

# NACM Small Cap Portfolio

## Portfolio Managers



**Mark Roemer** is a portfolio manager at Nicholas-Applegate. Before joining the firm in 2001, he worked with Barclays Global Investors and at Kleinwort Benson Investment Management of London. His M.S. degrees are from London Business School and Stanford University. His B.S. is from Virginia Polytechnic Institute & State University.



**Carma Wallace, CFA**, is a Vice President and Portfolio Manager at NACM. Prior to joining NACM in 1999, she worked as a research analyst at FinEcon and a valuation economist at Thefeld, Finch and Abrams.



**Christoph Hinkelman, PhD**, is a Vice President and Portfolio Manager at NACM. He joined NACM in 2006.



**Frank Zhang, PhD**, is a Vice President at NACM. Prior to joining NACM in 2008, he spent a total of 2 years at Yale University.

## Investment Objective

The investment objective of the NACM Small Cap Portfolio is to seek capital appreciation through investments in securities of companies generally within the market capitalization range of the Russell 2000 Index.

## Inception Date

August 1, 1988

## Total Net Assets (in millions)

\$70.1

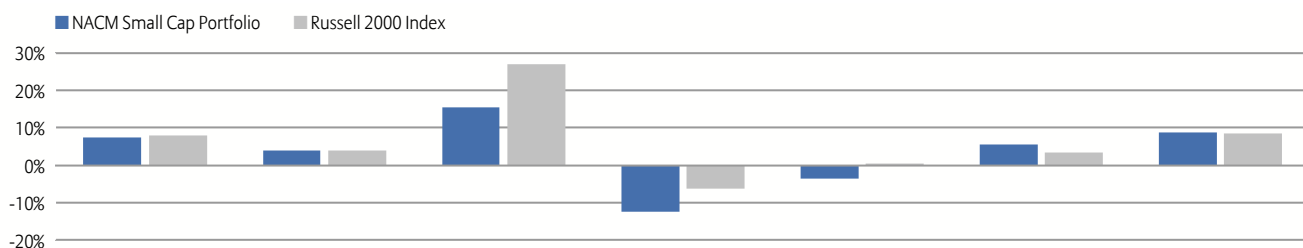
## Investment Style / Market Cap

V B G L  
M S  
Investment Style: Blend  
Market Capitalization: Small

## Portfolio Analysis

Top Ten Holdings as of 11/30/09		Asset Allocation		Sector Breakdown (excludes cash)	
VALEANT PHARMACEUTIC (VRX)	2.3%	Common Stocks	98.7%		
TEMPLE INLAND INC (TIN)	2.2%	Cash	1.3%		
COOPER TIRE & RUBR (CTB)	2.2%	<b>Equity Characteristics</b>			
JONES APPAREL GROUP (JNY)	2.1%	P/E Ratio (forward)	13.8		
GENESCO INC (GCO)	2.0%	P/B Ratio	1.5		
DEL MONTE FOODS CO (DLM)	1.7%	Historical Beta (1 year)	1.61		
CSG SYS INTL INC (CSGS)	1.5%	Wtd. Avg. Mkt. Cap (millions)	\$1.1		
NU SKIN ENTERPRISES (NUS)	1.5%	Median Mkt. Cap (millions)	\$0.8		
STANCORP FINL GROUP (SFG)	1.4%	EPS Growth (5 years historical, %)	-0.7		
CABELAS INC (CAB)	1.4%	ROE (%)	7.5		
<b>Total</b>	<b>18.3%</b>				

## Performance Analysis



## Total Return Performance

	1 Month	3 Month	1 Year	3 Year	5 Year	10 Year	Inception*
Portfolio	7.57%	3.96%	15.58%	-12.13%	-3.37%	5.66%	8.73%
Russell 2000 Index	8.05%	3.87%	27.17%	-6.06%	0.51%	3.51%	8.50%

Performance quoted represents past performance. Past performance is no guarantee 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. Performance data current to the most recent monthend is available at [www.allianzinvestors.com/premiervit](http://www.allianzinvestors.com/premiervit). Average total returns do not include fees and charges of any variable product through which this portfolio is available. If these fees and charges were reflected performance would be lower. Returns reflect portfolio-level fees and expenses, and assume reinvestment of dividends and capital gains. Returns do not reflect any variable product contract level fees or expenses, which would markedly reduce the performance shown. Returns for periods longer than one year are annualized.

