

Premier VIT

OpCap Small Cap Portfolio

**Semi-Annual Report
June 30, 2007**

2007 SEMI-ANNUAL REPORT

Premier VIT—OpCap Small Cap Portfolio

Letter to Shareholders

Dear Shareholder:

I am pleased to provide you with the semi-annual report for Premier VIT—OpCap Small Cap Portfolio (the “Portfolio”) for the six months ended June 30, 2007.

Please refer to the following page for specific Portfolio information. If you have any questions regarding the information provided, please contact your financial adviser.

Thank you for investing with us, we remain dedicated to serving your investment needs.

A handwritten signature in black ink, appearing to read "B Shlissel". The signature is fluid and cursive, with a large initial "B" and a long, sweeping underline.

Brian S. Shlissel
President & Chief Executive Officer

Premier VIT—OpCap Small Cap Portfolio

(unaudited)

Important information about the Portfolio

Investment products may be subject to various risks as described in the prospectus. Some of those risks may include, but are not limited to, the following: derivative risk, small company risk, foreign security risk and specific sector investment risks. Use of derivative instruments may involve certain costs and risks such as liquidity risk, interest rate risk, market risk, credit risk, management risk and the risk that a fund could not close out a position when it would be most advantageous to do so. Portfolios investing in derivatives could lose more than the principal amount invested in those instruments. Investing in foreign securities may entail risk due to foreign economic and political developments; this risk may be enhanced when investing in emerging markets. Smaller companies may be more volatile than larger companies and may entail more risk. Concentrating investments in individual sectors may add additional risk and additional volatility compared to a diversified equity portfolio. Please refer to a prospectus for complete details.

Form N-Q

The Portfolio files its complete schedule of portfolio holdings with the Securities and Exchange Commission (the “Commission”) for the first and third quarters of its fiscal year on Form N-Q. Form N-Q is available (i) on the Commission’s website at www.sec.gov, and (ii) may be reviewed and copied at the Commission’s Public Reference Room in Washington D.C. Information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330.

Proxy Voting

The Portfolio’s Sub-Adviser has adopted written proxy voting policies and procedures (“Proxy Policy”) as required by Rule 206(4)-6 under the Investment Advisers Act of 1940. The Proxy Policy has been adopted by the Portfolio as the policies and procedures that the Sub-Adviser will use when voting proxies on behalf of the Portfolio. Copies of the written Proxy Policy and the factors that the Sub-Adviser may consider in determining how to vote proxies for 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, is available without charge, upon request, by calling (800) 628-1237 and on the Securities and Exchange Commission’s (“SEC”) Web site at <http://www.sec.gov>.

Shareholder Expense Example

The following disclosure provides important information regarding the Shareholder’s Expense Example, which appears on the following page. Please refer to this information when reviewing the Shareholder Expense Example.

Portfolio Shareholders incur two types of costs: (1) transaction costs, and (2) ongoing costs, including management fees and other Portfolio expenses. The Shareholder Expense Example is intended to help shareholders understand 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 Shareholder Expense Example is based on an investment of \$1,000 invested at the beginning of the period and held for the entire period indicated, January 1, 2007 to June 30, 2007.

Actual Expenses

The information in the table under the heading “Actual Performance” provides information about actual account values and actual expenses. Shareholders may use the information in these columns, together with the amount invested, to estimate the expenses that were 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 row entitled “Expenses Paid” 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 Performance (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 that were paid for the period. Shareholders may use this information to compare the ongoing costs of investing in the Portfolio and other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds.

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

Expense ratios may vary from period to period due to fluctuation in Portfolio size and expenses.

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Premier VIT—OpCap Small Cap Portfolio

(unaudited)

- U.S. stocks rose solidly during the six month period ended June 30, 2007. Corporate earnings and cash levels remained strong and investors largely brushed off concerns about weakness in the housing and mortgage markets. Mid and large cap stocks outperformed small cap stocks during the period and growth-oriented stocks outpaced value stocks decisively, particularly among small companies.
- Stock selections in financials was the most significant contributor to outperformance during the period. Fund manager Affiliated Managers rose on news the firm had purchased up to a one-quarter stake in AQR Capital Management, a successful hedge fund manager that had experienced a near tripling of assets since the fourth quarter of 2004. This company, which invests in mid-sized asset management companies, also beat analyst estimates for the period. Insurance brokerage Hub International advanced on news the company would be purchased by Apax Partners and Morgan Stanley's principal investment unit. The acquisition would provide new capital that will enable Hub to expand offerings in both the Southwest and Southeast markets.
- Stock selection in health care benefited returns relative to the benchmark. Emergency Medical Services, a provider of ambulance and emergency staffing services, rose as first quarter profits more than doubled. The company attributed the improvement to higher per-patient revenues, an increase in patients and favorable results from risk-mitigation programs.
- In the industrial sector, Dynamic Materials, a leading provider of explosion-welded metal plates for the energy industry, advanced on increased sales and strong demand for its products. Company management attributed the rise in part to receiving earlier-than-anticipated deliveries of select source metals as well as being able to utilize select new equipment as part of the company's capacity expansion program.
- Stock selection in information technology detracted from performance. Semiconductor company Silicon Image weakened after the company posted disappointing fourth quarter earnings and projected first quarter revenues well below Wall Street's forecasts.

