR	0.300	Semi-Annual	03/18/2026	JPY 75,740,000	(4,525)	(1,354)	(5,879)	21	(90)
Receive	6-Month JPY-LIBOR	0.300	Semi-Annual	09/20/2027	7,200,000	(375)	63	(312)	0	(23)
Receive	6-Month JPY-LIBOR	0.300	Semi-Annual	03/20/2028	1,700,000	118	(163)	(45)	0	(6)
Receive	6-Month JPY-LIBOR	0.380	Semi-Annual	06/18/2028	340,000	6	(34)	(28)	0	(1)
Receive	6-Month JPY-LIBOR	0.399	Semi-Annual	06/18/2028	2,750,000	(2)	(275)	(277)	0	(10)
Receive[5]	6-Month JPY-LIBOR	0.450	Semi-Annual	03/20/2029	2,870,000	(212)	(65)	(277)	0	(10)
						$ 8,967	$ 1,872	$ 10,839	$ 2,328	$ (243)
Total Swap Agreements						**$ 18,444**	**$ 2,479**	**$ 20,923**	**$ 2,586**	**$ (244)**

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 June 30, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities			
	Market Value	Variation Margin Asset			Market Value	Variation Margin Liability		
	Purchased Options	Futures	Swap Agreements	Total	Written Options	Futures	Swap Agreements	Total
Total Exchange-Traded or Centrally Cleared	**$ 26**	**$ 1,698**	**$ 2,586**	**$ 4,310**	**$ (112)**	**$ (4,823)**	**$ (244)**	**$ (5,179)**

(n) Securities with an aggregate market value of $77,327 and cash of $14,828 have been pledged as collateral for exchange-traded and centrally cleared financial derivative instruments as of June 30, 2018. See Note 8, Master Netting Arrangements, in the Notes to Financial Statements for more information regarding master netting arrangements.

(1) 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.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate 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.

(3) 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.

(4) The prices and resulting values for credit default swap agreements on credit indices 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.

(5) 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.

(o) 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	Unrealized Appreciation/ (Depreciation) Liability
AZD	07/2018	$ 1,071	AUD 1,411	$ 0	$ (26)
	08/2018	1,048	GBP 786	0	(9)
BOA	07/2018	BRL 46,708	$ 12,353	302	0
	07/2018	DKK 121,255	18,750	0	(256)
	07/2018	RUB 429,957	6,792	0	(49)
	07/2018	$ 4,947	AUD 6,701	12	0
	07/2018	12,114	BRL 46,708	0	(62)
	08/2018	ARS 10,420	$ 484	139	0
	08/2018	AUD 6,701	4,947	0	(12)
	08/2018	EUR 28,426	34,556	1,231	0
	08/2018	ILS 1,659	461	6	0
	08/2018	JPY 58,932,300	540,891	7,292	0
	08/2018	NOK 1,090	137	3	0
	08/2018	SEK 647,801	74,678	2,122	0
	08/2018	$ 12,318	BRL 46,708	0	(310)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Liability
	08/2018	$	36,049	EUR	30,520	$ 13	$ (309)
	08/2018		31,358	JPY	3,422,300	0	(358)
	09/2018	ARS	5,110	$	232	69	0
	09/2018	SGD	354		266	6	0
	09/2018	$	6,747	RUB	429,957	49	0
	10/2018	BRL	131,200	$	38,703	5,160	0
	11/2018	EUR	4,600		5,579	157	0
BPS	07/2018	ARS	286,763		10,668	811	(8)
	07/2018	CHF	400		407	3	0
	07/2018	DKK	148,689		22,287	0	(1,019)
	07/2018	$	5,223	ARS	143,382	0	(266)
	08/2018	ARS	2,370	$	110	32	0
	08/2018	EUR	62,376		73,069	0	(2)
	08/2018	GBP	9,789		13,089	145	0
	08/2018	$	11,654	EUR	9,973	29	0
	08/2018		6,389	GBP	4,798	0	(45)
BRC	07/2018	ARS	223,908	$	8,393	760	0
	07/2018	RUB	1,022,911		16,269	0	(7)
	08/2018	MXN	181,361		8,657	0	(397)
	08/2018	$	13,785	GBP	10,243	0	(240)
	08/2018		16,193	RUB	1,022,911	5	0
CBK	07/2018	CAD	57,085	$	43,849	427	0
	07/2018	DKK	388,878		59,860	0	(1,094)
	07/2018	JPY	2,300,000		21,641	858	0
	07/2018	RUB	733,556		11,600	0	(72)
	07/2018	$	30	ARS	774	0	(3)
	07/2018		15,526	CAD	20,403	7	(13)
	07/2018		51,418	GBP	38,810	0	(199)
	07/2018		21,815	MXN	441,155	322	0
	08/2018	EUR	36,996	$	43,958	620	0
	08/2018	JPY	8,893,800		81,211	721	(58)
	08/2018	MXN	610,517		30,355	0	(123)
	08/2018	TRY	1,220		269	8	0
	08/2018	$	113,228	EUR	97,036	563	(117)
	08/2018		18,799	GBP	14,150	0	(89)
	08/2018		149,849	JPY	16,329,000	0	(1,937)
	08/2018		6,619	MXN	133,083	25	0
	08/2018		8,849	SEK	78,475	0	(60)
DUB	07/2018	ARS	99,480	$	3,566	128	0
	07/2018	BRL	46,708		12,114	62	0
	07/2018	$	3,323	ARS	96,358	8	0
	07/2018		12,586	BRL	46,708	0	(535)
	08/2018	MXN	70,872	$	3,507	0	(32)
FBF	08/2018		406,809		20,316	25	(17)
	08/2018	$	1,615	EUR	1,383	5	0
	08/2018		26,251	MXN	526,165	16	0
GLM	07/2018	CAD	27,293	$	21,076	316	0
	07/2018	CHF	5,624		5,683	4	0
	07/2018	RUB	699,204		10,948	0	(177)
	07/2018	$	13,105	RUB	762,602	0	(971)
	08/2018	EUR	165,624	$	196,193	2,295	(126)
	08/2018	GBP	138,513		189,039	5,885	0
	08/2018	JPY	4,658,200		42,274	79	0
	08/2018	MXN	573,143		28,707	95	0
	08/2018	RUB	174,315		2,766	6	0
	08/2018	$	47,600	EUR	40,515	53	(191)
	08/2018		1,495	GBP	1,105	0	(34)
	08/2018		34,612	JPY	3,798,500	0	(204)
	08/2018		2,320	MXN	46,610	7	0
	08/2018		6,340	RUB	401,829	21	0
	10/2018	BRL	11,000	$	3,284	472	0
HUS	07/2018	ARS	4,780		225	63	0
	07/2018	EUR	14,900		18,109	705	0
	07/2018	$	155	ARS	4,302	0	(8)
	07/2018		51,367	CAD	68,344	619	0
	07/2018		21,258	RUB	1,358,852	363	0
	08/2018	ARS	2,650	$	123	35	0
	08/2018	CAD	68,344		51,395	0	(618)
	08/2018	MXN	322,333		15,879	0	(212)

