

Objective

The fund seeks high current income consistent with what Putnam management believes to be prudent risk.

Portfolio Managers

Michael V. Salm
(industry since 1989)

Brett S. Kozlowski, CFA
(industry since 1997)

Emily E. Shanks
(industry since 1999)

Current unit value

Class IA: \$10.72

Class IB: \$10.62

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 Income Fund

Pursuing income with an all-weather bond portfolio

Diverse opportunities

The fund invests across all sectors of the U.S. bond market, including mortgage-backed securities, corporate bonds, and other government obligations.

Flexible risk allocations

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

Bottom-up approach

Security selection is the primary driver of returns, with sub-sector allocations and macro strategies also serving as potential alpha generators.

Diversification across bond market sectors

Agency pass-through	35.8%
Commercial MBS	30.6
Investment-grade corp. bonds	27.0
Agency CMO	18.6
Residential MBS (non-agency)	8.5
High-yield corporate bonds	2.7
Asset-backed securities (ABS)	0.7
Municipal bonds	0.5
Net cash	11.2

Allocations will vary over time. 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	62.3%
AA	3.9
A	11.6
BBB	22.9
BB	8.5
B	3.0
CCC and below	2.1
Not rated	-14.2

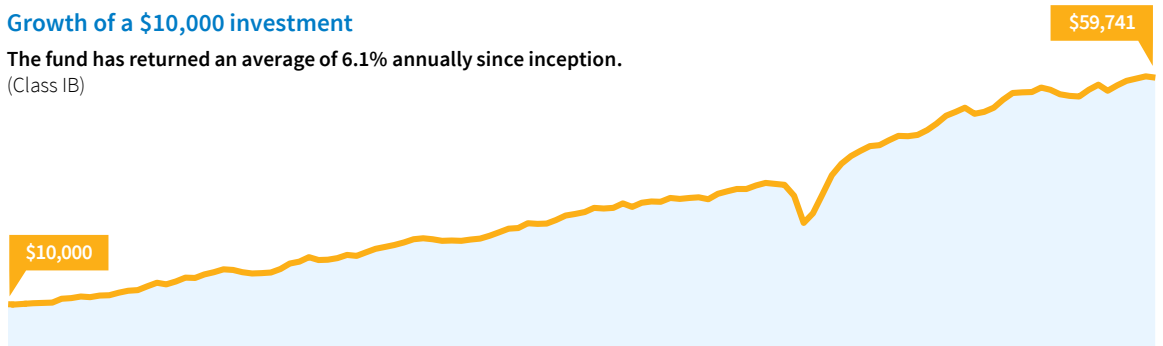
Holdings represent 100% of the portfolio and will vary over time. A negative percentage reflects the effect of fund strategies that are designed to enhance performance if certain securities decline in value.

Maturity breakdown

0-1 year	-7.0%
1-5 years	16.6
5-10 years	75.8
10-15 years	3.2
Over 15 years	11.4

Growth of a \$10,000 investment

The fund has returned an average of 6.1% annually since inception. (Class IB)



2/1/88 '90 '91 '92 '93 '94 '95 '96 '97 '98 '99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 '15 3/31/18

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**



The fund received a 4-star Overall Morningstar Rating as of 3/31/18 among 858 funds in the Intermediate-Term Bond category (IB shares, based on risk-adjusted returns)

Lipper rankings

(IB shares)
 1 year 3% (3/106)
 3 years 49% (48/97)
 5 years 9% (8/93)
 10 years 3% (2/73)
 Category:
 VP (Underlying Funds)—
 Core bond funds

Number of holdings

1,010

Net assets

\$244.36M

Average effective duration

6.16

Average effective maturity

11.33

Standard deviation

2.96

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Putnam Retail Management
 FS035_VT 311100 5/18

Annual performance at net asset value (all distributions reinvested)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 YTD
Class IA	47.2%	10.2%	5.2%	11.1%	2.1%	6.7%	-1.2%	2.3%	5.9%	-0.5%
Class IB	46.6	9.9	5.0	10.7	1.9	6.5	-1.5	2.0	5.6	-0.6
BBG Barclays U.S. Aggregate Bond Index	5.9	6.5	7.8	4.2	-2.0	6.0	0.6	2.7	3.5	-1.5

Annualized total return performance

	Class IA NAV Inception 2/1/88	Class IA NAV Inception 4/30/98	BBG Barclays U.S. Aggregate Bond Index
1 year	3.24%	2.91%	1.20%
3 years	1.50	1.24	1.20
5 years	2.64	2.36	1.82
10 years	5.36	5.09	3.63
Life of fund	6.32	6.10	6.13

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The Bloomberg (BBG) Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities. You cannot invest directly in an index.

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.

The Morningstar Rating™ for funds, or "star rating," is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange-traded funds, closed-end funds, and separate accounts) with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. The weights are: 100% three-year rating for 36-59 months of total returns, 60% five-year rating/40% three-year rating for 60-119 months of total returns, and 50% 10-year rating/30% five-year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

Putnam VT Income Fund received 3, 4, and 4 stars for the 3-, 5-, and 10-year periods among 858, 784, and 561 Intermediate-Term Bond funds, respectively.

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.

Consider these risks before investing: Funds that invest in government securities are not guaranteed. Mortgage backed investments carry 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). We may have to invest the proceeds from prepaid investments, including mortgage backed investments, in other investments with less attractive terms and yields. 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. 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.