

Objective

The fund seeks as high a level of current income as Putnam management believes is consistent with preservation of capital.

Portfolio Managers

D. William Kohli
(industry since 1988)

Michael J. Atkin
(industry since 1988)

Robert L. Davis, CFA
(industry since 1999)

Brett S. Kozlowski, CFA
(industry since 1997)

Michael V. Salm
(industry since 1989)

Paul D. Scanlon, CFA
(industry since 1986)

Current unit value

Class IA: \$5.82

Class IB: \$5.83

Credit qualities are shown as a percentage of the fund's net assets. A bond rated BBB or higher (A-3 or higher, for short-term debt) is considered investment grade. This chart reflects the highest security rating provided by one or more of Standard & Poor's, Moody's, and Fitch. To-be-announced (TBA) mortgage commitments, if any, are included based on their issuer ratings. Ratings may vary over time. Cash, derivative instruments, and net other assets are shown in the not-rated category. Payables and receivables for TBA mortgage commitments are included in the not-rated category and may result in negative weights. **The fund itself has not been rated by an independent rating agency.**

Putnam VT Diversified Income Fund

Offering a diversified portfolio of income opportunities

Broad diversification

The fund seeks multiple sources of return outside the constraints of its benchmark, investing across traditional and alternative bond markets.

Flexible risk allocations

The fund takes a unique approach to asset allocation, dynamically establishing diversified risk exposures rather than sector exposures.

Active duration management

As the fund's duration is independent of any index, the fund employs strategies that seek to reduce interest-rate risk.

Diversification across bond market sectors

| | |
|-------------------------------|-------|
| Commercial MBS | 22.3% |
| High-yield corporate bonds | 21.9 |
| Agency CMO | 20.7 |
| Agency pass-through | 15.4 |
| Emerging-market bonds | 12.7 |
| Residential MBS (non-agency) | 11.1 |
| International Treasury/agency | 3.0 |
| Investment-grade corp. bonds | 2.0 |
| Bank loans | 1.5 |
| Convertible securities | 1.0 |
| Equity investments | 0.2 |
| Net cash | 17.2 |

Allocations will vary over time. 19.4% of the portfolio invested internationally.

Allocations may not total 100% of net assets because the table includes the notional value of derivatives (the economic value for purposes of calculating periodic payment obligations), in addition to the market value of securities.

Portfolio quality

| | |
|---------------|-------|
| AAA | 38.2% |
| AA | 2.3 |
| A | 1.6 |
| BBB | 9.4 |
| BB | 23.6 |
| B | 14.4 |
| CCC and below | 8.4 |
| Not rated | 2.2 |

Holdings represent 100% of the portfolio and will vary over time.

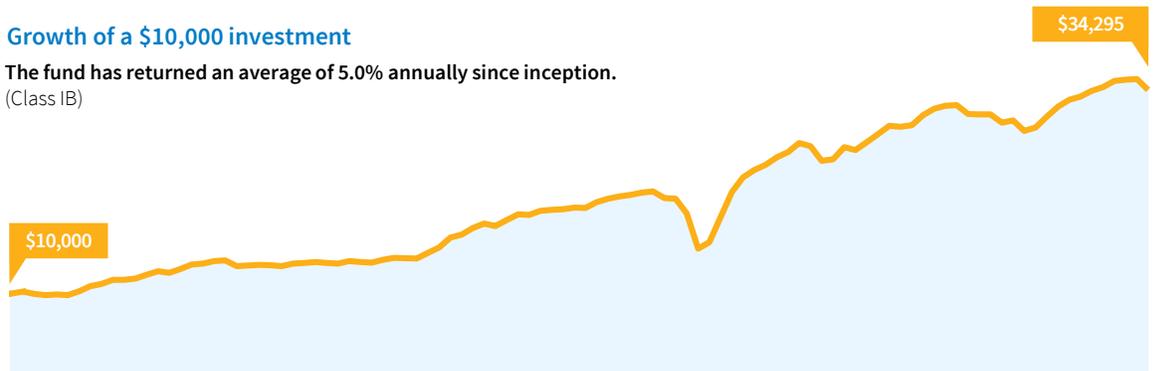
Negative weights may result from timing differences between trade and settlement dates of securities, such as TBAs, or by the use of derivatives.

Maturity breakdown

| | |
|---------------|------|
| 0-1 year | 1.2% |
| 1-5 years | 26.0 |
| 5-10 years | 66.7 |
| 10-15 years | 2.8 |
| Over 15 years | 3.3 |

Growth of a \$10,000 investment

The fund has returned an average of 5.0% annually since inception. (Class IB)



9/15/93 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 '16 12/31/18

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results.

Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. All total return figures are at net asset value. The charges and expenses of the insurance company separate account level are not reflected. Performance for class IB shares for periods prior to their inception is based on class IA shares, adjusted to reflect the fees paid by class IB shares including a 12b-1 fee of 0.25%. To obtain the most recent month-end performance, contact your variable annuity provider, who has more information about their variable annuity and variable life products that invest in Putnam managed products. For a portion of the period, this fund limited expenses, without which returns would have been lower.

