



David L. Diamond, CFA
Portfolio Manager
(industry since 1986)



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Portfolio Manager
(industry since 1994)

Objective

The fund seeks capital appreciation.

Current unit value

Class IA: \$15.94
Class IB: \$15.74

Number of holdings

248

Net assets

\$160.06M

Putnam VT Small Cap Value Fund

Pursuing capital appreciation through undervalued small companies

Small companies

Often overlooked by Wall Street analysts, the stocks of small companies can represent attractive opportunities.

Active value strategy

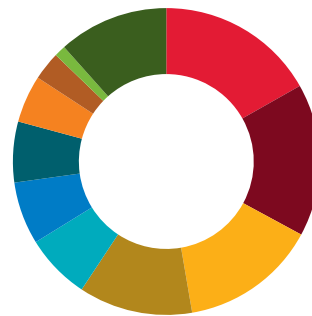
The portfolio managers seek attractively valued companies with improving fundamentals or catalysts that may unlock value.

Rigorous research

The portfolio managers and a team of senior research analysts offer the collaboration of a boutique with the extensive resources of a large, global firm.

Diversification across market sectors

Financials	16.8%
Industrials	16.1%
Consumer discretionary	14.4%
Information technology	12.0%
Energy	6.9%
Materials	6.6%
Consumer staples	6.4%
Real estate	5.0%
Health care	3.0%
Utilities	1.2%
Cash and net other assets	11.6%



Allocations will vary over time. Due to rounding, percentages may not equal 100%.

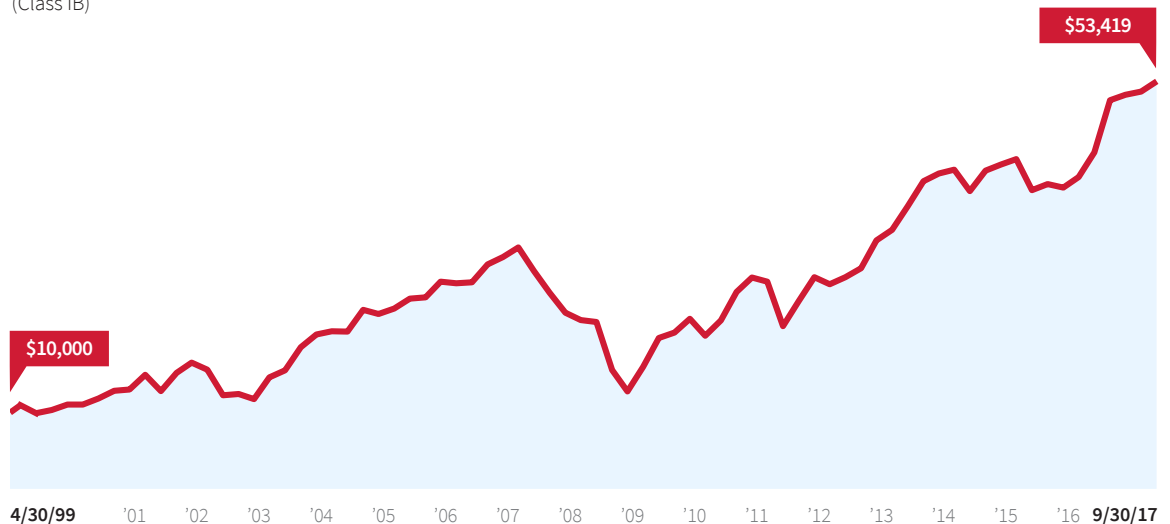
Top ten holdings

- Hain Celestial Group
- RLJ Lodging Trust
- Carpenter Technology
- Sprouts Farmers Market
- Calpine
- Hub Group
- Minerals Technologies
- Party City
- Radian Group
- Atkore International Group

Holdings represent 10.5% of the portfolio and will vary over time.

Growth of a \$10,000 investment

The fund has returned an average of 9.5% annually since inception. (Class IB)



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

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. 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.

Lipper rankings

(1B shares)
 1 year 18% (8/46)
 3 years 39% (18/46)
 5 years 37% (17/46)
 10 years 81% (29/35)
 Category:
 VP (Underlying Funds)—
 Small-cap value funds

Market-cap breakdown

Over \$5B 3.62%
 \$3B - \$5B 19.07%
 \$1B - \$3B 42.70%
 Less than \$1B 23.04%
 Cash and other assets 11.57%

"Cash and other assets" includes cash, short term securities, ETFs, bonds excluding convertible bonds, and other securities not able to be classified by market capitalization.

Beta

0.92

Annual performance before sales charge (all distributions reinvested)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017 YTD
Class IA	-12.4%	-39.3%	31.8%	26.3%	-4.5%	17.8%	39.9%	3.7%	-3.9%	27.7%	5.1%
Class IB	-12.7	-39.4	31.5	26.0	-4.7	17.5	39.6	3.4	-4.2	27.5	4.8
Russell 2000 Value Index	-9.8	-28.9	20.6	24.5	-5.5	18.1	34.5	4.2	-7.5	31.7	5.7

Annualized total return performance

	Class IA NAV Inception 4/30/99	Class IB NAV Inception 4/30/99	Russell 2000 Value Index
1 year	21.34%	21.02%	20.55%
3 years	11.31	11.31	12.12
5 years	14.26	13.97	13.27
10 years	6.73	6.47	7.14
Life of fund	9.79	9.52	9.75

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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. Beta measures volatility in relation to the fund's benchmark. A beta of less than 1.0 indicates lower volatility; a beta of more than 1.0, higher volatility than the benchmark.

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. Stock prices may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions, changes in government intervention in the financial market, and factors related to a specific issuer, industry, or sector. These risks are generally greater for small and midsize companies. 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 Putnam Dealer Marketing Services at 1-800-354-4000. Your clients should read the prospectus carefully before investing.

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