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Putnam Variable Trust

Putnam VT Small Cap Value Fund

Annual report

12 | 31 | 22

Message from the Trustees

February 13, 2023

Dear Shareholder:

As an investor, you might be happy to see 2022 in the rearview mirror. High inflation and aggressive interest-rate increases from the U.S. Federal Reserve contributed to market volatility and negative returns for stocks and bonds. Fortunately, toward the end of the year, we saw both inflation levels and Fed actions begin to moderate somewhat.

Although we still face high inflation and uncertainty on how much the economy will slow because of higher interest rates, we believe financial market performance might be better in 2023 as compared with 2022. Historically, stocks and bonds have recovered from bear markets like the one we are experiencing. Be assured that our investment teams are actively researching securities with attractive potential and working to keep portfolio risks in check.

Thank you for investing with Putnam.

Respectfully yours,



Robert L. Reynolds
President and Chief Executive Officer
Putnam Investments



Kenneth R. Leibler
Chair, Board of Trustees

Performance summary (as of 12/31/22)

Investment objective

Capital appreciation

Net asset value December 31, 2022

Class IA: \$10.82

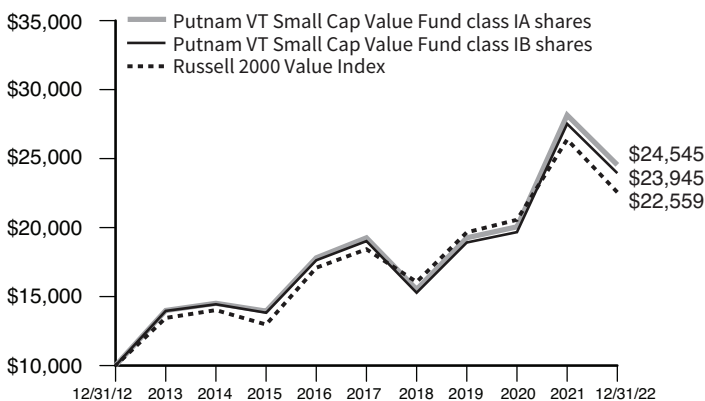
Class IB: \$10.60

Annualized total return at net asset value (as of 12/31/22)

	Class IA shares (4/30/99)	Class IB shares (4/30/99)	Russell 2000® Value Index
1 year	-12.80%	-12.98%	-14.48%
5 years	4.97	4.72	4.13
10 years	9.39	9.12	8.48
Life of fund	8.78	8.52	8.53

For a portion of the periods, the fund had expense limitations, without which returns would have been lower.

Cumulative total returns of a \$10,000 investment in class IA and class IB shares at net asset value — since 12/31/12

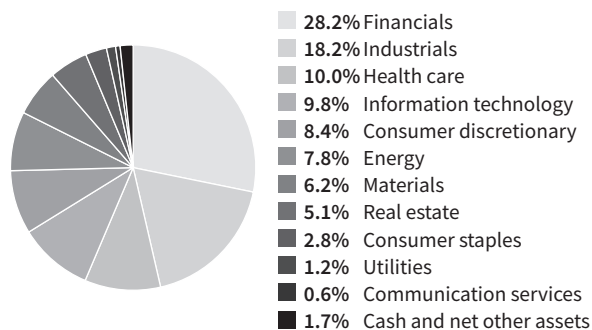


The Russell 2000® Value Index is an unmanaged index of those companies in the small-cap Russell 2000 Index chosen for their value orientation.

Frank Russell Company is the source and owner of the trademarks, service marks, and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and principal value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance information does not reflect any deduction for taxes a shareholder may owe on fund distributions or on the redemption of fund shares. All total return figures are at net asset value and exclude contract charges and expenses, which are added to the variable annuity contracts to determine total return at unit value. Had these charges and expenses been reflected, performance would have been lower. For more recent performance, contact your variable annuity provider who can provide you with performance that reflects the charges and expenses at your contract level.

Portfolio composition



Allocations are shown as a percentage of the fund's net assets. Cash and net other assets, if any, represent the market value weights of cash, derivatives, short-term securities, and other unclassified assets in the portfolio. Summary information may differ from the portfolio schedule included in the financial statements due to the inclusion of derivative securities, any interest accruals, the exclusion of as-of-trades, if any, the use of different classifications of securities for presentation purposes, and rounding. Holdings and allocations may vary over time.

Report from your fund's manager

What was the market like for U.S. small-cap value stocks during the 12-month reporting period ended December 31, 2022?

Small-cap value stocks, along with the broader equity markets, struggled. The Russia-Ukraine War raised concerns about soaring energy prices and the impact of sanctions on economic growth. Supply chain disruptions, food shortages, a tight labor market, and Covid-19 lockdowns in China intensified inflationary pressures. To address the persistently high inflation, the Federal Reserve aggressively raised interest rates, which investors feared might tip the U.S. economy into a recession. Corporate earnings outlooks declined for many companies. Growth-oriented companies were especially hard hit by these concerns. As a result, value stocks outperformed growth stocks for the period.

How did Putnam VT Small Cap Value Fund perform?

For the 12-month reporting period, the fund's class IA shares returned -12.80%, outperforming the benchmark Russell 2000® Value Index, which returned -14.48%. Strong stock-selection results in health care, industrials, materials, and information technology account for this result.

What were some specific holdings that detracted from performance during the reporting period?

Aveanna Healthcare, which provides care to high-cost patient populations, was the top detractor. Despite demand for its services, continued skilled nursing shortages and ongoing inflationary wage pressures weighed on profits. We continue to like Aveanna's platform, especially its services for pediatric patients, and believe the company will regain its footing once labor headwinds subside. The fund's position in a.k.a. Brands Holding Corp., an online retailer of on-trend fashion with an emphasis on sustainability, also struggled. As economies reopened, consumers shifted from online shopping to in-person shopping at brick-and-mortar stores. Additionally, the company saw weaker sales in Australia due to the lagging recovery from the pandemic shutdown. We remain upbeat in our outlook for the company. Management is seeking greater efficiencies by controlling expenses and building brand awareness in an effort to improve profit margins.

What were some specific holdings that contributed to performance during the reporting period?

The fund's top-performing holding was Scorpio Tankers, a company that leases tanker vessels for transporting refined petroleum products. Following Russia's invasion of Ukraine, we acquired the stock believing a rearrangement of world energy flows would increase tanker ton-miles and lead to improved pricing. Our thesis proved correct, and the stock delivered a triple-digit gain for the period. Lantheus, a provider of innovative diagnostic imaging agents, targeted therapeutics, and artificial intelligence solutions, was another notable performer. Pylarify, Lantheus's key asset, is used to detect prostate cancer. Pylarify generated over \$500 million in sales in 2022, which boosted investors' outlook for the stock.

What is your outlook for 2023?

Although we are concerned about the growth outlook in 2023, the U.S. economy is still showing surprising strength in the consumer sector, and unemployment remains low. However, this may shift if the Fed's interest-rate tightening continues. At the same time, we are watching for inflections in key indicators such as supply chains, inflation, labor markets, and consumer spending that may give the Fed a reason to pause interest-rate hikes. We are also paying close attention to corporate earnings estimates and the potential for downward revisions as the global economy slows in response to aggressive central bank policies. We do foresee an end to interest-rate hikes in 2023 but believe the Fed is likely to hold interest rates at the peak level for longer than many investors expect.

Equity markets are pricing in a recession to some degree, in our view. There are holdings in the portfolio with valuations that we believe fully reflect a recessionary outcome. We have increased those positions as well as added to more defensive sectors, such as health care and consumer staples, and reduced positions in financials, capital goods, and technology after the close of the reporting period. Conversely, we are closely evaluating and even reducing exposure in some of our outperformers to lock in gains, even if their earnings estimates are rising.

The views expressed in this report are exclusively those of Putnam Management and are subject to change. They are not meant as investment advice. Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future. Current and future portfolio holdings are subject to risk.

