



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

**Objective**

The fund seeks capital appreciation.

**Current unit value**

Class IA: \$16.41  
Class IB: \$16.20

**Number of holdings**

233

**Net assets**

\$160.00M

# 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 manager seeks attractively valued companies with improving fundamentals or catalysts that may unlock value.

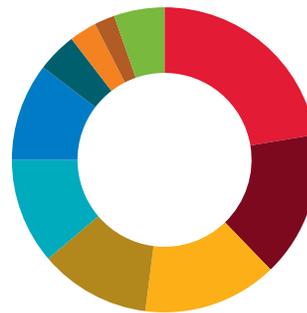
**Rigorous research**

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**

Industrials	22.4%
Financials	15.4
Consumer discretionary	14.2
Energy	11.8
Information technology	11.2
Materials	10.4
Consumer staples	4.2
Real estate	2.9
Health care	2.2
Cash and net other assets	5.4

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



**Top ten holdings**

- Bemis
- Hain Celestial Group
- Apogee Enterprises
- Minerals Technologies
- Bloomin' Brands
- Penn Virginia
- Hub Group
- Brink's
- MasTec
- Caesars Entertainment

Holdings represent 13.7% of the portfolio and will vary over time.

**Growth of a \$10,000 investment**

The fund has returned an average of 9.6% 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.



The fund received a 4-star Overall Morningstar Rating as of 12/31/17 among 346 funds in the Small Value category (IB shares, based on risk-adjusted returns)

#### Lipper rankings

(IB shares)

1 year 60% (28/46)

3 years 40% (18/45)

5 years 37% (17/45)

10 years 72% (25/34)

Category:

VP (Underlying Funds)—

Small-cap value funds

#### Market-cap breakdown

Over \$5B 6.85%

\$3B–\$5B 22.50%

\$1B–\$3B 35.97%

Less than \$1B 29.52%

Cash and other assets 5.17%

“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

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Putnam Retail Management  
FS069\_VT 309685 2/18

### Annual performance at net asset value (all distributions reinvested)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Class IA	-12.4%	-39.3%	31.8%	26.3%	-4.5%	17.8%	39.9%	3.7%	-3.9%	27.7%	8.2%
Class IB	-12.7	-39.4	31.5	26.0	-4.7	17.5	39.6	3.4	-4.2	27.5	7.9
Russell 2000 Value Index	-9.8	-28.9	20.6	24.5	-5.5	18.1	34.5	4.2	-7.5	31.7	7.8

### Annualized total return performance

	Class IA NAV Inception 4/30/99	Class IB NAV Inception 4/30/99	Russell 2000 Value Index
1 year	8.15%	7.87%	7.84%
3 years	9.89	9.61	9.55
5 years	14.00	13.72	13.01
10 years	8.15	7.89	8.17
Life of fund	9.82	9.56	9.74

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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 Small Cap Value Fund received 4, 4, and 3 stars for the 3-, 5-, and 10-year periods among 346, 298, and 205 Small Value funds, respectively.

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, 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 the Putnam Client Engagement Center at 1-800-354-4000. Your clients should read the prospectus carefully before investing.**