Counterparty	Settlement Month	Currency to be Delivered		Currency to be Received		Unrealized Appreciation/ (Depreciation) Asset	Unrealized Appreciation/ (Depreciation) Liability
	08/2018	RUB	1,859,306	$	29,659	$ 239	$ (21)
	08/2018	$	1,036	GBP	762	0	(29)
	08/2018		17,881	MXN	360,658	123	0
	09/2018	CNH	1,796	$	282	12	0
	03/2019	EUR	15,400		19,672	1,314	0
IND	08/2018	$	201	ZAR	2,551	0	(16)
JPM	07/2018	AUD	8,112	$	6,086	82	0
	07/2018	BRL	39,978		10,368	53	0
	07/2018	CAD	12,155		9,330	97	(13)
	07/2018	DKK	133,980		20,186	0	(815)
	07/2018	JPY	19,150,000		176,186	2,910	0
	07/2018	RUB	869,869		13,615	0	(226)
	07/2018	$	10,988	BRL	39,978	0	(673)
	07/2018		2,150	CAD	2,786	0	(31)
	07/2018		6,080	CHF	6,024	3	0
	07/2018		63,523	DKK	396,401	0	(1,391)
	07/2018		23,599	MXN	477,173	345	0
	08/2018	CHF	6,024	$	6,095	0	(3)
	08/2018	EUR	24,263		29,015	596	0
	08/2018	GBP	16,853		22,652	368	0
	08/2018	JPY	35,759,800		327,074	3,126	0
	08/2018	MXN	140,433		7,536	521	0
	08/2018	SEK	885,590		101,342	2,152	0
	08/2018	$	7,938	EUR	6,674	0	(120)
	08/2018		7,015	GBP	5,209	0	(128)
	08/2018		143,464	JPY	15,752,800	0	(772)
	10/2018	BRL	220,200	$	65,780	9,484	0
	10/2018	NGN	1,030,563		2,750	0	(66)
	01/2019	BRL	41,200		11,158	708	0
MSB	07/2018	JPY	7,810,000		71,870	1,202	0
	07/2018	MXN	76,277		4,027	199	0
	07/2018	$	10,933	MXN	220,278	122	0
	07/2018		25,618	RUB	1,634,043	381	0
	08/2018	JPY	4,890,000	$	44,337	27	0
	09/2018	THB	32,948		1,037	40	0
	10/2018	BRL	415,200		124,027	17,876	0
NGF	07/2018	ARS	1,668		59	2	0
	10/2018	BRL	79,600		23,938	3,588	0
RYL	07/2018	MXN	148,623		8,038	578	0
	08/2018	EUR	6,100		7,534	380	0
SCX	07/2018	BRL	39,978		11,938	1,623	0
	07/2018	DKK	133,980		20,999	0	(2)
	07/2018	$	10,368	BRL	39,978	0	(53)
	08/2018	EUR	7,000	$	8,802	609	0
	08/2018	$	20,477	EUR	17,341	0	(163)
	08/2018		265,166	SEK	2,300,980	0	(7,446)
	09/2018		317	INR	21,537	0	(6)
	09/2018		404	KRW	433,985	0	(13)
	10/2018		21,152	DKK	133,980	0	(2)
UAG	07/2018	GBP	38,810	$	51,317	97	0
	08/2018	$	51,389	GBP	38,810	0	(100)
	08/2018		18,470	MXN	361,419	0	(427)
	08/2018		10,332	SEK	90,160	0	(233)
	04/2019	EUR	5,500	$	6,932	357	0
Total Forward Foreign Currency Contracts						**$ 82,373**	**$ (23,014)**

PURCHASED OPTIONS:

CREDIT DEFAULT SWAPTIONS ON CREDIT INDICES

Counterparty	Description	Buy/Sell Protection	Exercise Rate	Expiration Date	Notional Amount	Cost	Market Value
BPS	Put - OTC CDX.IG-30 5-Year Index	Buy	1.250%	07/18/2018	$ 50,000	$ 7	$ 2

INTEREST RATE SWAPTIONS

Counterparty	Description	Floating Rate Index	Pay/Receive Floating Rate	Exercise Rate	Expiration Date	Notional Amount	Cost	Market Value
BOA	Put - OTC 30-Year Interest Rate Swap	3-Month USD-LIBOR	Receive	2.945%	12/09/2019	$ 24,100	$ 1,157	$ 1,569
	Put - OTC 30-Year Interest Rate Swap	3-Month USD-LIBOR	Receive	2.945	12/11/2019	25,300	1,194	1,652
GLM	Put - OTC 30-Year Interest Rate Swap	3-Month USD-LIBOR	Receive	2.930	08/20/2018	15,000	1,592	346
	Put - OTC 30-Year Interest Rate Swap	3-Month USD-LIBOR	Receive	2.940	08/20/2018	13,100	1,281	286
	Put - OTC 30-Year Interest Rate Swap	3-Month USD-LIBOR	Receive	2.943	12/12/2019	6,100	293	400
MYC	Put - OTC 30-Year Interest Rate Swap	3-Month USD-LIBOR	Receive	2.905	08/20/2018	12,800	1,280	336
							$ 6,797	$ 4,589