Consider these risks before investing: Investments in small and/or midsize companies increase the risk of greater price fluctuations. Value stocks may fail to rebound, and the market may not favor value-style investing.

The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political, or financial market conditions; investor sentiment and market perceptions; government actions; geopolitical events or changes; and factors related to a specific issuer, geography, industry, or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. These risks are generally greater for small and midsize companies. From time to time, the fund may invest a significant portion of its assets in companies in one or more related industries or sectors, which would make the fund more vulnerable to adverse developments affecting those industries or sectors.

Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could have a negative effect on the fund. You can lose money by investing in the fund.

Your fund's manager



Portfolio Manager **Michael C. Petro, CFA**, joined Putnam in 2002 and has been in the investment industry since 1999.

Your fund's manager also manages other accounts advised by Putnam Management or an affiliate, including retail mutual fund counterparts to the funds in Putnam Variable Trust.

Understanding your fund's expenses

As an investor in a variable annuity product that invests in a registered investment company, you pay ongoing expenses, such as management fees, distribution fees (12b-1 fees), and other expenses. Using the following information, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You may also pay one-time transaction expenses, which are not shown in this section and would result in higher total expenses. Charges and expenses at the insurance company separate account level are not reflected. For more information, see your fund's prospectus or talk to your financial representative.

Review your fund's expenses

The two left-hand columns of the Expenses per \$1,000 table show the expenses you would have paid on a \$1,000 investment in your fund from 7/1/22 to 12/31/22. They also show how much a \$1,000 investment would be worth at the close of the period, *assuming actual returns and expenses*. To estimate the ongoing expenses you paid over the period, divide your account value by \$1,000, then multiply the result by the number in the first line for the class of shares you own.

Compare your fund's expenses with those of other funds

The two right-hand columns of the Expenses per \$1,000 table show your fund's expenses based on a \$1,000 investment, *assuming a hypothetical 5% annualized return*. You can use this information to compare the ongoing expenses (but not transaction expenses or total costs) of investing in the fund with those of other funds. All shareholder reports of mutual funds and funds serving as variable annuity vehicles will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expense ratios

	Class IA	Class IB
Total annual operating expenses for the fiscal year ended 12/31/21*	0.75%	1.00%
Annualized expense ratio for the six-month period ended 12/31/22†	0.75%	1.00%

Fiscal year expense information in this table is taken from the most recent prospectus, is subject to change, and may differ from that shown for the annualized expense ratio and in the financial highlights of this report.

Expenses are shown as a percentage of average net assets.

*Restated to reflect current fees.

†Expense ratios for each class are for the fund's most recent fiscal half year. As a result of this, ratios may differ from expense ratios based on one-year data in the financial highlights.

Expenses per \$1,000

	Expenses and value for a \$1,000 investment, assuming actual returns for the 6 months ended 12/31/22		Expenses and value for a \$1,000 investment, assuming a hypothetical 5% annualized return for the 6 months ended 12/31/22	
	Class IA	Class IB	Class IA	Class IB
Expenses paid per \$1,000*†	\$3.84	\$5.12	\$3.82	\$5.09
Ending value (after expenses)	\$1,031.50	\$1,030.10	\$1,021.42	\$1,020.16

*Expenses for each share class are calculated using the fund's annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 12/31/22. The expense ratio may differ for each share class.

†Expenses based on actual returns are calculated by multiplying the expense ratio by the average account value for the period; then multiplying the result by the number of days in the period (184); and then dividing that result by the number of days in the year (365). Expenses based on a hypothetical 5% return are calculated by multiplying the expense ratio by the average account value for the six-month period; then multiplying the result by the number of days in the six-month period (184); and then dividing that result by the number of days in the year (365).

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Putnam Variable Trust and Shareholders of
Putnam VT Small Cap Value Fund:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the fund's portfolio, of Putnam VT Small Cap Value Fund (one of the funds constituting Putnam Variable Trust, referred to hereafter as the "Fund") as of December 31, 2022, the related statement of operations for the year ended December 31, 2022, the statement of changes in net assets for each of the two years in the period ended December 31, 2022, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2022 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2022, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2022 and the financial highlights for each of the five years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2022 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Boston, Massachusetts
February 13, 2023

We have served as the auditor of one or more investment companies in the Putnam Investments family of funds since at least 1957. We have not been able to determine the specific year we began serving as auditor.

The fund's portfolio 12/31/22

COMMON STOCKS (100.7%)*	Shares	Value
Aerospace and defense (1.5%)		
V2X, Inc. †	40,258	\$1,662,253
		1,662,253
Airlines (0.9%)		
Sun Country Airlines Holdings, Inc. † §	65,005	1,030,979
		1,030,979
Auto components (0.9%)		
Motorcar Parts of America, Inc. †	85,167	1,010,081
		1,010,081
Banks (20.6%)		
Ameris Bancorp	30,960	1,459,452
Bancorp, Inc. (The) †	51,040	1,448,515
Bank of NT Butterfield & Son, Ltd. (The) (Bermuda)	38,100	1,135,761
Coastal Financial Corp./WA †	25,663	1,219,506
ConnectOne Bancorp, Inc.	46,809	1,133,246
CrossFirst Bankshares, Inc. †	84,440	1,047,900
Eastern Bankshares, Inc.	64,300	1,109,175
Equity Bancshares, Inc. Class A	37,300	1,218,591
First Foundation, Inc.	65,303	935,792
Five Star Bancorp §	44,918	1,223,566
Lakeland Bancorp, Inc.	63,760	1,122,814
Metropolitan Bank Holding Corp. †	12,884	755,904
OFG Bancorp (Puerto Rico)	64,300	1,772,108
Origin Bancorp, Inc.	28,000	1,027,600
Peapack-Gladstone Financial Corp.	27,600	1,027,272
Premier Financial Corp.	40,646	1,096,223
QCR Holdings, Inc.	21,578	1,071,132
Silvergate Capital Corp. Class A † §	31,000	539,400
Southern First Bancshares, Inc. †	13,544	619,638
UMB Financial Corp.	11,700	977,184
Veritex Holdings, Inc.	32,900	923,832
		22,864,611
Biotechnology (5.3%)		
Arcus Biosciences, Inc. † §	39,200	810,656
Chinook Therapeutics, Inc. †	55,100	1,443,620
ImmunoGen, Inc. †	275,400	1,365,984
Veracyte, Inc. †	55,200	1,309,896
Xencor, Inc. †	36,200	942,648
		5,872,804
Chemicals (0.9%)		
Olin Corp.	19,080	1,010,095
		1,010,095
Commercial services and supplies (3.1%)		
Aris Water Solution, Inc. Class A §	65,447	943,091
Deluxe Corp.	67,300	1,142,754
SP Plus Corp. †	38,800	1,347,136
		3,432,981
Communications equipment (3.0%)		
Aviat Networks, Inc. † §	67,570	2,107,508
Ribbon Communications, Inc. †	448,600	1,251,594
		3,359,102
Construction and engineering (3.2%)		
APi Group Corp. †	89,000	1,674,090
Granite Construction, Inc. §	25,347	888,919
WillScot Mobile Mini Holdings Corp. †	22,892	1,034,032
		3,597,041
Containers and packaging (1.1%)		
Graphic Packaging Holding Co.	53,300	1,185,925
		1,185,925