**Not FDIC insured
May lose value
No bank guarantee**

Lipper rankings

| | |
|-------------|-------------|
| (IB shares) | |
| 1 year | 47% (24/51) |
| 3 years | 39% (16/41) |
| 5 years | 77% (29/37) |
| 10 years | 8% (2/25) |

Category:
VP (Underlying funds)—
General bond funds

Number of holdings

1,540

Net assets

\$195.52M

Average effective duration

2.45

Average effective maturity

6.65

Standard deviation

4.92

Average effective duration

provides a measure of a fund's interest-rate sensitivity. The longer a fund's duration, the more sensitive the fund is to shifts in interest rates.

Average effective maturity

depends on the maturity of the underlying bonds within each fund. The longer the maturity, the greater the interest-rate risk. **Standard deviation** measures how widely a set of values varies from the mean. It is a historical measure of the variability of return earned by an investment portfolio over a 3-year period. Variable annuities are long-term investment vehicles intended for retirement planning. Annuities have insurance related charges and tax considerations, and are offered by contract only.

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Putnam Retail Management
FS028_VT 314897 1/19

Annual performance at net asset value (all distributions reinvested)

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------------------------|-------|-------|-------|-------|------|------|-------|------|------|-------|
| Class IA | 54.8% | 13.0% | -3.2% | 12.0% | 8.1% | 0.7% | -2.3% | 5.8% | 7.4% | -0.7% |
| Class IB | 55.4 | 12.8 | -3.4 | 11.7 | 7.8 | 0.3 | -2.3 | 5.4 | 7.1 | -1.0 |
| ICE BofAML U.S. Treasury Bill Index | 0.3 | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.4 | 0.8 | 1.9 |

Annualized total return performance

| | Class IA NAV Inception 9/15/93 | Class IB NAV Inception 4/6/98 | ICE BofAML U.S. Treasury Bill Index |
|--------------|--------------------------------------|-------------------------------------|---|
| 1 year | -0.74% | -0.98% | 1.88% |
| 3 years | 4.09 | 3.79 | 1.02 |
| 5 years | 2.09 | 1.85 | 0.64 |
| 10 years | 8.56 | 8.37 | 0.40 |
| Life of fund | 5.18 | 4.99 | 2.59 |

Current performance may be lower or higher than the quoted past performance, which cannot guarantee future results. Share price, principal value, and return will vary, and you may have a gain or a loss when you sell your shares. All total return figures are at net asset value. The charges and expenses of the insurance company separate account level are not reflected. Performance for class IB shares for periods prior to their inception is based on class IA shares, adjusted to reflect the fees paid by class IB shares including a 12b-1 fee of 0.25%. 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. To obtain the most recent month-end performance, contact your variable annuity provider, who has more information about their variable annuity and variable life products that invest in Putnam-managed products. For a portion of the period, this fund limited expenses, without which returns would have been lower.

The ICE BofAML U.S. Treasury Bill Index is an unmanaged index that tracks the performance of U.S. dollar-denominated U.S. Treasury bills publicly issued in the U.S. domestic market. Qualifying securities must have a remaining term of at least one month to final maturity and a minimum amount outstanding of \$1 billion.

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Lipper rankings for class IB shares are based on total return without sales charge relative to all share classes of funds with similar objectives as determined by Lipper. Variable annuities are long-term investment vehicles intended for retirement planning. Annuities have insurance related charges and tax considerations, and are offered by contract only.

Consider these risks before investing: International investing involves currency, economic, and political risks. Emerging-market securities carry illiquidity and volatility risks. Lower-rated bonds may offer higher yields in return for more risk. Funds that invest in government securities are not guaranteed. Mortgage-backed securities are subject to prepayment risk and the risk that they may increase in value when interest rates decline and decline in value when interest rates rise. Bond investments are subject to interest-rate risk (the risk of bond prices falling if interest rates rise) and credit risk (the risk of an issuer defaulting on interest or principal payments). Interest-rate risk is greater for longer-term bonds, and credit risk is greater for below-investment-grade bonds. Risks associated with derivatives include increased investment exposure (which may be considered leverage) and, in the case of over-the-counter instruments, the potential inability to terminate or sell derivatives positions and the potential failure of the other party to the instrument to meet its obligations. Unlike bonds, funds that invest in bonds have fees and expenses. Bond prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions (including perceptions about the risk of default and expectations about monetary policy or interest rates), changes in government intervention in the financial markets, and factors related to a specific issuer or industry. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. You can lose money by investing in the fund.

Your clients should carefully consider the investment objective, risks, charges, and expenses of a fund before investing. For a prospectus containing this and other information for any variable annuity or variable life product that invests in Putnam managed products, call the Putnam Client Engagement Center at 1-800-354-4000. Your clients should read the prospectus carefully before investing.