OPTIONS ON SECURITIES

Counterparty	Description	Strike Price	Expiration Date	Notional Amount	Cost	Market Value
FAR	Put - OTC Fannie Mae, TBA 3.500% due 08/01/2048	$ 73.000	08/06/2018	$ 80,000	$ 3	$ 0
Total Purchased Options					**$ 6,807**	**$ 4,591**

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-30 5-Year Index	Sell	0.750%	07/18/2018	$ 27,700	$ (36)	$ (9)
BPS	Put - OTC CDX.IG-30 5-Year Index	Sell	0.750	07/18/2018	10,600	(10)	(4)
BRC	Put - OTC CDX.IG-30 5-Year Index	Sell	0.950	07/18/2018	17,900	(31)	(2)
CBK	Put - OTC CDX.IG-30 5-Year Index	Sell	0.750	07/18/2018	10,500	(10)	(3)
JPM	Put - OTC CDX.IG-30 5-Year Index	Sell	0.725	07/18/2018	6,800	(6)	(3)
						$ (93)	$ (21)

FOREIGN CURRENCY OPTIONS

Counterparty	Description	Strike Price	Expiration Date	Notional Amount	Premiums (Received)	Market Value
BPS	Call - OTC USD versus RUB	RUB 66.400	08/24/2018	$ 24,900	$ (209)	$ (160)
CBK	Put - OTC GBP versus USD	$ 1.323	07/12/2018	GBP 25,800	(182)	(218)
	Call - OTC USD versus RUB	RUB 66.490	08/17/2018	$ 18,400	(170)	(98)
	Call - OTC USD versus RUB	66.550	08/17/2018	18,400	(176)	(95)
	Call - OTC USD versus RUB	67.400	08/17/2018	13,500	(126)	(52)
	Call - OTC USD versus RUB	66.190	08/24/2018	14,300	(119)	(99)
DUB	Call - OTC USD versus RUB	66.090	08/27/2018	14,300	(126)	(109)
GLM	Put - OTC AUD versus USD	$ 0.725	08/23/2018	AUD 26,100	(104)	(113)
	Call - OTC USD versus MXN	MXN 21.940	08/16/2018	$ 18,100	(175)	(44)
	Call - OTC USD versus MXN	21.920	08/21/2018	18,100	(180)	(52)
	Call - OTC USD versus RUB	RUB 66.500	07/31/2018	500	(4)	(1)
HUS	Put - OTC GBP versus USD	$ 1.332	07/12/2018	GBP 14,578	(97)	(211)
	Call - OTC USD versus RUB	RUB 65.962	08/24/2018	$ 35,000	(300)	(262)
JPM	Call - OTC USD versus MXN	MXN 21.200	07/05/2018	19,780	(171)	(6)
	Call - OTC USD versus MXN	20.500	07/06/2018	15,100	(174)	(52)
	Call - OTC USD versus MXN	19.500	08/21/2018	31,400	(518)	(1,189)
MSB	Call - OTC USD versus MXN	21.250	07/11/2018	6,320	(60)	(6)
	Call - OTC USD versus MXN	21.850	08/17/2018	18,200	(185)	(51)
	Call - OTC USD versus RUB	RUB 66.383	07/02/2018	23,700	(205)	0
	Call - OTC USD versus RUB	66.600	07/09/2018	26,300	(246)	(7)
RYL	Call - OTC USD versus MXN	MXN 19.250	07/19/2018	31,400	(463)	(1,226)
UAG	Put - OTC AUD versus USD	$ 0.721	08/20/2018	AUD 35,400	(143)	(115)
					$ (4,133)	$ (4,166)

INFLATION-CAPPED OPTIONS

Counterparty	Description	Initial Index	Floating Rate	Expiration Date	Notional Amount	Premiums (Received)	Market Value
CBK	Floor - OTC CPURNSA	215.949	Maximum of [$(1 + 0.000\%)^{10}$ - (Final Index/Initial Index)] or 0	03/12/2020	$ 13,700	$ (116)	$ 0
	Floor - OTC CPURNSA	216.687	Maximum of [$(1 + 0.000\%)^{10}$ - (Final Index/Initial Index)] or 0	04/07/2020	32,900	(293)	0
	Floor - OTC CPURNSA	217.965	Maximum of [$(1 + 0.000\%)^{10}$ - (Final Index/Initial Index)] or 0	09/29/2020	14,800	(191)	0
DUB	Floor - OTC CPURNSA	215.949	Maximum of [0.000% - (Final Index/Initial Index - 1)] or 0	03/10/2020	4,900	(37)	0
	Floor - OTC CPURNSA	218.011	Maximum of [0.000% - (Final Index/Initial Index - 1)] or 0	10/13/2020	15,400	(151)	0
						$ (788)	$ 0

INTEREST RATE SWAPTIONS

Counterparty	Description	Floating Rate Index	Pay/Receive Floating Rate	Exercise Rate	Expiration Date	Notional Amount	Premiums (Received)	Market Value
BOA	Put - OTC 5-Year Interest Rate Swap	3-Month USD-LIBOR	Pay	2.750%	12/09/2019	$ 105,900	$ (1,157)	$ (2,209)
	Put - OTC 5-Year Interest Rate Swap	3-Month USD-LIBOR	Pay	2.750	12/11/2019	111,200	(1,193)	(2,325)
GLM	Put - OTC 5-Year Interest Rate Swap	3-Month USD-LIBOR	Pay	2.800	08/20/2018	123,500	(2,876)	(908)
	Put - OTC 5-Year Interest Rate Swap	3-Month USD-LIBOR	Pay	2.750	12/12/2019	26,800	(293)	(561)
MYC	Put - OTC 5-Year Interest Rate Swap	3-Month USD-LIBOR	Pay	2.800	08/20/2018	56,500	(1,260)	(415)
							$ (6,779)	$ (6,418)
Total Written Options							**$ (11,793)**	**$ (10,605)**

