

**Objective**

The fund seeks a positive return of 5% above the return of U.S. T-bills, over a reasonable period of time, generally at least three years, regardless of market condition.

**Portfolio Managers**

**Robert J. Schoen**  
(industry since 1990)

**James A. Fetch**  
(industry since 1994)

**Robert J. Kea, CFA**  
(industry since 1988)

**Jason R. Vaillancourt, CFA**  
(industry since 1993)

**Current unit value**

Class IA \$10.36  
Class IB \$10.24

**Strategy definitions****Tactical asset allocation**

Distributing assets across U.S. and non-U.S. markets to enhance the portfolio's return potential relative to risk.

**Currency positioning**

Establishing positions among the world's currencies to enhance the portfolio's return potential relative to risk.

**Security selection**

Choosing securities, including bonds, stocks, and alternative assets, that suit the portfolio's objective and offer a more attractive risk and reward profile than others available in the market.

**Derivatives to enhance exposures or mitigate risk**

Using derivatives as cheaper substitutes for securities, to fine-tune or increase portfolio positions, or to mitigate specific risks.

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

FOR DEALER USE ONLY  
Not for public distribution

# Putnam VT Absolute Return 500 Fund®

Seeking positive results balanced with lower volatility over time

**A wide range of securities for diversification**

The fund can invest across multiple asset classes and can adjust dynamically as opportunities change.

**Invests across global asset classes†**

High-yield corporate bonds	17.1%
U.S. stocks	9.5%
Commodities	7.9%
Agency pass-through	6.2%
Commercial MBS	6.0%
Agency CMO	5.2%
International stocks	4.2%
Emerging-market bonds	1.9%
Residential MBS (non-agency)	1.5%
Asset-backed securities (ABS)	0.1%
Investment-grade corporate bonds	0.1%
Emerging-market stocks	-0.9%
U.S. Treasury/agency	-4.1%
Net cash*	49.6%

\* Includes money market funds.

Allocations 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.

**Ultimate flexibility to be independent of indexes**

Freed from the constraints of traditional benchmarks that may carry unwanted risks, the portfolio managers can invest across diverse securities, asset classes, and strategies.

**Diverse risk strategies† (% of total risk)**

<b>Directional</b>	<b>38.1%</b>
Equity	16.3%
Credit	17.2%
Rates	2.7%
Inflation	2.0%
<b>Non-directional</b>	<b>61.9%</b>
Equity selection alpha	38.7%
Fixed income selection alpha	4.3%
Fixed income sector alpha	2.8%
Regional equity long/short	4.3%
Regional fixed income long/short	2.5%
Commodity alpha	2.6%
Currency alpha	1.5%
Alternative beta	5.2%
<b>Ex ante total risk</b>	<b>2.21</b>

† 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.

**Modern investment tools seeking reduced risk**

With the ability to hedge and use market neutral strategies, the fund can provide a new type of diversification to traditional portfolios.

**Top ten holdings**

Top ten holdings	Sector
Net cash*	Net cash*
FNMA TBA 3.50% 05/01/2047	Agency pass-through
Citigroup Long F3-Short F0 3X Note 04/24/2017	Commodities
Consumer Staples Select Sector SPDR	U.S. stocks
Industrial Select Sector SPDR	U.S. stocks
Financials Select Sector SPDR	U.S. stocks
Utilities Select Sector SPDR	U.S. stocks
Materials Select Sector SPDR	U.S. stocks
Dow Jones/UBS Long F3-Short 3X 144A Note 02/01/2018	Commodities
Energy Select Sector SPDR	U.S. stocks

\* Includes money market funds.

Holdings represent 65.4% of the portfolio and will vary over time.

**Serving variable annuity investors considering a balanced fund**

Putnam VT Absolute Return 500 Fund can be an attractive alternative to a balanced fund. Free from the constraints of a traditional benchmark index, this fund can invest in a wide range of securities and pursue strategies intended to produce lower volatility than is historically associated with traditional asset classes that have earned similar levels of return over long time periods.

For investors near retirement, the fund's flexibility to adjust to market events and evolving economic conditions can help it to potentially outperform general markets during flat or negative periods. Also, for investors in retirement, its focus on positive real returns above inflation is compelling given the possibility of inflation in the years ahead.

† Long/short equity, fixed-income, commodity, and currency alpha strategies are pairings of positive and "negative," or short-selling, positions. They may focus on individual securities, groups of securities or sectors, different indexes, currencies, commodities, or segments of the commodity futures curve. Regional long/short positions are top-down (as opposed to fundamentally driven "bottom up") long-short trades; they may involve two different countries or groups of countries. Alternative beta strategies are market-neutral strategies that seek non-traditional sources of risk premia.

**Number of holdings**

634

**Net assets**

\$33.06M

**Dividend frequency**

Annually

**Standard deviation**

3.14

**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 the past three years.

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.

**Annualized total return performance**

	Class IA NAV Inception 5/2/11	Class IB NAV Inception 5/2/11	BofA Merrill Lynch U.S. Treasury Bill Index
1 year	4.33%	4.07%	0.37%
3 years	2.00	1.74	0.20
5 years	2.25	1.98	0.16
Life of fund	2.02	1.76	0.15

The BofA Merrill Lynch 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.

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.

**Absolute return funds can add a new dimension to a portfolio**

Absolute return funds can adapt to any market environment by pursuing global opportunities and progressive risk management.

	Absolute return funds	Traditional bond funds	Traditional balanced funds	U.S. stock funds	International stock funds
<b>Absolute flexibility</b> Free to change holdings rather than follow one market or asset class	●				
<b>Defines positive return targets</b> Pursues targeted returns above inflation over a market cycle	●				
<b>Available strategies</b>					
U.S. bonds	●	●	●		
U.S. stocks	●		●	●	
Foreign bonds	●	●	●		
Foreign stocks	●		●		●
Emerging markets	●				●
Commodities	●				
Hedging strategies	●	●			●
REITs	●				
Cash	●				

All funds involve different levels of risk, have different fees and expenses, and have different objectives that you should consider before investing. See the fund's prospectus for complete details. The fund is not intended to outperform stocks and bonds during strong market rallies.

**Consider these risks before investing:** Allocation of assets among asset classes may hurt performance. The value of stocks and bonds in the fund's portfolio may fall or fail to rise over time for several reasons, including general financial market conditions, changing market perceptions of the risk of default, changes in government intervention, and factors related to a specific issuer or industry. These factors may also lead to periods of high volatility in the financial markets and reduced liquidity in the bond markets. Growth stocks may be more susceptible to earnings disappointments, and value stocks may fail to rebound. 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. Unlike bonds, funds that invest in bonds have fees and expenses. 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 less when interest rates decline and decline in value more when interest rates rise. International investing involves currency, economic, and political risks. Emerging-market securities have illiquidity and volatility risks. Our alpha strategy may lose money or not earn a return sufficient to cover associated trading and other costs. Our use of leverage obtained through derivatives increases these risks by increasing investment exposure. 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. The fund's efforts to produce lower-volatility returns may not be successful and may make it more difficult at times for the fund to achieve its targeted return. Under certain market conditions, the fund may accept greater-than-typical volatility to seek its targeted return. The fund may not achieve its goal, and it is not intended to be a complete investment program. You can lose money by investing in the fund. The fund's prospectus lists additional risks.

**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.**