Total Returns for the periods ended 6/30/07

	Six months	1 year	5 year*	10 year*
OpCap Small Cap Portfolio	7.71%	20.32%	12.18%	10.11%
Russell 2000 Index	6.45%	16.43%	13.88%	9.06%

Performance quoted represents past performance. Past performance is no guarantee of future results. Investment return and the principal value of an investment will fluctuate. Shares may be worth more or less than original cost when redeemed. Current performance may be lower or higher than performance shown. For performance current to the most recent month-end, please visit <http://www.allianzinvestors.com/PremierVIT>. Total return calculations do not reflect charges imposed by the Variable Accounts, assumes reinvestment of all dividends and distributions and do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of shares. Total return for a period of less than one year is not annualized.

* Average Annual Total Return

Shareholder Expense Example for the period ended 6/30/07

	Beginning Value	Ending Value	Expenses Paid
Actual Performance	\$1,000.00	\$1,077.10	\$4.89
Hypothetical Performance (5% return before expenses)	\$1,000.00	\$1,020.08	\$4.76

Expenses are equal to the Portfolio's annualized expense ratio of 0.95%; multiplied by the average account value over the period, multiplied by 181/365 (to reflect the number of days in the period).

Top Ten Industries as of 6/30/07

(% of net assets)

Financial Services	10.2%
Commercial Services	9.3%
Computer Software	7.9%
Healthcare & Hospitals	6.5%
Insurance	5.7%
Oil & Gas	5.3%
Apparel & Textiles	5.1%
Real Estate	4.8%
Retail	4.1%
Building/Construction	3.9%

**Premier VIT
OpCap Small Cap Portfolio
SCHEDULE OF INVESTMENTS**

**June 30, 2007
(unaudited)**

<u>Shares</u>	<u>Value</u>	<u>Shares</u>	<u>Value</u>
COMMON STOCK — 98.4%		Diversified Manufacturing — 2.5%	
Aerospace — 1.3%		76,700	Hexcel Corp. (a) \$ 1,616,069
66,800	AAR Corp. (a) \$ 2,205,068	94,500	Reddy Ice Holdings, Inc. 2,695,140
			4,311,209
Airlines — 1.5%		Electronics — 0.7%	
126,000	Republic Airways Holdings, Inc. (a) 2,564,100	113,400	Photon Dynamics, Inc. (a) 1,236,060
Apparel & Textiles — 5.1%		Financial Services — 10.2%	
165,900	Iconix Brand Group, Inc. (a) . . 3,686,298	25,443	Affiliated Managers Group, Inc. (a) 3,276,041
65,300	Oxford Industries, Inc. 2,895,402	64,000	Boston Private Financial Holdings, Inc. 1,719,680
76,900	Wolverine World Wide, Inc. . . . 2,130,899	77,500	Investment Technology Group, Inc. (a) 3,358,075
	8,712,599	79,600	Pacific Capital Bancorp 2,147,608
Automotive — 1.6%		57,600	Prosperity Bancshares, Inc. . . . 1,886,976
67,500	Keystone Automotive Industries, Inc. (a) 2,792,475	98,500	Renasant Corp. 2,239,890
Building/Construction — 3.9%		81,300	Signature Bank & Trust (a) 2,772,330
78,000	Goodman Global, Inc. (a) 1,733,160		17,400,600
43,600	NCI Building Systems, Inc. (a) . . 2,150,788	Food & Beverage — 1.4%	
113,500	Williams Scotsman International, Inc. (a) 2,702,435	75,421	Performance Food Group Co. (a) . . 2,450,428
	6,586,383	Healthcare & Hospitals — 6.5%	
Commercial Services — 9.3%		92,800	Abaxis, Inc. (a) 1,935,808
63,600	Bright Horizons Family Solutions, Inc. (a) 2,474,676	94,300	Healthcare Services Group, Inc. . . 2,781,850
101,100	Geo Group, Inc. (a) 2,942,010	69,200	Nektar Therapeutics, Inc. (a) . . . 656,708
140,900	Global Cash Access Holdings, Inc. (a) 2,257,218	80,400	Immunor, Inc. (a) 2,248,788
129,400	H&E Equipment Services, Inc. (a) 3,589,556	110,200	Symmetry Medical, Inc. (a) 1,764,302
76,200	Parexel International Corp. (a) . . 3,204,972	31,000	Vital Signs, Inc. 1,722,050
59,600	Rollins, Inc. 1,357,092		11,109,506
	15,825,524	Household Products — 2.8%	
Computer Services — 1.1%		111,500	Central Garden and Pet Co., Class A (a) 1,307,895
38,400	CACI International, Inc., Class A (a) 1,875,840	81,500	Jarden Corp. (a) 3,505,315
			4,813,210
Computer Software — 7.9%		Insurance — 5.7%	
86,700	Blackbaud, Inc. 1,914,336	37,100	Delphi Financial Group, Inc., . . . 1,551,522
426,300	Borland Software Corp. (a) 2,532,222	71,300	First Mercury Financial Corp. (a) 1,495,161
166,100	Glu Mobile, Inc. (a) 2,308,790	152,588	RAM Holdings Ltd. (a) 2,403,261
256,100	Informatica Corp. (a) 3,782,597	37,100	RLI Corp. 2,075,745
94,900	THQ, Inc. (a) 2,896,348	32,779	Triad Guaranty, Inc. (a) 1,308,865
	13,434,293	24,000	United Fire & Casualty Co. 849,120
			9,683,674
Consumer Services — 1.0%		Machinery — 1.0%	
40,800	Macquarie Infrastructure Co. LLC, UNIT 1,692,384	41,800	Astec Industries, Inc. (a) 1,764,796