SWAP AGREEMENTS:

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - SELL PROTECTION[1]

Counterparty	Reference Entity	Fixed Receive Rate	Payment Frequency	Maturity Date	Implied Credit Spread at June 30, 2018[2]	Notional Amount[3]	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value: Asset	Swap Agreements, at Value: Liability
BPS	Petrobras Global Finance BV	1.000%	Quarterly	12/20/2019	1.852%	$ 6,200	$ (642)	$ 568	$ 0	$ (74)
	Petrobras Global Finance BV	1.000	Quarterly	03/20/2020	1.942	500	(77)	69	0	(8)
BRC	Petrobras Global Finance BV	1.000	Quarterly	12/20/2019	1.852	2,300	(347)	320	0	(27)
GST	Petrobras Global Finance BV	1.000	Quarterly	12/20/2019	1.852	2,400	(264)	235	0	(29)
	Petrobras Global Finance BV	1.000	Quarterly	03/20/2020	1.942	400	(64)	58	0	(6)
HUS	Petrobras Global Finance BV	1.000	Quarterly	03/20/2020	1.942	1,500	(274)	251	0	(23)
							$ (1,668)	$ 1,501	$ 0	$ (167)

CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION[1]

Counterparty	Index/Tranches	Fixed Receive Rate	Payment Frequency	Maturity Date	Notional Amount[3]	Premiums Paid/(Received)	Unrealized Appreciation/ (Depreciation)	Swap Agreements, at Value[4]: Asset	Swap Agreements, at Value[4]: Liability
DUB	CMBX.NA.AAA.6 Index	0.500%	Monthly	05/11/2063	$ 10,347	$ (224)	$ 292	$ 68	$ 0
Total Swap Agreements						**$ (1,892)**	**$ 1,793**	**$ 68**	**$ (167)**

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 June 30, 2018:

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Market Value of OTC Derivatives	Collateral Pledged/ (Received)	Net Exposure[5]
AZD	$ 0	$ 0	$ 0	$ 0	$ (35)	$ 0	$ 0	$ (35)	$ (35)	$ 0	$ (35)
BOA	16,561	3,221	0	19,782	(1,356)	(4,543)	0	(5,899)	13,883	(14,090)	(207)
BPS	1,020	2	0	1,022	(1,340)	(164)	(82)	(1,586)	(564)	0	(564)
BRC	765	0	0	765	(644)	(2)	(27)	(673)	92	301	393
CBK	3,551	0	0	3,551	(3,765)	(565)	0	(4,330)	(779)	558	(221)
DUB	198	0	68	266	(567)	(109)	0	(676)	(410)	114	(296)
FBF	46	0	0	46	(17)	0	0	(17)	29	0	29
GLM	9,233	1,032	0	10,265	(1,703)	(1,679)	0	(3,382)	6,883	(10,140)	(3,257)
GST	0	0	0	0	0	0	(35)	(35)	(35)	0	(35)
HUS	3,473	0	0	3,473	(888)	(473)	(23)	(1,384)	2,089	(2,340)	(251)
IND	0	0	0	0	(16)	0	0	(16)	(16)	0	(16)
JPM	20,445	0	0	20,445	(4,238)	(1,250)	0	(5,488)	14,957	(15,120)	(163)

	Financial Derivative Assets				Financial Derivative Liabilities						
Counterparty	Forward Foreign Currency Contracts	Purchased Options	Swap Agreements	Total Over the Counter	Forward Foreign Currency Contracts	Written Options	Swap Agreements	Total Over the Counter	Net Market Value of OTC Derivatives	Collateral Pledged/ (Received)	Net Exposure[5]
MSB	$ 19,847	$ 0	$ 0	$ 19,847	$ 0	$ (64)	$ 0	$ (64)	$ 19,783	$ (18,290)	$ 1,493
MYC	0	336	0	336	0	(415)	0	(415)	(79)	(151)	(230)
NGF	3,590	0	0	3,590	0	0	0	0	3,590	(3,392)	198
RYL	958	0	0	958	0	(1,226)	0	(1,226)	(268)	105	(163)
SCX	2,232	0	0	2,232	(7,685)	0	0	(7,685)	(5,453)	7,101	1,648
UAG	454	0	0	454	(760)	(115)	0	(875)	(421)	473	52
Total Over the Counter	**$ 82,373**	**$ 4,591**	**$ 68**	**$ 87,032**	**$ (23,014)**	**$ (10,605)**	**$ (167)**	**$ (33,786)**			

(p) Securities with an aggregate market value of $9,274 have been pledged as collateral for financial derivative instruments as governed by International Swaps and Derivatives Association, Inc. master agreements as of June 30, 2018.

(1) 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.

(2) Implied credit spreads, represented in absolute terms, utilized in determining the market value of credit default swap agreements on corporate 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.

(3) 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.

(4) The prices and resulting values for credit default swap agreements on credit indices 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.

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

FAIR VALUE OF FINANCIAL DERIVATIVE INSTRUMENTS

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

Fair Values of Financial Derivative Instruments on the Statement of Assets and Liabilities as of June 30, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Financial Derivative Instruments - Assets						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ 26	$ 26
Futures	0	0	0	0	1,698	1,698
Swap Agreements	0	258	0	0	2,328	2,586
	$ 0	$ 258	$ 0	$ 0	$ 4,052	$ 4,310
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 82,373	$ 0	$ 82,373
Purchased Options	0	2	0	0	4,589	4,591
Swap Agreements	0	68	0	0	0	68
	$ 0	$ 70	$ 0	$ 82,373	$ 4,589	$ 87,032
	$ 0	$ 328	$ 0	$ 82,373	$ 8,641	$ 91,342
Financial Derivative Instruments - Liabilities						
Exchange-traded or centrally cleared						
Written Options	$ 0	$ 0	$ 0	$ 0	$ 112	$ 112
Futures	0	0	0	0	4,823	4,823
Swap Agreements	0	1	0	0	243	244
	$ 0	$ 1	$ 0	$ 0	$ 5,178	$ 5,179
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 23,014	$ 0	$ 23,014
Written Options	0	21	0	4,166	6,418	10,605
Swap Agreements	0	167	0	0	0	167
	$ 0	$ 188	$ 0	$ 27,180	$ 6,418	$ 33,786
	$ 0	$ 189	$ 0	$ 27,180	$ 11,596	$ 38,965