COMMON STOCKS (100.7%)* cont.	Shares	Value
Diversified consumer services (1.3%)		
Universal Technical Institute, Inc. †	209,927	\$1,410,709
		1,410,709
Electrical equipment (0.9%)		
LSI Industries, Inc.	77,500	948,600
		948,600
Electronic equipment, instruments, and components (3.6%)		
Celestica, Inc. (Canada) †	125,600	1,415,512
Jabil, Inc.	17,527	1,195,341
Vontier Corp.	68,900	1,331,837
		3,942,690
Energy equipment and services (4.0%)		
Diamond Offshore Drilling, Inc. †	136,500	1,419,600
Liberty Energy, Inc.	68,700	1,099,887
Newpark Resources, Inc. †	245,237	1,017,734
ProFrac Holding Corp. Class A †	34,336	865,267
		4,402,488
Entertainment (0.6%)		
Lions Gate Entertainment Corp. Class A † §	114,084	651,420
		651,420
Equity real estate investment trusts (REITs) (5.2%)		
Alpine Income Property Trust, Inc. R	54,652	1,042,760
Apple Hospitality REIT, Inc. R	95,000	1,499,100
EPR Properties R §	25,760	971,667
RLJ Lodging Trust R	99,540	1,054,129
Spirit Realty Capital, Inc. R	31,059	1,240,186
		5,807,842
Food and staples retailing (1.0%)		
United Natural Foods, Inc. †	28,800	1,114,848
		1,114,848
Food products (0.9%)		
Hostess Brands, Inc. †	43,900	985,116
		985,116
Health-care equipment and supplies (0.7%)		
Lantheus Holdings, Inc. †	14,540	740,958
		740,958
Health-care providers and services (4.4%)		
Acadia Healthcare Co., Inc. †	15,805	1,301,068
Aveanna Healthcare Holdings, Inc. †	344,900	269,022
Brookdale Senior Living, Inc. † §	404,246	1,103,592
Option Care Health, Inc. †	39,500	1,188,555
RadNet, Inc. †	52,020	979,537
		4,841,774
Hotels, restaurants, and leisure (4.2%)		
Chuy's Holdings, Inc. †	45,300	1,281,990
Dave & Buster's Entertainment, Inc. †	33,300	1,180,152
Everi Holdings, Inc. †	75,400	1,081,990
Penn Entertainment, Inc. † §	36,900	1,095,930
		4,640,062
Household durables (0.7%)		
Cavco Industries, Inc. †	1,800	407,250
Hooker Furniture Corp. §	19,100	357,170
		764,420
Insurance (2.1%)		
Heritage Insurance Holdings, Inc.	82,004	147,607
Horace Mann Educators Corp.	29,500	1,102,415
Kemper Corp.	22,500	1,107,000
		2,357,022
Internet and direct marketing retail (0.4%)		
a.k.a. Brands Holding Corp. † §	363,921	462,180
		462,180
IT Services (2.5%)		
Edigo, Inc. †	423,800	478,894
Hackett Group, Inc. (The)	32,300	657,951
IBEX, Ltd. †	66,390	1,649,792
		2,786,637

COMMON STOCKS (100.7%)* cont.	Shares	Value
Machinery (4.2%)		
Chart Industries, Inc. † ^S	9,543	\$1,099,640
Crane Holdings Co.	11,040	1,108,968
Federal Signal Corp.	30,500	1,417,335
Hillenbrand, Inc.	24,000	1,024,080
		4,650,023
Metals and mining (4.3%)		
Alamos Gold, Inc. Class A (Canada)	123,580	1,249,394
Commercial Metals Co.	22,000	1,062,600
Haynes International, Inc.	27,056	1,236,189
United States Steel Corp. ^S	51,000	1,277,550
		4,825,733
Mortgage real estate investment trusts (REITs) (3.9%)		
Ladder Capital Corp. ^R	168,112	1,687,844
MFA Financial, Inc. ^{R S}	123,500	1,216,475
Rithm Capital Corp. ^R	177,680	1,451,646
		4,355,965
Multi-utilities (1.2%)		
Unitil Corp.	26,980	1,385,693
		1,385,693
Oil, gas, and consumable fuels (4.1%)		
CNX Resources Corp. † ^S	61,220	1,030,945
International Seaways, Inc.	15,300	566,406
Magnolia Oil & Gas Corp. Class A	36,585	857,918
Scorpio Tankers, Inc.	25,900	1,392,643
Sitio Royalties Corp. Class A	25,492	735,444
		4,583,356
Professional services (1.4%)		
ICF International, Inc.	15,240	1,509,522
		1,509,522
Software (0.9%)		
Verra Mobility Corp. †	73,338	1,014,265
		1,014,265
Specialty retail (0.3%)		
Brilliant Earth Group, Inc. Class A †	77,800	335,318
		335,318
Textiles, apparel, and luxury goods (0.7%)		
Unifi, Inc. †	89,564	771,146
		771,146

COMMON STOCKS (100.7%)* cont.	Shares	Value
Thriffs and mortgage finance (2.3%)		
Bridgewater Bancshares, Inc. †	64,680	\$1,147,423
Walker & Dunlop, Inc.	17,880	1,403,222
		2,550,645
Tobacco (1.0%)		
Turning Point Brands, Inc. ^S	51,700	1,118,271
		1,118,271
Trading companies and distributors (3.4%)		
Custom Truck One Source, Inc. † ^S	217,200	1,372,704
Karat Packaging, Inc.	29,980	430,813
MRC Global, Inc. †	138,720	1,606,378
Titan Machinery, Inc. †	9,720	386,176
		3,796,071
Total common stocks (cost \$121,186,066)		\$111,778,646
SHORT-TERM INVESTMENTS (13.6%)*		
	Shares	Value
Putnam Cash Collateral Pool, LLC 4.62% ^d	12,315,103	\$12,315,103
Putnam Short Term Investment Fund Class P 4.53% ^L	2,747,560	2,747,560
		\$15,062,663
Total short-term investments (cost \$15,062,663)		\$15,062,663
Total investments (cost \$136,248,729)		\$126,841,309

Notes to the fund's portfolio

Unless noted otherwise, the notes to the fund's portfolio are for the close of the fund's reporting period, which ran from January 1, 2022 through December 31, 2022 (the reporting period). Within the following notes to the portfolio, references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures*.

* Percentages indicated are based on net assets of \$111,034,270.

† This security is non-income-producing.

^d Affiliated company. See Notes 1 and 5 to the financial statements regarding securities lending. The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

^L Affiliated company (Note 5). The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

^R Real Estate Investment Trust.

^S Security on loan, in part or in entirety, at the close of the reporting period (Note 1).

ASC 820 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fund's investments. The three levels are defined as follows:

Level 1: Valuations based on quoted prices for identical securities in active markets.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the fair value measurement.

The following is a summary of the inputs used to value the fund's net assets as of the close of the reporting period:

Investments in securities:	Valuation inputs		
	Level 1	Level 2	Level 3
Common stocks*:			
Communication services	\$651,420	\$—	\$—
Consumer discretionary	9,393,916	—	—
Consumer staples	3,218,235	—	—
Energy	8,985,844	—	—
Financials	32,128,243	—	—
Health care	11,455,536	—	—
Industrials	20,627,470	—	—
Information technology	11,102,694	—	—
Materials	7,021,753	—	—
Real estate	5,807,842	—	—
Utilities	1,385,693	—	—
Total common stocks	111,778,646	—	—
Short-term investments	—	15,062,663	—
Totals by level	\$111,778,646	\$15,062,663	\$—

* Common stock classifications are presented at the sector level, which may differ from the fund's portfolio presentation.

The accompanying notes are an integral part of these financial statements.

Statement of assets and liabilities

12/31/22

Assets	
Investment in securities, at value, including \$12,074,924 of securities on loan (Note 1):	
Unaffiliated issuers (identified cost \$121,186,066)	\$111,778,646
Affiliated issuers (identified cost \$15,062,663) (Note 5)	15,062,663
Dividends, interest and other receivables	255,423
Receivable for shares of the fund sold	9,581
Receivable for investments sold	493,174
Total assets	127,599,487
Liabilities	
Payable for investments purchased	2,100,750
Payable for shares of the fund repurchased	1,924,776
Payable for compensation of Manager (Note 2)	60,698
Payable for custodian fees (Note 2)	14,198
Payable for investor servicing fees (Note 2)	13,699
Payable for Trustee compensation and expenses (Note 2)	70,089
Payable for administrative services (Note 2)	1,369
Payable for distribution fees (Note 2)	16,121
Collateral on securities loaned, at value (Note 1)	12,315,103
Other accrued expenses	48,414
Total liabilities	16,565,217
Net assets	\$111,034,270
Represented by	
Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	\$107,821,240
Total distributable earnings (Note 1)	3,213,030
Total — Representing net assets applicable to capital shares outstanding	\$111,034,270
Computation of net asset value Class IA	
Net assets	\$38,205,508
Number of shares outstanding	3,529,681
Net asset value, offering price and redemption price per share (net assets divided by number of shares outstanding)	\$10.82
Computation of net asset value Class IB	
Net assets	\$72,828,762
Number of shares outstanding	6,871,246
Net asset value, offering price and redemption price per share (net assets divided by number of shares outstanding)	\$10.60

The accompanying notes are an integral part of these financial statements.