**Premier VIT
OpCap Small Cap Portfolio
SCHEDULE OF INVESTMENTS**

**June 30, 2007
(unaudited) (continued)**

Shares	Value	Shares	Value
COMMON STOCK (continued)		Storage/Warehousing — 0.9%	
Metal Fabricate/Hardware — 1.1%		55,100	Mobile Mini, Inc. (a) \$ 1,608,920
53,100	AM Castle & Co. \$ 1,906,821	Technology — 2.7%	
Metals & Mining — 3.8%		112,900	Microsemi Corp. (a) 2,703,955
101,300	Claymont Steel Holdings, Inc. (a) 2,654,499	118,600	Phase Forward, Inc. (a) 1,996,038
124,100	Dynamic Materials Corp. 3,798,750	4,699,993	
		Telecommunications — 2.7%	
		50,400	Comtech Telecommunications Corp. (a) 2,339,568
158,400	World Wrestling Entertainment, Inc. 2,532,816	177,700	Syniverse Holdings, Inc. (a) 2,285,222
		4,624,790	
Oil & Gas — 5.3%		Utilities — 1.3%	
24,176	FMC Technologies, Inc. (a) . . . 1,915,223	72,900	Atmos Energy Corp. 2,191,374
127,200	Rosetta Resources, Inc. (a) . . . 2,739,888	Total Common Stock	
22,200	Universal Compression Holdings, Inc. (a) 1,608,834	(cost-\$143,765,599) 168,248,351	
103,100	Vectren Corp. 2,776,483		
		9,040,428	
Pharmaceuticals — 2.9%		EXCHANGE-TRADED FUNDS — 0.5%	
90,900	Nastech Pharmaceutical Co., Inc. (a) 991,719	11,000	iShares Russell 2000 Index Fund (cost-\$913,777) 912,560
198,700	Perrigo Co. 3,890,546	Principal Amount (000)	
		4,882,265	
Real Estate (REIT) — 4.8%		SHORT-TERM INVESTMENT — 1.1%	
207,800	Ashford Hospitality Trust, Inc. 2,443,728	U.S. Government Agency	
50,400	Cousins Properties, Inc. 1,462,104	Discount Notes — 1.1%	
97,400	Crystal River Capital, Inc. . . . 2,364,872	\$1,830	Federal Home Loan Bank, 4.80%, 7/2/07 (cost-\$1,829,756) 1,829,756
147,442	Medical Properties Trust, Inc. . . 1,950,658	Total Investments	
		(cost-\$146,509,132) 100.0% 170,990,667	
		Liabilities in excess of other assets (0.0)% (1,269)	
		Net Assets 100.0% \$170,989,398	
Retail — 4.1%			
122,700	A.C. Moore Arts & Crafts, Inc. (a) 2,406,147	Notes to Schedule of Investments:	
48,000	Aeropostale, Inc. (a) 2,000,640	(a) Non-income producing.	
175,300	Carrols Restaurant Group, Inc. (a) 2,673,325	Glossary:	
		REIT - Real Estate Investment Trust	
		UNIT - More than one class of securities traded together.	
		7,080,112	
Semi-conductors — 3.8%			
139,700	Fairchild Semiconductor International, Inc. (a) 2,699,004		
134,900	Mattson Technology, Inc. (a) . . 1,308,530		
296,100	Silicon Image, Inc. (a) 2,540,538		
		6,548,072	

See accompanying notes to financial statements

**Premier VIT
OpCap Small Cap Portfolio
STATEMENT OF ASSETS AND LIABILITIES**

**June 30, 2007
(unaudited)**

Assets:

Investments, at value (cost-\$146,509,132)	\$170,990,667
Cash	26,863
Receivable for investments sold	302,241
Dividends receivable	237,156
Receivable from shares of beneficial interest sold	23,906
Prepaid expenses	9,637
Total Assets	<u>171,590,470</u>

Liabilities:

Payable for investments purchased	213,750
Deferred trustees' retirement plan expense	116,472
Investment advisory fees payable	114,282
Payable for shares of beneficial interest redeemed	100,000
Accrued expenses	56,568
Total Liabilities	<u>601,072</u>
Net Assets	<u><u>\$170,989,398</u></u>

Composition of Net Assets:

Beneficial interest shares of \$0.01 per value (unlimited number authorized)	\$54,699
Paid-in-capital in excess of par	129,720,519
Undistributed net investment income	87,009
Accumulated net realized gain	16,645,636
Net unrealized appreciation of investments	24,481,535
Net Assets	<u>\$170,989,398</u>
Shares outstanding	<u>5,469,909</u>
Net asset value, offering price and redemption price per share	<u><u>\$31.26</u></u>

See accompanying notes to financial statements.

