



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



Eric N. Harthun, CFA
Portfolio Manager
(industry since 1994)

Objective

The fund seeks capital appreciation.

Current unit value

Class IA \$15.53
Class IB \$15.35

Number of holdings

227

Net assets

\$163.17M

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

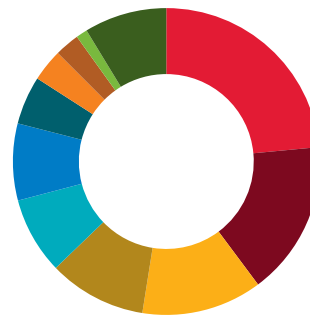
The portfolio managers seek attractively valued companies with improving fundamentals or catalysts that may unlock value.

Rigorous research

The portfolio manager and a team of senior dedicated research analysts have extensive experience working together as a boutique with access to large firm resources.

Diversification across market sectors

Financials	23.5%
Industrials	16.3
Consumer discretionary	12.7
Information technology	10.3
Materials	8.1
Energy	8.1
Consumer staples	5.1
Real estate	3.4
Health care	2.6
Utilities	1.2
Cash and net other assets	8.7



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

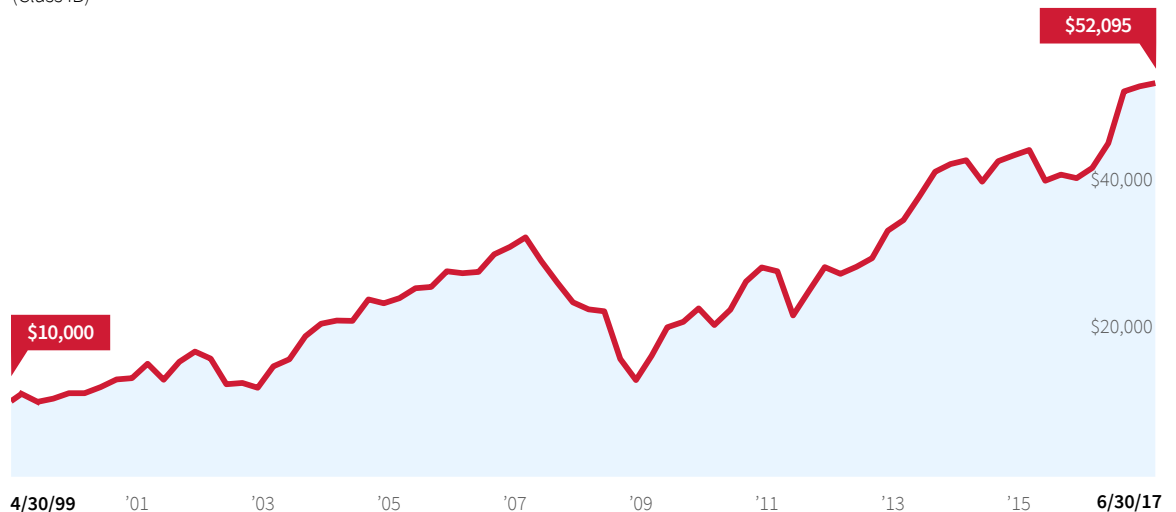
Top ten holdings

- Party City
- Radian Group
- NCR
- Quanta Services
- Flex
- SeaWorld Parks & Entertainment
- Sprouts Farmers Market
- New York REIT
- Hyster-Yale Materials Handling
- Time

Holdings represent 11.1% 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)



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. Performance assumes reinvestment of distributions and does not account for taxes. Class Y shares, available to investors through an asset-based fee program or for institutional clients, are sold without an initial sales charge and have no CDSC. Performance for Class Y shares before their inception are derived from the historical performance of class A shares (inception 4/13/99), which have not been adjusted for the lower expenses; had they, returns would have been higher. For the most recent month-end performance, please visit putnam.com.

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

Lipper rankings

(IB shares)	
1 year	9% (4/46)
3 years	20% (9/46)
5 years	35% (16/46)
10 years	84% (30/35)

Category:
VP (Underlying Funds) —
Small-cap value funds

Market-cap breakdown

Over \$5B	7.51%
\$3B–\$5B	18.38%
\$1B–\$3B	37.12%
Less than \$1B	28.26%
Cash and other assets	8.74%

"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

0.91

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%	2.4%
Class IB	-12.7	-39.4	31.5	26.0	-4.7	17.5	39.6	3.4	-4.2	27.5	2.2
Russell 2000 Value Index	-9.8	-28.9	20.6	24.5	-5.5	18.1	34.5	4.2	-7.5	31.7	0.5

Annualized total return performance

	Class IA NAV Inception 4/30/99	Class IB NAV Inception 4/30/99	Russell 2000 Value Index
1 year	27.75%	27.46%	24.86%
3 years	7.81	7.55	7.02
5 years	14.48	14.19	13.39
10 years	5.36	5.10	5.92
Life of fund	9.77	9.51	9.98

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. 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 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. 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. **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 and factors related to a specific issuer or industry. 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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Putnam Retail Management
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