Statement of operations

Year ended 12/31/22

Investment income

Dividends (net of foreign tax of \$5,798)	\$1,733,691
Interest (including interest income of \$16,110 from investments in affiliated issuers) (Note 5)	17,092
Securities lending (net of expenses) (Notes 1 and 5)	43,881
Total investment income	1,794,664

Expenses

Compensation of Manager (Note 2)	780,429
Investor servicing fees (Note 2)	88,430
Custodian fees (Note 2)	35,516
Trustee compensation and expenses (Note 2)	5,230
Distribution fees (Note 2)	208,497
Administrative services (Note 2)	3,882
Other	100,704
Total expenses	1,222,688
Expense reduction (Note 2)	(241)
Net expenses	1,222,447
Net investment income	572,217

Realized and unrealized gain (loss)

Net realized gain (loss) on:	
Securities from unaffiliated issuers (Notes 1 and 3)	15,876,417
Foreign currency transactions (Note 1)	78
Written options (Note 1)	14,009
Total net realized gain	15,890,504
Change in net unrealized appreciation (depreciation) on:	
Securities from unaffiliated issuers	(34,406,122)
Assets and liabilities in foreign currencies	5
Total change in net unrealized depreciation	(34,406,117)
Net loss on investments	(18,515,613)
Net decrease in net assets resulting from operations	\$(17,943,396)

The accompanying notes are an integral part of these financial statements.

Statement of changes in net assets

	Year ended 12/31/22	Year ended 12/31/21
Increase (decrease) in net assets		
Operations:		
Net investment income	\$572,217	\$540,327
Net realized gain on investments and foreign currency transactions	15,890,504	41,579,795
Change in net unrealized appreciation (depreciation) of investments and assets and liabilities in foreign currencies	(34,406,117)	3,142,491
Net increase (decrease) in net assets resulting from operations	(17,943,396)	45,262,613
Distributions to shareholders (Note 1):		
From ordinary income		
Net investment income		
Class IA	(233,539)	(422,047)
Class IB	(227,345)	(708,959)
Net realized short-term gain on investments		
Class IA	(2,580,242)	—
Class IB	(5,118,781)	—
From net realized long-term gain on investments		
Class IA	(3,231,770)	—
Class IB	(6,411,304)	—
Increase (decrease) from capital share transactions (Note 4)	157,953	(16,712,604)
Total increase (decrease) in net assets	(35,588,424)	27,419,003
Net assets:		
Beginning of year	146,622,694	119,203,691
End of year	\$111,034,270	\$146,622,694

Financial highlights

(For a common share outstanding throughout the period)

Period ended	INVESTMENT OPERATIONS:				LESS DISTRIBUTIONS:				RATIOS AND SUPPLEMENTAL DATA:				
	Net asset value, beginning of period	Net investment income (loss) ^a	Net realized and unrealized gain (loss) on investments	Total from investment operations	From net investment income	From net realized gain on investments	Total distributions	Net asset value, end of period	Total return at net asset value (%) ^{b,c}	Net assets, end of period (in thousands)	Ratio of expenses to average net assets (%) ^{c,d}	Ratio of net investment income (loss) to average net assets (%)	Portfolio turnover (%)
Class IA													
12/31/22	\$14.16	.07	(1.63)	(1.56)	(.07)	(1.71)	(1.78)	\$10.82	(12.80)	\$38,206	.80 ^e	.62	79
12/31/21	10.18	.07	4.02	4.09	(.11)	—	(.11)	14.16	40.37	49,169	.75	.54	92
12/31/20	9.96	.11	.22	.33	(.11)	—	(.11)	10.18	4.12	38,990	.80	1.32	119
12/31/19	9.05	.13	1.94	2.07	(.12)	(1.04)	(1.16)	9.96	24.12	40,671	.80	1.34	164
12/31/18	16.41	.18	(2.62)	(2.44)	(.11)	(4.81)	(4.92)	9.05	(19.42)	38,310	.85	1.51	561
Class IB													
12/31/22	\$13.90	.04	(1.60)	(1.56)	(.03)	(1.71)	(1.74)	\$10.60	(12.98)	\$72,829	1.05 ^e	.37	79
12/31/21	10.01	.04	3.94	3.98	(.09)	—	(.09)	13.90	39.90	97,454	1.00	.29	92
12/31/20	9.77	.08	.25	.33	(.09)	—	(.09)	10.01	3.96	80,214	1.05	1.07	119
12/31/19	8.89	.10	1.91	2.01	(.09)	(1.04)	(1.13)	9.77	23.82	82,839	1.05	1.09	164
12/31/18	16.20	.15	(2.59)	(2.44)	(.06)	(4.81)	(4.87)	8.89	(19.66)	74,196	1.10	1.26	561

^a Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.

^b Total return assumes dividend reinvestment.

^c The charges and expenses at the insurance company separate account level are not reflected.

^d Includes amounts paid through expense offset and brokerage/service arrangements, if any (Note 2). Also excludes acquired fund fees and expenses, if any.

^e Includes one-time proxy cost of 0.02%.

The accompanying notes are an integral part of these financial statements.

Notes to financial statements 12/31/22

Within the following Notes to financial statements, references to “State Street” represent State Street Bank and Trust Company, references to “the SEC” represent the Securities and Exchange Commission, references to “Putnam Management” represent Putnam Investment Management, LLC, the fund’s manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to “OTC”, if any, represent over-the-counter. Unless otherwise noted, the “reporting period” represents the period from January 1, 2022 through December 31, 2022.

Putnam VT Small Cap Value Fund (the fund) is a diversified series of Putnam Variable Trust (the Trust), a Massachusetts business trust registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The goal of the fund is to seek capital appreciation. The fund invests mainly in common stocks of small U.S. companies, with a focus on value stocks. Value stocks are issued by companies that Putnam Management believes are currently undervalued by the market. If Putnam Management is correct and other investors ultimately recognize the value of the company, the price of its stock may rise. Under normal circumstances, Putnam Management invests at least 80% of the fund’s net assets in companies of a size similar to those in the Russell 2000 Value Index. This policy may be changed only after 60 days’ notice to shareholders. As of March 31, 2021, the index was composed of companies having market capitalizations of between approximately \$67.7 million and \$18.2 billion. Putnam Management may consider, among other factors, a company’s valuation, financial strength, growth potential, competitive position in its industry, projected future earnings, cash flows and dividends when deciding whether to buy or sell investments.

The fund offers class IA and class IB shares of beneficial interest. Class IA shares are offered at net asset value and are not subject to a distribution fee. Class IB shares are offered at net asset value and pay an ongoing distribution fee, which is identified in Note 2.

In the normal course of business, the fund enters into contracts that may include agreements to indemnify another party under given circumstances. The fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be, but have not yet been, made against the fund. However, the fund’s management team expects the risk of material loss to be remote.

The fund has entered into contractual arrangements with an investment adviser, administrator, distributor, shareholder servicing agent and custodian, who each provide services to the fund. Unless expressly stated otherwise, shareholders are not parties to, or intended beneficiaries of these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the fund.

Under the fund’s Amended and Restated Agreement and Declaration of Trust, any claims asserted against or on behalf of the Putnam Funds, including claims against Trustees and Officers, must be brought in state and federal courts located within the Commonwealth of Massachusetts.