The effect of Financial Derivative Instruments on the Statement of Operations for the period ended June 30, 2018:

	Derivatives not accounted for as hedging instruments					
	Commodity Contracts	Credit Contracts	Equity Contracts	Foreign Exchange Contracts	Interest Rate Contracts	Total
Net Realized Gain (Loss) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ 594	$ 594
Written Options	0	0	0	0	961	961
Futures	0	0	0	0	(33,448)	(33,448)
Swap Agreements	0	850	0	0	27,477	28,327
	$ 0	$ 850	$ 0	$ 0	$ (4,416)	$ (3,566)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ (126,925)	$ 0	$ (126,925)
Purchased Options	0	(32)	0	(9)	(12)	(53)
Written Options	0	307	0	7,573	1,250	9,130
Swap Agreements	0	198	0	0	(129)	69
	$ 0	$ 473	$ 0	$ (119,361)	$ 1,109	$ (117,779)
	$ 0	$ 1,323	$ 0	$ (119,361)	$ (3,307)	$ (121,345)
Net Change in Unrealized Appreciation (Depreciation) on Financial Derivative Instruments						
Exchange-traded or centrally cleared						
Purchased Options	$ 0	$ 0	$ 0	$ 0	$ (502)	$ (502)
Written Options	0	0	0	0	31	31
Futures	0	0	0	0	(21,085)	(21,085)
Swap Agreements	0	(294)	0	0	(7,980)	(8,274)
	$ 0	$ (294)	$ 0	$ 0	$ (29,536)	$ (29,830)
Over the counter						
Forward Foreign Currency Contracts	$ 0	$ 0	$ 0	$ 166,029	$ 0	$ 166,029
Purchased Options	0	(5)	0	0	1,792	1,787
Written Options	0	72	0	(2,741)	(3,671)	(6,340)
Swap Agreements	0	(291)	0	0	174	(117)
	$ 0	$ (224)	$ 0	$ 163,288	$ (1,705)	$ 161,359
	$ 0	$ (518)	$ 0	$ 163,288	$ (31,241)	$ 131,529

FAIR VALUE MEASUREMENTS

The following is a summary of the fair valuations according to the inputs used as of June 30, 2018 in valuing the Portfolio's assets and liabilities:

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2018
Investments in Securities, at Value				
Loan Participations and Assignments	$ 0	$ 14,582	$ 9,902	$ 24,484
Corporate Bonds & Notes				
Banking & Finance	0	2,010,349	0	2,010,349
Industrials	0	527,919	3,810	531,729
Utilities	0	224,029	0	224,029
Municipal Bonds & Notes				
California	0	433	0	433
Illinois	0	15,508	0	15,508
Iowa	0	427	0	427
New Jersey	0	10,097	0	10,097
U.S. Government Agencies	0	3,631,019	0	3,631,019
U.S. Treasury Obligations	0	1,120,041	0	1,120,041
Non-Agency Mortgage-Backed Securities	0	597,358	0	597,358
Asset-Backed Securities	0	1,107,030	0	1,107,030
Sovereign Issues	0	448,102	0	448,102
Short-Term Instruments				
Certificates of Deposit	0	66,763	0	66,763
Commercial Paper	0	108,232	0	108,232
Short-Term Notes	0	13,168	0	13,168
Argentina Treasury Bills	0	73,052	0	73,052
Greece Treasury Bills	0	101,423	0	101,423
Japan Treasury Bills	0	751,211	0	751,211
Nigeria Treasury Bills	0	2,964	0	2,964
U.S. Treasury Bills	0	15,841	0	15,841
	$ 0	$ 10,839,548	$ 13,712	$ 10,853,260

Category and Subcategory	Level 1	Level 2	Level 3	Fair Value at 06/30/2018
Investments in Affiliates, at Value				
Short-Term Instruments				
Central Funds Used for Cash Management Purposes	$ 604,080	$ 0	$ 0	$ 604,080
Total Investments	$ 604,080	$ 10,839,548	$ 13,712	$ 11,457,340
Financial Derivative Instruments - Assets				
Exchange-traded or centrally cleared	1,702	2,608	0	4,310
Over the counter	0	87,032	0	87,032
	$ 1,702	$ 89,640	$ 0	$ 91,342
Financial Derivative Instruments - Liabilities				
Exchange-traded or centrally cleared	(4,823)	(356)	0	(5,179)
Over the counter	0	(33,786)	0	(33,786)
	$ (4,823)	$ (34,142)	$ 0	$ (38,965)
Total Financial Derivative Instruments	$ (3,121)	$ 55,498	$ 0	$ 52,377
Totals	$ 600,959	$ 10,895,046	$ 13,712	$ 11,509,717

There were no significant transfers among Levels 1, 2, or 3 during the period ended June 30, 2018.

1. ORGANIZATION

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

(a) Securities Transactions and Investment Income Securities transactions are recorded as of the trade date for financial reporting purposes. Securities purchased or sold on a when-issued or delayed-delivery basis may be settled beyond a standard settlement period for the security after the trade date. Realized gains (losses) from securities sold are recorded on the identified cost basis. Dividend income is recorded on the ex-dividend date, except certain dividends from foreign securities where the ex-dividend date may have passed, which are recorded as soon as the Portfolio is informed of the ex-dividend date. Interest income, adjusted for the accretion of discounts and amortization of premiums, is recorded on the accrual basis from settlement date, with the exception of securities with a forward starting effective date, where interest income is recorded on the accrual basis from effective date. For convertible securities, premiums attributable to the conversion feature are not amortized. Estimated tax liabilities on certain foreign securities are recorded on an accrual basis and are reflected as components of interest income or net change in unrealized appreciation (depreciation) on investments on the Statement of Operations, as appropriate. Tax liabilities realized as a result of such security sales are reflected as a component of net realized gain (loss) on investments on the Statement of Operations. Paydown gains (losses) on mortgage-related and other asset-backed securities, if any, are recorded as components of interest income on the Statement of Operations. Income or short-term capital gain distributions received from registered investment companies, if any, are recorded as dividend income. Long-term capital gain distributions received from registered investment companies, if any, are recorded as realized gains.