\* Average Annualized Performance Since Inception.

On September 16, 1994, an investment company then called Quest for Value Accumulation Trust (the "Old Trust") was effectively divided into two investment funds, the Old Trust and the Fund, at which time the Fund commenced operations. For the period prior to September 16, 1994, the performance figures for the Small Cap Portfolio reflect the performance of the corresponding Portfolio of the Old Trust, adjusted to reflect the fees and expenses attributable to the Small Cap Portfolio. The Old Trust commenced operations on August 1, 1988.

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## Portfolio Management

### Nicholas-Applegate Capital Management (NACM)

Nicholas-Applegate believes that investing in companies undergoing positive change with sustainable characteristics and timely market recognition will result in outstanding investment performance. This investment approach is supported by a foundation of academic research in behavioral finance indicating that investors react inefficiently to changing information. This market inefficiency presents mispricing opportunities that the firm capitalizes on to earn excess return.

### Investment Strategy

Investment universe is comprised of approximately 2,200 small-cap stocks located in the U.S.

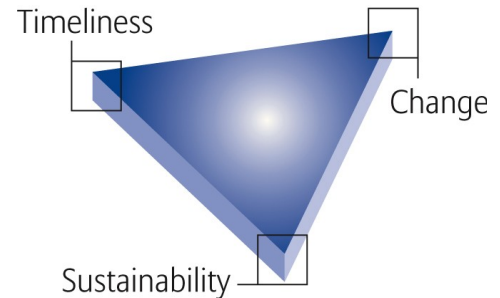
- Through a dynamic set of quantitative factors, NACM's small cap equity model identifies investment opportunities based on their prospects for positive change, sustainability and timeliness.
- The resultant model recommendations are reviewed by the portfolio management team to confirm the investment thesis.
- Proprietary optimization techniques are utilized in an effort to construct a portfolio that balances the trade-off between risk and reward.

### Principal Risks

Investments in smaller companies may be more volatile than investments in larger companies and the market for their securities may be less liquid which could lead to difficulty in exiting positions. Investing in non-U.S. securities entails additional risks, including political and economic risk and the risk of currency fluctuations; these risks may be enhanced in emerging markets. Derivative instruments are subject to risks that are different from, and potentially greater than, the assets that underlie them, in part as a result of the complexity and limited liquidity associated with such instruments. Companies offered in IPOs are typically smaller and lack operating history/experience.

### Emphasis on Change

The management team seeks to identify companies exhibiting signs of positive change, sustainable growth and timely market recognition.



*Investors should consider the investment objectives, risks, charges and expenses of the Premier VIT portfolios carefully before investing. This and other information is contained in the product prospectus, which may be obtained elsewhere at [www.allianzinvestors.com](http://www.allianzinvestors.com). Investors should read the prospectus carefully before investing.*

**Past performance is no guarantee of future results.** All data is as of 12/31/09 unless otherwise indicated. Holdings are subject to change. It is not possible to invest directly in Premier VIT. The Portfolios are available only as funding vehicles for variable insurance products.

The Russell 2000 Index is an unmanaged index that consists of the 2,000 smallest companies in the Russell 3000 Index and represents approximately 10% of the total market capitalization of the Russell 3000. It is generally considered representative of the small-cap market.

Unless otherwise noted, index returns reflect the reinvestment of income dividends 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 index.

P/E is a ratio of security price to earnings per share. Typically, an undervalued security is characterized by a low P/E ratio, while an overvalued security is characterized by a high P/E ratio. Price/Book is a ratio of the current stock price to the book value. This is used to identify undervalued stocks. Earnings Per Share (EPS) is a company's profit divided by its number of outstanding shares. Return on Equity (ROE) is a measure of a corporation's profitability, calculated as net income divided by shareholder equity. It is an indication of how well the firm used reinvested earnings to generate additional earnings.

Beta measures the market-related volatility of a portfolio, where the overall market is represented by the S&P 500 for equity portfolios and the Barclays Capital Aggregate Bond Index for fixed-income portfolios. The beta of the market is 1 by definition. A beta greater than 1 indicates that a portfolio's market risk is greater than the overall market's, while a beta less than 1 indicates a lower market risk. Low market risk does not necessarily imply low volatility. A portfolio may have a low beta while experiencing volatility due to factors independent of the market.

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