Note 1 — Significant accounting policies

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its financial statements. The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations. Actual results could differ from those estimates. Subsequent events after the Statement of assets and liabilities date through the date that the financial statements were issued have been evaluated in the preparation of the financial statements.

Investment income, realized and unrealized gains and losses and expenses of the fund are borne pro-rata based on the relative net assets of each class to the total net assets of the fund, except that each class bears expenses unique to that class (including the distribution fees applicable to such classes). Each class votes as a class only with respect to its own distribution plan or other matters on which a class vote is required by law or determined by the Trustees. If the fund were liquidated, shares of each class would receive their pro-rata share of the net assets of the fund. In addition, the Trustees declare separate dividends on each class of shares.

Security valuation Portfolio securities and other investments are valued using policies and procedures adopted by the Board of Trustees. The Trustees have formed a Pricing Committee to oversee the implementation of these procedures

and have delegated responsibility for valuing the fund’s assets in accordance with these procedures to Putnam Management. Putnam Management has established an internal Valuation Committee that is responsible for making fair value determinations, evaluating the effectiveness of the pricing policies of the fund and reporting to the Pricing Committee.

Investments for which market quotations are readily available are valued at the last reported sales price on their principal exchange, or official closing price for certain markets, and are classified as Level 1 securities under Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* (ASC 820). If no sales are reported, as in the case of some securities that are traded OTC, a security is valued at its last reported bid price and is generally categorized as a Level 2 security.

Investments in open-end investment companies (excluding exchange-traded funds), if any, which can be classified as Level 1 or Level 2 securities, are valued based on their net asset value. The net asset value of such investment companies equals the total value of their assets less their liabilities and divided by the number of their outstanding shares.

Many securities markets and exchanges outside the U.S. close prior to the scheduled close of the New York Stock Exchange and therefore the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the scheduled close of the New York Stock Exchange. Accordingly, on certain days, the fund will fair value certain foreign equity securities taking into account multiple factors including movements in the U.S. securities markets, currency valuations and comparisons to the valuation of American Depository Receipts, exchange-traded funds and futures contracts. The foreign equity securities, which would generally be classified as Level 1 securities, will be transferred to Level 2 of the fair value hierarchy when they are valued at fair value. The number of days on which fair value prices will be used will depend on market activity and it is possible that fair value prices will be used by the fund to a significant extent. Securities quoted in foreign currencies, if any, are translated into U.S. dollars at the current exchange rate. Short-term securities with remaining maturities of 60 days or less are valued using an independent pricing service approved by the Trustees, and are classified as Level 2 securities.

To the extent a pricing service or dealer is unable to value a security or provides a valuation that Putnam Management does not believe accurately reflects the security’s fair value, the security will be valued at fair value by Putnam Management in accordance with policies and procedures approved by the Trustees. Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustees. These valuations consider such factors as significant market or specific security events such as interest rate or credit quality changes, various relationships with other securities, discount rates, U.S. Treasury, U.S. swap and credit yields, index levels, convexity exposures, recovery rates, sales and other multiples and resale restrictions. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs.

To assess the continuing appropriateness of fair valuations, the Valuation Committee reviews and affirms the reasonableness of such valuations on a regular basis after considering all relevant information that is reasonably available. Such valuations and procedures are reviewed periodically by the Trustees. The fair value of securities is generally determined as the amount that the fund could reasonably expect to realize from an orderly disposition of such securities over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the value of a security in a current sale and does not reflect an actual market price, which may be different by a material amount.

Joint trading account Pursuant to an exemptive order from the SEC, the fund may transfer uninvested cash balances into a joint trading account along with the cash of other registered investment companies and certain other accounts managed by Putnam Management. These balances may be invested in issues of short-term investments having maturities of up to 90 days.

Repurchase agreements The fund, or any joint trading account, through its custodian, receives delivery of the underlying securities, the fair value of which at the time of purchase is required to be in an amount at least equal to the resale price, including accrued interest. Collateral for certain tri-party repurchase agreements is held at the counterparty’s custodian in a segregated account for the benefit of the fund and the counterparty. Putnam Management is responsible for determining that the value of these underlying securities is at all times at least equal to the resale price, including accrued interest. In the event of default or

bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings.

Security transactions and related investment income Security transactions are recorded on the trade date (the date the order to buy or sell is executed). Gains or losses on securities sold are determined on the identified cost basis.

Interest income, net of any applicable withholding taxes, if any, is recorded on the accrual basis.

Dividend income, net of any applicable withholding taxes, is recognized on the ex-dividend date except that certain dividends from foreign securities, if any, are recognized as soon as the fund is informed of the ex-dividend date. Non-cash dividends, if any, are recorded at the fair value of the securities received. Dividends representing a return of capital or capital gains, if any, are reflected as a reduction of cost and/or as a realized gain.

Foreign currency translation The accounting records of the fund are maintained in U.S. dollars. The fair value of foreign securities, currency holdings, and other assets and liabilities is recorded in the books and records of the fund after translation to U.S. dollars based on the exchange rates on that day. The cost of each security is determined using historical exchange rates. Income and withholding taxes are translated at prevailing exchange rates when earned or incurred. The fund does not isolate that portion of realized or unrealized gains or losses resulting from changes in the foreign exchange rate on investments from fluctuations arising from changes in the market prices of the securities. Such gains and losses are included with the net realized and unrealized gain or loss on investments. Net realized gains and losses on foreign currency transactions represent net realized exchange gains or losses on disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions and the difference between the amount of investment income and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized appreciation and depreciation of assets and liabilities in foreign currencies arise from changes in the value of assets and liabilities other than investments at the period end, resulting from changes in the exchange rate.

Options contracts The fund uses options contracts to generate additional income for the portfolio.

The potential risk to the fund is that the change in value of options contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. Realized gains and losses on purchased options are included in realized gains and losses on investment securities. If a written call option is exercised, the premium originally received is recorded as an addition to sales proceeds. If a written put option is exercised, the premium originally received is recorded as a reduction to the cost of investments.

Exchange-traded options are valued at the last sale price or, if no sales are reported, the last bid price for purchased options and the last ask price for written options. OTC traded options are valued using prices supplied by dealers.

Options on swaps are similar to options on securities except that the premium paid or received is to buy or grant the right to enter into a previously agreed upon interest rate or credit default contract. Forward premium swap option contracts include premiums that have extended settlement dates. The delayed settlement of the premiums is factored into the daily valuation of the option contracts. In the case of interest rate cap and floor contracts, in return for a premium, ongoing payments between two parties are based on interest rates exceeding a specified rate, in the case of a cap contract, or falling below a specified rate in the case of a floor contract.

Written option contracts outstanding at period end, if any, are listed after the fund's portfolio.

Securities lending The fund may lend securities, through its agent, to qualified borrowers in order to earn additional income. The loans are collateralized by cash in an amount at least equal to the fair value of the securities loaned. The fair value of securities loaned is determined daily and any additional required collateral is allocated to the fund on the next business day. The remaining maturities of the securities lending transactions are considered overnight and continuous. The risk of borrower default will be borne by the fund's agent; the fund will bear the risk of loss with respect to the investment of the cash collateral. Income from securities lending, net of expenses, is included in investment income on the Statement

of operations. Cash collateral is invested in Putnam Cash Collateral Pool, LLC, a limited liability company managed by an affiliate of Putnam Management. Investments in Putnam Cash Collateral Pool, LLC are valued at its closing net asset value each business day. There are no management fees charged to Putnam Cash Collateral Pool, LLC. At the close of the reporting period, the fund received cash collateral of \$12,315,103 and the value of securities loaned amounted to \$12,074,924.

Interfund lending The fund, along with other Putnam funds, may participate in an interfund lending program pursuant to an exemptive order issued by the SEC. This program allows the fund to borrow from or lend to other Putnam funds that permit such transactions. Interfund lending transactions are subject to each fund's investment policies and borrowing and lending limits. Interest earned or paid on the interfund lending transaction will be based on the average of certain current market rates. During the reporting period, the fund did not utilize the program.