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

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

(c) Multiclass Operations Each class offered by the Trust has equal rights as to assets and voting privileges (except that shareholders of a class have exclusive voting rights regarding any matter relating solely to that class of shares). Income and non-class specific expenses are allocated daily to each class on the basis of the relative net assets.

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

(d) Distributions to Shareholders Distributions from net investment income, if any, are declared daily and distributed to shareholders monthly. 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 Statements of Changes in Net Assets and have been recorded to paid in capital. In addition, other amounts have been reclassified between undistributed (overdistributed) net investment income (loss), accumulated undistributed (overdistributed) net realized gain (loss) and/or paid in capital 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 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 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.

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 Valuation Oversight Committee of the Board ("Valuation Oversight Committee"), generally based on recommendations provided by the Adviser. 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 between Levels 1 and 2 and transfers into and out of Level 3, if material, are disclosed in the Notes to Schedule of Investments for the Portfolio.

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

(c) Valuation Techniques and the Fair Value Hierarchy
Level 1 and Level 2 trading assets and trading liabilities, at fair value The valuation methods (or "techniques") and significant inputs used in determining the fair values of portfolio securities or other assets

and liabilities categorized as Level 1 and Level 2 of the fair value hierarchy are as follows:

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

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

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

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

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

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

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

Centrally cleared swaps and over the counter swaps derive their value from underlying asset prices, indices, reference rates, and other inputs or a combination of these factors. They are valued using a broker-dealer bid quotation or on market-based prices provided by Pricing Services (normally determined as of the NYSE close). Centrally cleared swaps and over the counter swaps can be valued by Pricing Services using a series of techniques, including simulation pricing models. The pricing models may use inputs that are observed from actively quoted markets such as the overnight index swap rate ("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 tables below show the Portfolio's transactions in and earnings from investments in the affiliated Funds for the period ended June 30, 2018 (amounts in thousands†):

Investment in PIMCO Short Asset Portfolio

Market Value 12/31/2017	Purchases at Cost	Proceeds from Sales	Net Realized Gain (Loss)	Change in Unrealized Appreciation (Depreciation)	Market Value 06/30/2018	Dividend Income(1)	Realized Net Capital Gain Distributions(1)
$ 220,408	$ 149,343	$ 0	$ 0	$ (188)	$ 369,563	$ 3,843	$ 0

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 06/30/2018	Dividend Income(1)	Realized Net Capital Gain Distributions(1)
$ 26,612	$ 1,918,473	$ (1,710,700)	$ 128	$ 4	$ 234,517	$ 2,173	$ 0

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

(1) 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.

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

Loan Participations, Assignments and Originations are direct debt instruments which are interests in amounts owed to lenders or lending syndicates by corporate, governmental, or other borrowers. The Portfolio's investments in loans may be in the form of participations in loans or assignments of all or a portion of loans from third parties or investments in or originations of loans by the Portfolio. A loan is often administered by a bank or other financial institution (the "agent") that acts as agent for all holders. The agent administers the terms of the loan, as specified in the loan agreement. The Portfolio may invest in multiple series or tranches of a loan, which may have varying terms and carry different associated risks. When the Portfolio purchases assignments from agents it acquires direct rights against the borrowers of the loans. These loans may include participations in bridge loans, which are loans taken out by borrowers for a short period (typically less than one year) pending arrangement of more permanent financing through, for example, the issuance of bonds, frequently high yield bonds issued for the purpose of acquisitions.

The types of loans and related investments in which the Portfolio may invest include, among others, senior loans, subordinated loans (including second lien loans, B-Notes and mezzanine loans), whole loans, commercial real estate and other commercial loans and structured loans. The Portfolio may originate loans or acquire direct interests in loans through primary loan distributions and/or in private transactions. In the case of subordinated loans, there may be significant indebtedness ranking ahead of the borrower's obligation to the holder of such a loan, including in the event of the borrower's insolvency. Mezzanine loans are typically secured by a pledge of an equity interest in the mortgage borrower that owns the real estate rather than an interest in a mortgage.

Investments in loans may include unfunded loan commitments, which are contractual obligations for funding. Unfunded loan commitments may include revolving credit facilities, which may obligate the Portfolio to supply additional cash to the borrower on demand. Unfunded loan commitments represent a future obligation in full, even though a percentage of the committed amount may not be utilized by the borrower. When investing in a loan participation, the Portfolio has the right to receive payments of principal, interest and any fees to which it is entitled only from the agent selling the loan agreement and only upon receipt of payments by the agent from the borrower. The Portfolio may receive a commitment fee based on the undrawn portion of the underlying line of credit portion of a loan. In certain circumstances, the Portfolio may receive a penalty fee upon the prepayment of a loan by a borrower. Fees earned or paid are recorded as a component of interest income or interest expense, respectively, on the Statement of Operations. Unfunded loan commitments are reflected as a liability on the Statement of Assets and Liabilities.