**Premier VIT
OpCap Small Cap Portfolio
STATEMENT OF OPERATIONS**

**For the six months ended June 30, 2007
(unaudited)**

Investment Income:	
Dividends	\$ 921,336
Interest	<u>85,386</u>
Total investment income	<u>1,006,722</u>
Expenses:	
Investment advisory fees	691,054
Shareholder communications	33,664
Trustees' fees and expenses	24,676
Custodian fees	21,364
Audit and tax services	14,961
Transfer agent fees	12,609
Legal fees	12,517
Insurance expense	2,514
Miscellaneous	<u>3,205</u>
Total expenses	816,564
Less: custody credits earned on cash balances	<u>(344)</u>
Net expenses	<u>816,220</u>
Net investment income	<u>190,502</u>
Realized and Change in Unrealized Gain (Loss):	
Net realized gain on investments	16,675,467
Net change in unrealized appreciation/depreciation of investments	<u>(3,980,893)</u>
Net realized and change in unrealized gain on investments	<u>12,694,574</u>
Net increase in net assets resulting from investment operations	<u><u>\$12,885,076</u></u>

See accompanying notes to financial statements.

Premier VIT
OpCap Small Cap Portfolio
STATEMENT OF CHANGES IN NET ASSETS

	<u>Six Months ended June 30, 2007 (unaudited)</u>	<u>Year ended December 31, 2006</u>
Investment Operations:		
Net investment income (loss)	\$ 190,502	\$ (105,716)
Net realized gain on investments	16,675,467	36,244,865
Net change in unrealized appreciation/depreciation of investments	<u>(3,980,893)</u>	<u>5,154,542</u>
Net increase in net assets resulting from investment operations	<u>12,885,076</u>	<u>41,293,691</u>
Distributions to Shareholders from net realized gains	<u>(36,111,252)</u>	<u>(10,879,114)</u>
Share Transactions:		
Net proceeds from the sale of shares	8,623,659	13,490,308
Reinvestment of distributions	36,111,252	10,879,114
Cost of shares redeemed	<u>(25,720,490)</u>	<u>(69,727,418)</u>
Net increase (decrease) in net assets from share transactions	<u>19,014,421</u>	<u>(45,357,996)</u>
Total decrease in net assets	<u>(4,211,755)</u>	<u>(14,943,419)</u>
Net Assets:		
Beginning of period	<u>175,201,153</u>	<u>190,144,572</u>
End of period including undistributed (dividends in excess of) net investment income of \$87,009 and \$(103,493), respectively)	<u>\$170,989,398</u>	<u>\$175,201,153</u>
Shares Issued and Redeemed:		
Issued	229,895	401,984
Issued in reinvestment of distributions	1,150,772	329,071
Redeemed	<u>(679,145)</u>	<u>(2,042,175)</u>
Net increase (decrease)	<u>701,522</u>	<u>(1,311,120)</u>

See accompanying notes to financial statements.

Premier VIT
OpCap Small Cap Portfolio
FINANCIAL HIGHLIGHTS

For a share of beneficial interest outstanding throughout each period:

	Six Months ended June 30, 2007 (unaudited)	Year ended December 31,				
	2006	2005	2004	2003	2002	
Net asset value, beginning of period	\$36.74	\$31.28	\$36.15	\$30.68	\$21.52	\$32.26
Investment Operations:						
Net investment income (loss)	0.04	(0.03)	(0.12)	(0.11)	0.05	0.03
Net realized and change in unrealized gain (loss) on investments	2.82	7.36	(0.13)	5.59	9.12	(6.18)
Total income (loss) from investment operations	2.86	7.33	(0.25)	5.48	9.17	(6.15)
Dividends and Distributions to Shareholders from:						
Net investment income	—	—	—	(0.01)	(0.01)	(0.02)
Net realized gains	(8.34)	(1.87)	(4.62)	—	—	(4.57)
Total dividends and distributions to shareholders	(8.34)	(1.87)	(4.62)	(0.01)	(0.01)	(4.59)
Net asset value, end of period	\$31.26	\$36.74	\$31.28	\$36.15	\$30.68	\$21.52
Total Return (1)	7.71%	24.08%	0.06%	17.88%	42.65%	(21.64)%
Ratios/Supplemental data:						
Net assets, end of period (000's)	\$170,989	\$175,201	\$190,145	\$275,319	\$248,950	\$174,593
Ratio of expenses to average net assets (2)	0.95%(3)	0.93%	0.92%	0.91%	0.93%	0.91%
Ratio of net investment income (loss) to average net assets	0.22%(3)	(0.06)%	(0.32)%	(0.30)%	0.23%	0.12%
Portfolio Turnover	30%	99%	94%	102%	136%	147%

- (1) Assumes reinvestment of all dividends and distributions. Total return for a period of less than one year is not annualized.
- (2) Inclusive of custody expenses offset by credits earned on cash balances at the custodian bank (See 1(G) in Notes to Financial Statements).
- (3) Annualized.