Lines of credit The fund participates, along with other Putnam funds, in a \$100 million (\$317.5 million prior to October 14, 2022) unsecured committed line of credit and a \$235.5 million unsecured uncommitted line of credit, both provided by State Street. Borrowings may be made for temporary or emergency purposes, including the funding of shareholder redemption requests and trade settlements. Interest is charged to the fund based on the fund's borrowing at a rate equal to 1.25% plus the higher of (1) the Federal Funds rate and (2) the Overnight Bank Funding Rate for the committed line of credit and 1.30% plus the higher of (1) the Federal Funds rate and (2) the Overnight Bank Funding Rate for the uncommitted line of credit. A closing fee equal to 0.04% of the committed line of credit and 0.04% of the uncommitted line of credit has been paid by the participating funds. In addition, a commitment fee of 0.21% per annum on any unutilized portion of the committed line of credit is allocated to the participating funds based on their relative net assets and paid quarterly. During the reporting period, the fund had no borrowings against these arrangements.

Federal taxes It is the policy of the fund to distribute all of its taxable income within the prescribed time period and otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable to regulated investment companies.

The fund is subject to the provisions of Accounting Standards Codification 740 *Income Taxes* (ASC 740). ASC 740 sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The fund did not have a liability to record for any unrecognized tax benefits in the accompanying financial statements. No provision has been made for federal taxes on income, capital gains or unrealized appreciation on securities held nor for excise tax on income and capital gains. Each of the fund's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

The fund may also be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or capital gains are earned. In some cases, the fund may be entitled to reclaim all or a portion of such taxes, and such reclaim amounts, if any, are reflected as an asset on the fund's books. In many cases, however, the fund may not receive such amounts for an extended period of time, depending on the country of investment.

Distributions to shareholders Distributions to shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. These differences include temporary and/or permanent differences from losses on wash sale transactions and from redesignation of taxable distributions. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations. At the close of the reporting period, the fund reclassified \$43,604 to decrease undistributed net investment income, \$1,627 to decrease paid-in capital and \$45,231 to increase accumulated net realized gain.

Tax cost of investments includes adjustments to net unrealized appreciation (depreciation) which may not necessarily be final tax cost basis adjustments, but closely approximate the tax basis unrealized gains and losses that may be realized and distributed to shareholders. The tax basis components of distributable

earnings and the federal tax cost as of the close of the reporting period were as follows:

Unrealized appreciation	\$9,204,397
Unrealized depreciation	(19,456,162)
Net unrealized depreciation	(10,251,765)
Undistributed ordinary income	299,424
Undistributed long-term gain	13,165,363
Cost for federal income tax purposes	\$137,093,074

Expenses of the Trust Expenses directly charged or attributable to any fund will be paid from the assets of that fund. Generally, expenses of the Trust will be allocated among and charged to the assets of each fund on a basis that the Trustees deem fair and equitable, which may be based on the relative assets of each fund or the nature of the services performed and relative applicability to each fund.

Beneficial interest At the close of the reporting period, insurance companies or their separate accounts were record owners of all but a de minimis number of the shares of the fund. Approximately 39.0% of the fund is owned by accounts of one insurance company.

Note 2 — Management fee, administrative services and other transactions

The fund pays Putnam Management a management fee (based on the fund's average net assets and computed and paid monthly) at annual rates that may vary based on the average of the aggregate net assets of all open-end mutual funds sponsored by Putnam Management (excluding net assets of funds that are invested in, or that are invested in by, other Putnam funds to the extent necessary to avoid "double counting" of those assets). Such annual rates may vary as follows:

0.780%	of the first \$5 billion,
0.730%	of the next \$5 billion,
0.680%	of the next \$10 billion,
0.630%	of the next \$10 billion,
0.580%	of the next \$50 billion,
0.560%	of the next \$50 billion,
0.550%	of the next \$100 billion and
0.545%	of any excess thereafter.

For the reporting period, the management fee represented an effective rate (excluding the impact from any expense waivers in effect) of 0.618% of the fund's average net assets.

Putnam Management has contractually agreed, through April 30, 2024, to waive fees and/or reimburse the fund's expenses to the extent necessary to limit the cumulative expenses of the fund, exclusive of brokerage, interest, taxes, investment-related expenses, extraordinary expenses, acquired fund fees and expenses and payments under the fund's investor servicing contract, investment management contract and distribution plan, on a fiscal year-to-date basis to an annual rate of 0.20% of the fund's average net assets over such fiscal year-to-date period. During the reporting period, the fund's expenses were not reduced as a result of this limit.

Putnam Investments Limited (PIL), an affiliate of Putnam Management, is authorized by the Trustees to manage a separate portion of the assets of the fund as determined by Putnam Management from time to time. PIL did not manage any portion of the assets of the fund during the reporting period. If Putnam Management were to engage the services of PIL, Putnam Management would pay a quarterly sub-management fee to PIL for its services at an annual rate of 0.25% (prior to July 1, 2022, the annual rate was 0.35%) of the average net assets of the portion of the fund managed by PIL.

The fund reimburses Putnam Management an allocated amount for the compensation and related expenses of certain officers of the fund and their staff who provide administrative services to the fund. The aggregate amount of all such reimbursements is determined annually by the Trustees.

Custodial functions for the fund's assets are provided by State Street. Custody fees are based on the fund's asset level, the number of its security holdings and transaction volumes.

Putnam Investor Services, Inc., an affiliate of Putnam Management, provides investor servicing agent functions to the fund. Putnam Investor Services, Inc. was paid a monthly fee for investor servicing at an annual rate of 0.07% of the fund's average daily net assets. During the reporting period, the expenses for each class of shares related to investor servicing fees were as follows:

Class IA	\$30,018
Class IB	58,412
Total	\$88,430

The fund has entered into expense offset arrangements with Putnam Investor Services, Inc. and State Street whereby Putnam Investor Services, Inc.'s and State Street's fees are reduced by credits allowed on cash balances. For the reporting period, the fund's expenses were reduced by \$241 under the expense offset arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$94, as a quarterly retainer, has been allocated to the fund, and an additional fee for each Trustees meeting attended. Trustees also are reimbursed for expenses they incur relating to their services as Trustees.

The fund has adopted a Trustee Fee Deferral Plan (the Deferral Plan) which allows the Trustees to defer the receipt of all or a portion of Trustees fees payable on or after July 1, 1995. The deferred fees remain invested in certain Putnam funds until distribution in accordance with the Deferral Plan.

The fund has adopted an unfunded noncontributory defined benefit pension plan (the Pension Plan) covering all Trustees of the fund who have served as a Trustee for at least five years and were first elected prior to 2004. Benefits under the Pension Plan are equal to 50% of the Trustee's average annual attendance and retainer fees for the three years ended December 31, 2005. The retirement benefit is payable during a Trustee's lifetime, beginning the year following retirement, for the number of years of service through December 31, 2006. Pension expense for the fund is included in Trustee compensation and expenses in the Statement of operations. Accrued pension liability is included in Payable for Trustee compensation and expenses in the Statement of assets and liabilities. The Trustees have terminated the Pension Plan with respect to any Trustee first elected after 2003.

The fund has adopted a distribution plan (the Plan) with respect to its class IB shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. The purpose of the Plan is to compensate Putnam Retail Management Limited Partnership, an indirect wholly-owned subsidiary of Putnam Investments, LLC, for services provided and expenses incurred in distributing shares of the fund. The Plan provides for payment by the fund to Putnam Retail Management Limited Partnership at an annual rate of up to 0.35% of the average net assets attributable to the fund's class IB shares. The Trustees have approved payment by the fund at an annual rate of 0.25% of the average net assets attributable to the fund's class IB shares. The expenses related to distribution fees during the reporting period are included in Distribution fees in the Statement of operations.