Mortgage-Related and Other Asset-Backed Securities directly or indirectly represent a participation in, or are secured by and payable from, loans on real property. Mortgage-related securities are created from pools of residential or commercial mortgage loans, including mortgage loans made by savings and loan institutions, mortgage bankers, commercial banks and others. These securities provide a monthly payment which consists of both interest and principal. Interest may be determined by fixed or adjustable rates. The rate of prepayments on underlying mortgages will affect the price and volatility of a mortgage-related security, and may have the effect of shortening or extending the effective duration of the security relative to what was anticipated at the time of purchase. The timely payment of principal and interest of certain mortgage-related securities is guaranteed with the full faith and credit of the U.S. Government. Pools created and guaranteed by non-governmental issuers, including government-sponsored corporations, may be supported by various forms of insurance or guarantees, but there can be no assurance that private insurers or guarantors can meet their obligations under the insurance policies or guarantee arrangements. Many of the risks of investing in mortgage-related securities secured by commercial mortgage loans reflect the effects of local and other economic conditions on real estate markets, the ability of tenants to make lease payments, and the ability of a property to attract and retain tenants. These securities may be less liquid and may exhibit greater price volatility than other types of mortgage-related or other asset-backed securities. Other asset-backed securities are created from many types of assets, including auto loans, credit card receivables, home equity loans, and student 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 Portfolio may invest in CBOs, CLOs, or other CDOs that are subordinate to other classes, and (iv) the complex structure of the security may not be fully understood at the time of investment and may produce disputes with the issuer or unexpected investment results.

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

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

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

Restricted Investments are subject to legal or contractual restrictions on resale and may generally be sold privately, but may be required to be registered or exempted from such registration before being sold to the public. Private placement securities are generally considered to be restricted except for those securities traded between qualified institutional investors under the provisions of Rule 144A of the Securities Act of 1933. Disposal of restricted investments may involve time-consuming negotiations and expenses, and prompt sale at an acceptable price may be difficult to achieve. Restricted investments held by the Portfolio at June 30, 2018 are disclosed in the Notes to Schedule of Investments.

Securities Issued by U.S. Government Agencies or Government-Sponsored Enterprises are obligations of and, in certain cases, guaranteed by, the U.S. Government, its agencies or instrumentalities. Some U.S. Government securities, such as Treasury bills, notes and bonds, and securities guaranteed by the Government National Mortgage Association ("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 Statement of Assets and Liabilities as an asset or liability, respectively.

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

5. BORROWINGS AND OTHER FINANCING TRANSACTIONS

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

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

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

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

6. FINANCIAL DERIVATIVE INSTRUMENTS

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

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

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

(b) Futures Contracts are agreements to buy or sell a security or other asset for a set price on a future date. 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 Statement of Assets and Liabilities.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

7. PRINCIPAL RISKS

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

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

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

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

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.

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

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

8. MASTER NETTING ARRANGEMENTS

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

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

Master Repurchase Agreements and Global Master Repurchase Agreements (individually and collectively "Master Repo Agreements") govern repurchase, reverse repurchase, and sale-buyback transactions between the Portfolio and select counterparties. Master Repo Agreements maintain provisions for, among other things, initiation, income payments, events of default, and maintenance of collateral. The market value of transactions under the Master Repo Agreement, collateral pledged or received, and the net exposure by counterparty as of period end are disclosed in the Notes to Schedule of Investments.

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

Customer Account Agreements and related addenda govern cleared derivatives transactions such as futures, options on futures, and cleared OTC derivatives. Such transactions require posting of initial margin as determined by each relevant clearing agency which is segregated in an account at a futures commission merchant ("FCM") registered with the Commodity Futures Trading Commission ("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 Schedule of Investments.

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

9. FEES AND EXPENSES

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

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

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

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

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

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

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

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

(d) Portfolio Expenses PIMCO provides or procures supervisory and administrative services for shareholders and also bears the costs of various third-party services required by the Portfolio, including audit, custodial, portfolio accounting, legal, transfer agency and printing costs. The Trust is responsible for the following expenses: (i) taxes and governmental fees; (ii) brokerage fees and commissions and other portfolio transaction expenses; (iii) the costs of borrowing money, including interest expense; (iv) fees and expenses of the Trustees who are not "interested persons" of PIMCO or the Trust, and any counsel retained exclusively for their benefit; (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 $36,850, plus $3,800 for each Board meeting attended in person, $775 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 $6,000, the valuation oversight committee lead receives an additional annual retainer of $4,250 (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 retainer of $2,125) and the governance committee chair receives an additional annual retainer of $2,750. The Lead Independent Trustee receives an annual retainer of $3,500.

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 June 30, 2018, there were no recoverable amounts.

10. RELATED PARTY TRANSACTIONS

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

The Portfolio is permitted to purchase or sell securities from or to certain related affiliated portfolios under specified conditions outlined in procedures adopted by the Board. The procedures have been designed to ensure that any purchase or sale of securities by the Portfolio from or to another fund or portfolio that are, or could be, considered an affiliate, or an affiliate of an affiliate, by virtue of having a common investment adviser (or affiliated investment advisers), common Trustees and/or common officers complies with Rule 17a-7 under the Act. Further, as defined under the procedures, each transaction is effected at the current market price. During the period ended June 30, 2018, the Portfolio engaged in purchases and sales of securities pursuant to Rule 17a-7 under the Act (amounts in thousands†):

Purchases	Sales
$ 9,786	$ 15,121

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

11. GUARANTEES AND INDEMNIFICATIONS

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

12. PURCHASES AND SALES OF SECURITIES

The length of time the Portfolio has held a particular security is not generally a consideration in investment decisions. A change in the securities held by the Portfolio is known as "portfolio turnover." The Portfolio may engage in frequent and active trading of portfolio securities to achieve its investment objective, particularly during periods of volatile market movements. High portfolio turnover may involve correspondingly greater transaction costs 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 the Portfolio's performance. The portfolio turnover rates are reported in the Financial Highlights.

Purchases and sales of securities (excluding short-term investments) for the period ended June 30, 2018, were as follows (amounts in thousands†):

U.S. Government/Agency		All Other	
Purchases	Sales	Purchases	Sales
$ 26,212,165	$ 25,775,008	$ 1,739,314	$ 1,200,081

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

13. SHARES OF BENEFICIAL INTEREST

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

	Six Months Ended 06/30/2018		Year Ended 12/31/2017	
	Shares	Amount	Shares	Amount
Receipts for shares sold				
Institutional Class	1,259	$ 13,491	2,046	$ 22,228
Administrative Class	22,255	239,180	42,421	460,296
Advisor Class	15,056	162,061	30,730	332,911
Issued as reinvestment of distributions				
Institutional Class	93	994	179	1,947
Administrative Class	4,609	49,299	8,401	91,410
Advisor Class	2,902	31,049	5,060	55,074
Cost of shares redeemed				
Institutional Class	(1,724)	(18,418)	(3,325)	(36,182)
Administrative Class	(37,577)	(402,858)	(87,743)	(947,606)
Advisor Class	(33,804)	(362,927)	(18,622)	(202,530)
Net increase (decrease) resulting from Portfolio share transactions	(26,931)	$ (288,129)	(20,853)	$ (222,452)

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

As of June 30, 2018, two shareholders each owned 10% or more of the Portfolio's total outstanding shares comprising 26% of the Portfolio. One of the shareholders is a related party and comprises 14% of the Portfolio. Related parties may include, but are not limited to, the investment adviser and its affiliates, affiliated broker dealers, fund of funds and directors or employees of the Trust or Adviser.