See accompanying notes to financial statements.

Premier VIT
OpCap Small Cap Portfolio
NOTES TO FINANCIAL STATEMENTS

June 30, 2007
(unaudited)

(1) Organization and Significant Accounting Policies

Premier VIT (the “Trust”), was organized May 12, 1994 as a Massachusetts business trust and is registered under the Investment Company Act of 1940, as amended (the “1940 Act”), as a diversified, open-end management investment company. The Trust is authorized to issue an unlimited number of shares of beneficial interest at \$0.01 par value. The Trust is comprised of the: NFJ Dividend Income Portfolio, OpCap Balanced Portfolio, OpCap Equity Portfolio, OpCap Global Equity Portfolio, OpCap Managed Portfolio, OpCap Mid Cap Portfolio, OpCap Renaissance Portfolio and OpCap Small Cap Portfolio (the “Portfolio”). OpCap Advisors LLC (the “Investment Adviser”) serves as the Trust’s investment adviser. The Investment Adviser is an indirect wholly-owned subsidiary of Allianz Global Investors of America L.P. (“Allianz Global”). Allianz Global is an indirect majority-owned subsidiary of Allianz SE.

The Portfolio’s objective is to seek capital appreciation through a diversified portfolio consisting primarily of securities of companies with market capitalizations of under \$2 billion at the time of purchase.

The accompanying financial statements and notes thereto are those of the Portfolio. The financial statements of the other portfolios are presented in separate reports. The Trust is an investment vehicle for variable annuity and variable life insurance contracts of various life insurance companies and qualified pension and retirement plans.

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

In the normal course of business, the Trust enters into contracts that contain a variety of representations which provide general indemnifications. The Trust’s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet been asserted. However, the Trust expects the risk of any loss to be remote.

In July 2006, the Financial Accounting Standards Board issued Interpretation No. 48, “Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109” (the “Interpretation”). The Interpretation establishes for all entities, including pass-through entities such as the Fund, a minimum threshold for financial statement recognition of the benefit of positions taken in filing tax returns (including whether an entity is taxable in a particular jurisdiction), and requires certain expanded tax disclosures. The Interpretation is effective for fiscal years beginning after December 15, 2006, and is to be applied to all open tax years as of the date of effectiveness. The Securities & Exchange Commission announced that it would not object if a fund implements the Interpretation in its NAV calculation as late as its last NAV calculation in the first required financial statement reporting period for its fiscal year beginning after December 15, 2006. Fund management has determined that its evaluation of the Interpretation has resulted in no impact to the Portfolio’s financial statements at June 30, 2007.

In September 2006, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (“SFAS”) 157, Fair Value Measurements, which clarifies the definition of fair value and requires companies to expand their disclosure about the use of fair value to measure assets and liabilities in interim and annual periods subsequent to initial recognition. Adoption of SFAS 157 requires the use of the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. At this time, the Fund is in the process of reviewing the SFAS 157 against its current valuation policies to determine future applicability.

Premier VIT
OpCap Small Cap Portfolio
NOTES TO FINANCIAL STATEMENTS

June 30, 2007
(unaudited) (continued)

(1) Organization and Significant Accounting Policies (continued)

The following is a summary of significant accounting policies followed by the Portfolio:

(A) Valuation of Investments

Portfolio securities and other financial instruments for which market quotations are readily available are stated at market value. Portfolio securities and other financial instruments for which market quotations are not readily available or if a development/event occurs that may significantly impact the value of a security, are fair-valued, in good faith, pursuant to guidelines established by the Board of Trustees. Portfolio securities and other financial instruments listed on a national securities exchange or traded in the over-the-counter National Market System are valued each business day at the last reported sales price; if there are no such reported sales, securities are valued at their last quoted bid price. Other Portfolio securities traded over-the-counter and not part of the National Market System are valued at the last quoted bid price. The market value for NASDAQ National Market and Small Cap securities may also be calculated using the NASDAQ Official Closing Price instead of the last reported sales price. Short-term securities maturing in 60 days or less are valued at amortized cost if their original term to maturity was 60 days or less or by amortizing their value on the 61st day prior to maturity, if their original term to maturity exceeded 60 days. The prices used by the Portfolio to value securities may differ from the value that would be realized if the securities were sold and the differences could be material to the financial statements. The Portfolio's net asset value is determined daily at the close of regular trading (normally, 4:00 p.m. Eastern Time) on the New York Stock Exchange ("NYSE") on each day the NYSE is open for business.