Note 3 — Purchases and sales of securities

During the reporting period, the cost of purchases and the proceeds from sales, excluding short-term investments, were as follows:

	Cost of purchases	Proceeds from sales
Investments in securities (Long-term)	\$99,495,969	\$114,216,154
U.S. government securities (Long-term)	—	—
Total	\$99,495,969	\$114,216,154

The fund may purchase or sell investments from or to other Putnam funds in the ordinary course of business, which can reduce the fund's transaction costs, at prices determined in accordance with SEC requirements and policies approved by the Trustees. During the reporting period, purchases or sales of long-term securities from or to other Putnam funds, if any, did not represent more than 5% of the fund's total cost of purchases and/or total proceeds from sales.

Note 4 — Capital shares

At the close of the reporting period, there were an unlimited number of shares of beneficial interest authorized. Subscriptions and redemptions are presented at the omnibus level. Transactions in capital shares were as follows:

	Class IA shares				Class IB shares			
	Year ended 12/31/22		Year ended 12/31/21		Year ended 12/31/22		Year ended 12/31/21	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Shares sold	284,983	\$3,570,210	881,678	\$11,548,309	546,239	\$6,532,781	1,127,985	\$14,696,095
Shares issued in connection with reinvestment of distributions	479,806	6,045,551	33,791	422,047	951,248	11,757,430	57,733	708,959
	764,789	9,615,761	915,469	11,970,356	1,497,487	18,290,211	1,185,718	15,405,054
Shares repurchased	(707,793)	(8,502,609)	(1,271,004)	(16,720,839)	(1,638,271)	(19,245,410)	(2,190,148)	(27,367,175)
Net increase (decrease)	56,996	\$1,113,152	(355,535)	\$(4,750,483)	(140,784)	\$(955,199)	(1,004,430)	\$(11,962,121)

Note 5 — Affiliated transactions

Transactions during the reporting period with any company which is under common ownership or control were as follows:

Name of affiliate	Fair value as of 12/31/21	Purchase cost	Sale proceeds	Investment income	Shares outstanding and fair value as of 12/31/22
Short-term investments					
Putnam Cash Collateral Pool, LLC*	\$7,233,470	\$91,712,877	\$86,631,244	\$175,397	\$12,315,103
Putnam Short Term Investment Fund**	1,014,103	23,141,467	21,408,010	16,110	2,747,560
Total Short-term investments	\$8,247,573	\$114,854,344	\$108,039,254	\$191,507	\$15,062,663

*No management fees are charged to Putnam Cash Collateral Pool, LLC (Note 1). Investment income shown is included in securities lending income on the Statement of operations. There were no realized or unrealized gains or losses during the period.

**Management fees charged to Putnam Short Term Investment Fund have been waived by Putnam Management. There were no realized or unrealized gains or losses during the period.

Note 6 — Market, credit and other risks

In the normal course of business, the fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the contracting party to the transaction to perform (credit risk). The fund may be exposed to additional credit risk that an institution or other entity with which the fund has unsettled or open transactions will default. Investments in foreign securities involve certain risks, including those related to economic instability, unfavorable political developments, and currency fluctuations.

The Covid-19 pandemic and efforts to contain its spread have resulted in, among other effects, significant market volatility, exchange trading suspensions and closures, declines in global financial markets, higher default rates, significant changes in fiscal and monetary policies, and economic downturns and recessions. The effects of the Covid-19 pandemic have negatively affected, and may continue to negatively affect, the global economy, the economies of the United States and other individual countries, the financial performance of individual issuers, sectors, industries, asset classes, and markets, and the value, volatility, and liquidity of particular securities and other assets. The effects of the Covid-19 pandemic also are likely to exacerbate other risks that apply to the fund, which could negatively impact the fund's performance and lead to losses on your investment in the fund. The duration of the Covid-19 pandemic and its effects cannot be determined with certainty.

Note 7: Summary of derivative activity

The volume of activity for the reporting period for any derivative type that was held during the period is listed below and was based on an average of the holdings at the end of each fiscal quarter:

Written equity option contracts (contract amount)	\$700
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As of the close of the reporting period, the fund did not hold any derivative instruments.

The following is a summary of realized gains or losses of derivative instruments in the Statement of operations for the reporting period (Note 1) (there were no unrealized gains or losses on derivative instruments):

Amount of realized gain or (loss) on derivatives recognized in net gain or (loss) on investments









Derivatives not accounted for as hedging instruments under ASC 815	Options	Total
Equity contracts	\$14,009	\$14,009
Total	\$14,009	\$14,009

Federal tax information (Unaudited)

Pursuant to §852 of the Internal Revenue Code, as amended, the fund hereby designates \$14,513,418 as a capital gain dividend with respect to the taxable year ended December 31, 2022, or, if subsequently determined to be different, the net capital gain of such year.

The fund designated 10.45% of ordinary income distributions as qualifying for the dividends received deduction for corporations.

About the Trustees

Name	Year of birth	Position held	Principal occupations during past five years	Other directorships	
Independent Trustees					
Liaquat Ahamed	Born 1952	Trustee since 2012	Author; won Pulitzer Prize for <i>Lords of Finance: The Bankers Who Broke the World</i> .	Chair of the Sun Valley Writers Conference, a literary not-for-profit organization, and a Trustee of the Journal of Philosophy.	
Barbara M. Baumann	Born 1955	Trustee since 2010 Vice Chair since 2022	President of Cross Creek Energy Corporation, a strategic consultant to domestic energy firms and direct investor in energy projects.	Director of Devon Energy Corporation, a publicly traded independent natural gas and oil exploration and production company; Director of National Fuel Gas Company, a publicly traded energy company that engages in the production, gathering, transportation, distribution, and marketing of natural gas; Senior Advisor to the energy private equity firm First Reserve; member of the Finance Committee of the Children's Hospital of Colorado; member of the Investment Committee of the Board of The Denver Foundation; and previously a Director of publicly traded companies Buckeye Partners LP, UNS Energy Corporation, CVR Energy Company, and SM Energy Corporation.	
Katinka Domotorffy	Born 1975	Trustee since 2012	Voting member of the Investment Committees of the Anne Ray Foundation and Margaret A. Cargill Foundation, part of the Margaret A. Cargill Philanthropies.	Director of the Great Lakes Science Center and of College Now Greater Cleveland.	
Catharine Bond Hill	Born 1954	Trustee since 2017	Managing Director of Ithaca S+R, a not-for-profit service that helps the academic community navigate economic and technological change. From 2006 to 2016, Dr. Hill served as the 10th president of Vassar College.	Director of Yale-NUS College and Trustee of Yale University.	
Kenneth R. Leibler	Born 1949	Trustee since 2006 Vice Chair from 2016 to 2018, Chair since 2018	Vice Chair Emeritus of the Board of Trustees of Beth Israel Deaconess Hospital in Boston. Member of the Investment Committee of the Boston Arts Academy Foundation.	Director of Eversource Corporation, which operates New England's largest energy delivery system; previously the Chairman of the Boston Options Exchange, an electronic marketplace for the trading of listed derivatives securities; previously the Chairman and Chief Executive Officer of the Boston Stock Exchange; and previously the President and Chief Operating Officer of the American Stock Exchange.	
Jennifer Williams Murphy	Born 1964	Trustee since 2022	Chief Executive Officer and Founder of Runa Digital Assets, LLC, an institutional investment advisory firm specializing in active management of digital assets. Until 2021, Chief Operating Officer of Western Asset Management, LLC, a global investment adviser, and Chief Executive Officer and President of Western Asset Mortgage Capital Corporation, a mortgage finance real estate investment trust.	Previously, a Director of Western Asset Capital Corporation.	
Marie Pillai	Born 1954	Trustee since 2022	Senior Advisor, Hunter Street Partners, LP, an asset-oriented private investment firm; Specialty Leader and Member of the Curriculum Committee of the Center for Board Certified Fiduciaries, a public benefit corporation providing coursework for developing fiduciaries. Until 2019, Vice President, Chief Investment Officer, and Treasurer of General Mills, Inc., a global food company.	Director of the Catholic Community Foundation of Minnesota; Investment Advisory Board Member of the University of Minnesota; Member of the Investment Committee of the Bush Foundation, a nonprofit organization supporting community problem-solving in Minnesota, North Dakota, and South Dakota; Member of the Finance Council and Corporate Board of the Archdiocese of Saint Paul and Minneapolis; and previously a Board Member of Catholic Charities of St. Paul and Minneapolis.	
George Putnam III	Born 1951	Trustee since 1984	Chairman of New Generation Research, Inc., a publisher of financial advisory and other research services, and President of New Generation Advisors, LLC, a registered investment adviser to private funds.	Director of The Boston Family Office, LLC, a registered investment adviser; a Director of the Gloucester Marine Genomics Institute; a Trustee of the Lowell Observatory Foundation; and previously a Trustee of the Marine Biological Laboratory.	