14. REGULATORY AND LITIGATION MATTERS

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

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

15. FEDERAL INCOME TAX MATTERS

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

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

In accordance with U.S. GAAP, the Adviser has reviewed the Portfolio's tax positions for all open tax years. As of June 30, 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.

Shares of the Portfolio currently are sold to segregated asset accounts ("Separate Accounts") of insurance companies that fund variable annuity contracts and variable life insurance policies ("Variable Contracts"). Please refer to the prospectus for the Separate Account and Variable Contract for information regarding Federal income tax treatment of distributions to the Separate Account.

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

As of its last fiscal year ended December 31, 2017, the Portfolio had the following post-effective capital losses with no expiration (amounts in thousands†):

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

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

As of June 30, 2018, the aggregate cost and the net unrealized appreciation/(depreciation) of investments for Federal income tax purposes are as follows (amounts in thousands†):

Federal Tax Cost	Unrealized Appreciation	Unrealized (Depreciation)	Net Unrealized Appreciation/ (Depreciation)(1)
$ 11,509,551	$ 262,089	$ (259,811)	$ 2,278

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

(1) Primary differences, if any, between book and tax net unrealized appreciation/(depreciation) are attributable to wash sale loss deferrals for Federal income tax purposes.

Counterparty Abbreviations:

AZD	Australia and New Zealand Banking Group	**DUB**	Deutsche Bank AG	**MSB**	Morgan Stanley Bank, N.A
BOA	Bank of America N.A.	**FAR**	Wells Fargo Bank National Association	**MYC**	Morgan Stanley Capital Services, Inc.
BOM	Bank of Montreal	**FBF**	Credit Suisse International	**NGF**	Nomura Global Financial Products, Inc.
BOS	Banc of America Securities LLC	**GLM**	Goldman Sachs Bank USA	**RCY**	Royal Bank of Canada
BPG	BNP Paribas Securities Corp.	**GRE**	RBS Securities, Inc.	**RYL**	Royal Bank of Scotland Group PLC
BPS	BNP Paribas S.A.	**GSC**	Goldman Sachs & Co.	**SCX**	Standard Chartered Bank
BRC	Barclays Bank PLC	**GST**	Goldman Sachs International	**TDM**	TD Securities (USA) LLC
BSN	Bank of Nova Scotia	**HUS**	HSBC Bank USA N.A.	**UAG**	UBS AG Stamford
CBK	Citibank N.A.	**IND**	Crédit Agricole Corporate and Investment Bank S.A.	**UBS**	UBS Securities LLC
CIB	Canadian Imperial Bank of Commerce	**JPM**	JP Morgan Chase Bank N.A.		

Currency Abbreviations:

ARS	Argentine Peso	**GBP**	British Pound	**RUB**	Russian Ruble
AUD	Australian Dollar	**ILS**	Israeli Shekel	**SEK**	Swedish Krona
BRL	Brazilian Real	**INR**	Indian Rupee	**SGD**	Singapore Dollar
CAD	Canadian Dollar	**JPY**	Japanese Yen	**THB**	Thai Baht
CHF	Swiss Franc	**KRW**	South Korean Won	**TRY**	Turkish New Lira
CNH	Chinese Renminbi (Offshore)	**MXN**	Mexican Peso	**USD (or $)**	United States Dollar
DKK	Danish Krone	**NGN**	Nigerian Naira	**ZAR**	South African Rand
EUR	Euro	**NOK**	Norwegian Krone		

Exchange Abbreviations:

CBOT	Chicago Board of Trade	**MSE**	Montreal Stock Exchange	**OTC**	Over the Counter

Index/Spread Abbreviations:

12MTA	12 Month Treasury Average	**COF 11**	Cost of Funds - 11th District of San Francisco	**LIBOR03M**	3 Month USD-LIBOR
BP0003M	3 Month GBP-LIBOR	**CPURNSA**	Consumer Price All Urban Non-Seasonally Adjusted Index	**US0001M**	1 Month USD Swap Rate
CDX.HY	Credit Derivatives Index - High Yield	**EUR003M**	3 Month EUR Swap Rate	**US0003M**	3 Month USD Swap Rate
CDX.IG	Credit Derivatives Index - Investment Grade	**H15T1Y**	1 Year US Treasury Yield Curve Constant Maturity Rate	**US0006M**	6 Month USD Swap Rate
CMBX	Commercial Mortgage-Backed Index	**LIBOR01M**	1 Month USD-LIBOR	**US0012M**	12 Month USD Swap Rate

Municipal Bond or Agency Abbreviations:

AGM	Assured Guaranty Municipal

Other Abbreviations:

ABS	Asset-Backed Security	**CDO**	Collateralized Debt Obligation	**OAT**	Obligations Assimilables du Trésor
ALT	Alternate Loan Trust	**CLO**	Collateralized Loan Obligation	**PIK**	Payment-in-Kind
BABs	Build America Bonds	**DAC**	Designated Activity Company	**TBA**	To-Be-Announced
BTP	Buoni del Tesoro Poliennali	**EURIBOR**	Euro Interbank Offered Rate	**TBD**	To-Be-Determined
CDI	Brazil Interbank Deposit Rate	**LIBOR**	London Interbank Offered Rate	**TBD%**	Interest rate to be determined when loan settles

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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