(B) Investment Transactions and Other Income

Investment transactions are accounted for on the trade date. Realized gains and losses from the sale of investments are determined on the identified cost basis. Dividend income is recorded on the ex-dividend date. Interest income is accrued as earned. Discounts or premiums on debt securities purchased are accreted or amortized to interest income over the lives of the respective securities using the effective interest method. Payments received from certain investments may be comprised of dividends, realized gains and return of capital. These payments may initially be recorded as dividend income and may subsequently be reclassified as realized gains and/or return of capital upon receipt of information from the issuer.

(C) Federal Income Taxes

The Portfolio intends to distribute all of its taxable income and to comply with the other requirements of the U.S. Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, no provision for U.S. federal income taxes is required.

(D) Dividends and Distributions

Dividends and distributions to shareholders from net investment income and net realized capital gains, if any, are declared and paid at least annually. The Portfolio records dividends and distributions to its shareholders on the ex-dividend date. The amount of dividends and distributions is determined in accordance with federal income tax regulations, which may differ from generally accepted accounting principles. These "book-tax" differences are considered either temporary or permanent in nature. To the extent these differences are permanent in nature, such amounts are reclassified within the capital accounts based on their federal income tax treatment; temporary differences do not require reclassification. To the extent dividends and/or distributions exceed current and accumulated earnings and profits for federal income tax purposes, they are reported as dividends and/or distributions of paid-in-capital in excess of par.

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(1) Organization and Significant Accounting Policies (continued)

(E) Allocation of Expenses

Expenses specifically identifiable to the Portfolio are borne by the Portfolio. Other expenses are allocated to each portfolio of the Trust based on its net assets in relation to the total net assets of all applicable portfolios of the Trust or on another reasonable basis.

(F) Trustees' Retirement Plan

The trustees have adopted a Retirement Plan (the "Plan"). The Plan provides for payments upon retirement to independent trustees based on the average annual compensation paid to them during their five highest paid years of service. An independent trustee must serve for a minimum of seven years (or such lesser period as may be approved by the Board of Trustees) to become eligible to receive benefits. At June 30, 2007, the Portfolio's payable in connection with the Plan was \$116,472, of which \$2,817 was accrued during the six months ended June 30, 2007.

(G) Custody Credits Earned on Cash Balances

The Portfolio has an expense offset arrangement with its custodian bank whereby uninvested cash balances earn credits which reduce monthly custodian fees. Had these cash balances been invested in income producing securities, they would have generated income for the Portfolio.

(2) Investment Adviser/Sub-Adviser/Distributor

The Portfolio has an Investment Management Agreement (the "Agreement") with the Investment Adviser. Subject to the supervision of the Trust's Board of Trustees, the Investment Adviser is responsible for managing, either directly or through others selected by it, the Portfolio's investment activities, business affairs, and administrative matters. Pursuant to the Agreement, the Investment Adviser receives an annual fee, payable monthly, at an annual rate of 0.80% on the first \$400 million of the Portfolio's average daily net assets, 0.75% on the next \$400 million of average daily net assets and 0.70% of average daily net assets thereafter. The Investment Adviser is contractually obligated to waive that portion of the advisory fee and to assume any necessary expense in order to limit total operating expenses of the Portfolio to 1.00% of average daily net assets (net of any custody credits earned on cash balances at the custodian bank) on an annual basis. The Investment Adviser has retained its affiliate, Oppenheimer Capital LLC (the "Sub-Adviser"), to manage the Portfolio's investments. The Investment Adviser and not the Portfolio pays a portion of the fees it receives to the Sub-Adviser in return for its services.

Allianz Global Investors Distributors LLC ("the Distributor"), an affiliate of the Investment Adviser, serves as the distributor of the Trust's shares. Pursuant to a Distribution Agreement with the Trust, the Investment Adviser on behalf of the Portfolio pays the Distributor.

(3) Investments in Securities

For the six months ended June 30, 2007, purchases and sales of securities, other than short-term securities, aggregated \$51,756,439 and \$66,644,604, respectively.

(4) Income Tax Information

The cost basis of portfolio securities of \$146,509,132 is substantially the same for both federal income tax and financial reporting purposes. Aggregated gross unrealized appreciation for securities in which there is an excess of value over tax cost is \$28,100,589; aggregate gross unrealized depreciation for securities in which there is an excess of tax cost over value is \$3,619,054; net unrealized appreciation for federal income tax purposes is \$24,481,535.

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(5) Legal Proceedings

In June and September 2004, certain affiliates of the Investment Adviser (the “Affiliates”) including the Distributor and Allianz Global, agreed to settle, without admitting or denying the allegations, claims brought by the Securities and Exchange Commission (the “Commission”), the New Jersey Attorney General and the California Attorney General alleging violations of federal and state securities laws with respect to certain open-end funds for which one of the Affiliates serves as investment adviser. Two settlements (with the Commission and New Jersey) related to an alleged “market timing” arrangement in certain open-end funds subadvised by another of the Affiliates. Two settlements (with the Commission and California) related to the alleged use of cash and fund portfolio commissions to finance “shelf-space” arrangements with broker-dealers for open-end funds. The Affiliates agreed to pay a total of \$68 million to settle the claims related to market timing and \$20.6 million to settle the claims related to shelf-space. In addition to monetary payments, the settling parties agreed to undertake certain corporate governance, compliance and disclosure reforms related to market timing, brokerage commissions, revenue sharing and shelf-space arrangements, and consented to cease and desist orders and censures. None of the settlements alleged that any inappropriate activity took place with respect to the Portfolio.