Name Year of birth Position held	Principal occupations during past five years	Other directorships	
Manoj P. Singh Born 1952 Trustee since 2017	Until 2015, Chief Operating Officer and Global Managing Director at Deloitte Touche Tohmatsu, Ltd., a global professional services organization, serving on the Deloitte U.S. Board of Directors and the boards of Deloitte member firms in China, Mexico, and Southeast Asia.	Director of ReNew Energy Global plc, a publicly traded renewable energy company; Director of Abt Associates, a global research firm working in the fields of health, social and environmental policy, and international development; Trustee of Carnegie Mellon University; Director of Pratham USA, an organization dedicated to children's education in India; member of the advisory board of Altimetrik, a business transformation and technology solutions firm; and Director of DXC Technology, a global IT services and consulting company.	
Mona K. Sutphen Born 1967 Trustee since 2020	Partner, Investment Strategies, at The Vistria Group, a private investment firm focused on middle-market companies in the health care, education, and financial services industries. From 2014 to 2018, Partner at Macro Advisory Partners, a global consulting firm.	Director of Spotify Technology S.A., a publicly traded audio content streaming service; Director of Unitek Learning, a private nursing and medical services education provider in the United States; Board Member, International Rescue Committee; Co-Chair of the Board of Human Rights First; Trustee of Mount Holyoke College; member of the Advisory Board for the Center on Global Energy Policy at Columbia University's School of International and Public Affairs; previously Director of Pattern Energy and Pioneer Natural Resources, publicly traded energy companies; and previously Managing Director of UBS AG.	

Interested Trustee

Robert L. Reynolds* Born 1952 Trustee since 2008, President and Chief Executive Officer of Putnam Investments since 2008	President and Chief Executive Officer of Putnam Investments; member of Putnam Investments' Board of Directors; and Chair of Great-West Lifeco U.S. LLC. Prior to 2019, also President and Chief Executive Officer of Great-West Financial, a financial services company that provides retirement savings plans, life insurance, and annuity and executive benefits products, and of Great-West Lifeco U.S. LLC, a holding company that owns Putnam Investments and Great-West Financial, and a member of Great-West Financial's Board of Directors.	Director of the Concord Museum; Director of Dana-Farber Cancer Institute; Director of the U.S. Ski & Snowboard Foundation; Chair of the Boston Advisory Board of the American Ireland Fund; Council Co-Chair of the American Enterprise Institute; Member of U.S. Chamber of Commerce, Center for Capital Markets Competitiveness; Chair of Massachusetts High Technology Council; Member of the Chief Executives Club of Boston; Member of the Massachusetts General Hospital President's Council; Chairman of the Board of Directors of the Ron Burton Training Village; Director and former Chair of the Massachusetts Competitive Partnership; former Chair of the West Virginia University Foundation; and former Executive Committee Member of the Greater Boston Chamber of Commerce.	
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*Mr. Reynolds is an "interested person" (as defined in the Investment Company Act of 1940) of the fund and Putnam Investments. He is President and Chief Executive Officer of Putnam Investments, as well as the President of your fund and each of the other Putnam funds.

The address of each Trustee is 100 Federal Street, Boston, MA 02110.

As of December 31, 2022, there were 92 mutual funds, 4 closed-end funds, and 7 exchange-traded funds in the Putnam funds complex. Each Trustee serves as Trustee of all funds in the Putnam funds complex.

Each Trustee serves for an indefinite term, until his or her resignation, retirement at age 75, removal, or death.

Officers

In addition to Robert L. Reynolds, the other officers of the fund are shown below:

James F. Clark *(Born 1974)*

Vice President and Chief Compliance Officer
Since 2016
Chief Compliance Officer and Chief Risk Officer,
Putnam Investments, and Chief Compliance
Officer, Putnam Management

Nancy E. Florek *(Born 1957)*

Vice President, Director of Proxy Voting
and Corporate Governance, Assistant Clerk,
and Assistant Treasurer
Since 2000

Michael J. Higgins *(Born 1976)*

Vice President, Treasurer, and Clerk
Since 2010

Jonathan S. Horwitz *(Born 1955)*

Executive Vice President, Principal Executive
Officer, and Compliance Liaison
Since 2004

Richard T. Kircher *(Born 1962)*

Vice President and BSA Compliance Officer
Since 2019
Assistant Director, Operational Compliance,
Putnam Investments and Putnam
Retail Management

Martin Lemaire *(Born 1984)*

Vice President and Derivatives Risk Manager
Since 2022
Risk Manager and Risk Analyst,
Putnam Investments

Susan G. Malloy *(Born 1957)*

Vice President and Assistant Treasurer
Since 2007
Head of Accounting and Middle Office Services,
Putnam Investments and Putnam Management

Alan G. McCormack *(Born 1964)*

Vice President and Derivatives Risk Manager
Since 2022
Head of Quantitative Equities and Risk,
Putnam Investments

Denere P. Poulack *(Born 1968)*

Assistant Vice President, Assistant Clerk,
and Assistant Treasurer
Since 2004

Janet C. Smith *(Born 1965)*

Vice President, Principal Financial
Officer, Principal Accounting Officer,
and Assistant Treasurer
Since 2007
Head of Fund Administration Services, Putnam
Investments and Putnam Management

Stephen J. Tate *(Born 1974)*

Vice President and Chief Legal Officer
Since 2021
General Counsel, Putnam Investments, Putnam
Management, and Putnam Retail Management

Mark C. Trenchard *(Born 1962)*

Vice President
Since 2002
Director of Operational Compliance, Putnam
Investments and Putnam Retail Management

The principal occupations of the officers for the past five years have been with the employers as shown above, although in some cases they have held different positions with such employers. The address of each officer is 100 Federal Street, Boston, MA 02110.

Other important information

Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds' proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2022, are available in the Individual Investors section of putnam.com and on the Securities and Exchange Commission's (SEC) website at www.sec.gov. If you have questions about finding forms on the SEC's website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

The fund will file a complete schedule of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT within 60 days of the end of such fiscal quarter. Shareholders may obtain the fund's Form N-PORT from the SEC's website at www.sec.gov.

Prior to its use of Form N-PORT, the fund filed its complete schedule of its portfolio holdings with the SEC on Form N-Q, which is available online at www.sec.gov.

Fund information

Investment Manager

Putnam Investment Management, LLC
100 Federal Street
Boston, MA 02110

Investment Sub-Advisor

Putnam Investments Limited
16 St James's Street
London, England SW1A 1ER

Marketing Services

Putnam Retail Management
Limited Partnership
100 Federal Street
Boston, MA 02110

Investor Servicing Agent

Putnam Investments
Mailing address:
P.O. Box 219697
Kansas City, MO 64121-9697
1-800-225-1581

Custodian

State Street Bank and Trust Company

Legal Counsel

Ropes & Gray LLP

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP

Trustees

Kenneth R. Leibler, *Chair*
Barbara M. Baumann, *Vice Chair*
Liaquat Ahamed
Katinka Domotorffy
Catharine Bond Hill
Jennifer Williams Murphy
Marie Pillai
George Putnam III
Robert L. Reynolds
Manoj P. Singh
Mona K. Sutphen

The fund's Statement of Additional Information contains additional information about the fund's Trustees and is available without charge upon request by calling 1-800-225-1581.