Since February 2004, the Affiliates and their employees have been named as defendants in a number of pending lawsuits concerning “market timing,” and “revenue sharing/shelf-space/directed brokerage,” which allege the same or similar conduct underlying the regulatory settlements discussed above. The market timing lawsuits have been consolidated in a multi-district litigation proceeding in the United States District Court for the District of Maryland, and the revenue sharing/shelf-space/directed brokerage lawsuits have been consolidated in the United States District Court for the District of Connecticut. Any potential resolution of these matters may include, but not be limited to, judgments or settlements for damages against the Affiliates or related injunctions.

The Affiliates believe that these matters are not likely to have a material adverse effect on the Portfolio or on their ability to perform their respective investment advisory and distribution activities relating to the Portfolio.

The foregoing speaks only as of the date hereof.

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The Investment Company Act of 1940 requires that both the full Board of Trustees (the “Trustees”) and a majority of the non-interested (“independent”) Trustees, voting separately, approve the Trust’s Investment Advisory Agreement (the “Advisory Agreement”) with the Investment Adviser and the Portfolio Management Agreements (the “Sub-Advisory Agreements” and together with the Advisory Agreement the “Agreements”) between the Investment Adviser and the Sub-Advisers, as it pertains to the Portfolios of the Trust. The Trustees met on February 6, 2007 (the “contract review meeting”) for the specific purpose of considering whether to approve the Agreements. The independent Trustees were assisted in their evaluation of the Agreements by experienced independent legal counsel, from whom they received separate legal advice and with whom they met separately from Fund management during the contract review meeting.

Based on their evaluation of factors that they deemed to be material, including those factors described below, the Board of Trustees, including a majority of the independent Trustees, approved the continuation of the Agreements.

In determining to approve the Advisory Agreement and the Sub-Advisory Agreements, the Trustees met with the relevant investment advisory personnel from the Investment Adviser and Sub-Advisers and considered information relating to personnel providing services under the applicable agreement. The information considered included the education and experience of the personnel providing services, including the education and experience of the investment professionals expected to be on the team of investment professionals managing each Portfolio. The Trustees also took into account the time and attention that had been devoted by senior management to the Portfolios and the other funds in the complex. The Trustees evaluated the level of skill required to manage the Portfolios and concluded that the human resources devoted by the Investment Adviser and Sub-Advisers to the Portfolios were appropriate to fulfill effectively the duties of the Investment Adviser and Sub-Advisers under the applicable agreement. The Trustees also considered the business reputation of the Investment Adviser and Sub-Advisers since their inception, their significant financial resources, the Investment Adviser’s and Sub-Advisers’ experience in managing the Portfolios, including the Investment Adviser’s assets under management of approximately \$507 million as of December 31, 2006. Since the Investment Adviser is an indirect subsidiary of Allianz Global Investors of America L.P. (“AGI”), the Trustees also considered the assets under management of approximately \$723 billion as of December 31, 2006, AGI together with its subsidiaries and concluded that they would be able to meet any reasonably foreseeable obligations under the applicable agreement.

The Trustees received information concerning the investment philosophy and investment process applied by the Investment Adviser and Sub-Advisers in managing the Portfolios, as described in the Prospectus. In this connection, the Trustees considered the Investment Adviser’s and Sub-Advisers’ in-house research capabilities, including its ongoing forecasting of industry, sector and overall market movements, interest rates and the development of its ongoing outlook on the global economy, as well as other resources available to the Investment Adviser’s and Sub-Advisers’ personnel, including research services available to the Investment Adviser and Sub-Advisers as a result of securities transactions effected for the Portfolios and other investment advisory clients. The Trustees concluded that the Investment Adviser’s and Sub-Advisers’ investment process, research capabilities and philosophy were suited to the Portfolios.

The Trustees considered the scope of the services provided by the Investment Adviser and Sub-Advisers to the Portfolios under the Advisory Agreement and Sub-Advisory Agreements, respectively, relative to services provided by third parties to other mutual funds. The Trustees noted that the Investment Adviser’s and Sub-Advisers’ required standard of care was comparable to that found in most mutual fund investment advisory agreements. The Trustees also considered the tools and procedures used to assure each Portfolio’s compliance with applicable regulations and policies including the retention of a Chief Compliance Officer and the adoption of enhanced compliance policies and procedures. The Trustees apprised themselves and took account of claims made by regulators and others against affiliates of the Investment Adviser and the steps taken to address those claims. The Trustees concluded that the scope of the Investment Adviser’s and Sub-Advisers’ services to the Portfolios, as described above, was consistent with the

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Portfolios' operational requirements, including, in addition to its investment objective, compliance with each Portfolio's investment restrictions, tax and reporting requirements and related shareholder services.

The Trustees also evaluated the procedures of the Investment Adviser and Sub-Advisers designed to fulfill their fiduciary duty to the Portfolios with respect to possible conflicts of interest, including their codes of ethics (regulating the personal trading of their officers and employees), the procedures by which the Investment Adviser and Sub-Advisers allocate trades among its various investment advisory clients, the integrity of the systems in place to ensure compliance with the foregoing and the record of the Investment Adviser and Sub-Advisers in these matters. The Trustees also received information concerning standards of the Investment Adviser and Sub-Advisers with respect to the execution of portfolio transactions. The information considered by the Trustees included information regarding the Investment Adviser and the Sub-Advisers, their personnel, policies and practices included in each of their respective Form ADVs.

The Trustees considered the information provided by Lipper Analytical Services ("Lipper") regarding the performance of each Portfolio and similar open-end funds. The Trustees also considered the performance of each Portfolio compared with similar accounts managed by the Sub-Advisers. In the course of their deliberations, the Trustees took into account information provided by the Investment Adviser in connection with the contract review meeting, as well as during investment review meetings conducted with portfolio management personnel during the course of the year regarding the investment performance of each Portfolio. In assessing the reasonableness of each Portfolios' fees under the Agreements, the Trustees considered, among other information, the Portfolios' management fee and the total expense ratio as a percentage of average net assets and the management fee and total expense ratios of comparable funds identified by Lipper.

OpCap Small Cap Portfolio ("Small Cap Portfolio")

The Trustees noted that the Small Cap Portfolio had outperformed its Lipper median and average peer group and its benchmark, Russell 2000 Index, for the one-year period and had outperformed its Lipper median and average peer group for the three-year period but had slightly underperformed its benchmark for the three-year period ended December 31, 2006. The Trustees also noted that the Small Cap Portfolio had outperformed its Lipper median peer group but underperformed its Lipper average peer group for the five-year and ten-year periods ended December 31, 2006. The Trustees noted that the Small Cap Portfolio had outperformed its benchmark for the since inception periods ended December 31, 2006. The Trustees also noted that the Small Cap Portfolio's expense ratio was below the Lipper average and median for its peer group. The Trustees also noted that the portfolio turnover percentage was higher for the Small Cap Portfolio than the Lipper median and average for its peer group.

The Trustees considered the profitability analysis. They noted that AGI does not allocate corporate overhead to its subsidiaries, which might cause the profitability to be overstated slightly.

The Trustees inquired into the Investment Adviser's and the Sub-Advisers' plans to maintain and improve the investment performance of each of the Portfolios. The Trustees considered the nature and quality of the services provided by the Investment Adviser and Sub-Advisers to the Portfolios. In that connection, the Trustees considered that for those accounts that are not registered investment companies or that are sub-advised registered investment companies sponsored by other investment advisers, the Investment Adviser and Sub-Advisers do not devote the same level of services to manage and administer those assets and that certain of the other accounts managed by the Investment Adviser and the Sub-Advisers paid a lesser fee than the Portfolios on a gross basis. The Trustees also noted that the Investment Adviser is contractually obligated to waive that portion of the advisory fee and to assume any necessary expenses to limit total operating expenses of the Portfolios to 1.00% (1.25% for Global Equity Portfolio) of the average daily net assets (net of custody credits earned on cash balances at the custodian bank) on an annual basis.

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In considering potential economies of scale, the Trustees noted that the Portfolios' proposed investment advisory and sub-advisory fees did not include breakpoints to reflect potential economies of scale if the Portfolios reached sufficient size such that its other expenses may be allocated among a larger asset and shareholder base. Therefore, the Trustees did not consider potential economies of scale as a principal factor in assessing the fee rates payable under the Agreements.

The Trustees also took into account so-called "fallout benefits" to the Investment Adviser and Sub-Advisers such as reputational value derived from serving as investment adviser and sub-adviser, respectively, to the Portfolios and the fact that the Investment Adviser and Sub-Advisers may receive certain legally permissible services, including research, from brokers who execute portfolio transactions for the Trust.

After reviewing these and related factors, the Trustees concluded, within the context of their overall conclusions regarding the Agreements that they were satisfied with the Investment Adviser's and each Sub-Adviser's responses and efforts relating to investment performance.

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Trustees and Principal Officers

Thomas W. Courtney	Trustee, Chairman of the Board of Trustees
V. Lee Barnes	Trustee
Lacy B. Herrmann	Trustee
Theodore T. Mason	Trustee
Brian S. Shlissel	Trustee, President & Chief Executive Officer
Malcolm Bishopp	Executive Vice President
Lawrence G. Altadonna	Treasurer
Thomas J. Fuccillo	Vice President, Secretary & Chief Legal Officer
Scott Whisten	Assistant Treasurer
Youse Guia	Chief Compliance Officer
William V. Healey	Assistant Secretary
Richard H. Kirk	Assistant Secretary
Kathleen Chapman	Assistant Secretary
Lagan Srivastava	Assistant Secretary

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Legal Counsel

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1675 Broadway
New York, NY 10019-5820

The financial information included herein is taken from the records of the Portfolio without examination by an independent registered public accounting firm, who did not express an opinion hereon.