

Putnam Variable Trust

Putnam VT George Putnam Balanced Fund

Semiannual report

6 | 30 | 20

IMPORTANT NOTICE: Delivery of paper fund reports

In accordance with regulations adopted by the Securities and Exchange Commission, beginning on or after January 1, 2021, at the election of your insurance provider, you may not receive paper reports like this one in the mail from the insurance provider that offers your variable annuity contract or variable life insurance policy unless you specifically request it. Instead, they will be available on a website, and your insurance provider will notify you by mail whenever a new one is available, and provide you with a website link to access the report.

If you wish to continue to receive paper reports free of charge after January 1, 2021, please contact your insurance provider.

If you already receive these reports electronically, no action is required.

Message from the Trustees

August 7, 2020

Dear Shareholder:

Financial markets worldwide continue to be challenged by economic uncertainty and high unemployment due to the COVID-19 pandemic. In addition, our nation is struggling with confusion, anger, and grief over horrific acts of racism and brutality in our country and with the overall issue of systemic racial injustice. Your Board of Trustees and Putnam Investments stand united against oppression and racism. We will work to support thoughtful and resourceful actions to elevate both our workplace and society.

Also, we would like to take this opportunity to thank Robert E. Patterson, who retired as a Trustee on June 30, 2020, for his 36 years of service. We will miss Bob's experienced judgment and insights, and we wish him well. We are also pleased to welcome Mona K. Sutphen to the Board. Ms. Sutphen brings extensive professional and directorship experience to her role as a Trustee.

As always, thank you for investing with Putnam.

Respectfully yours,



Robert L. Reynolds

President and Chief Executive Officer
Putnam Investments



Kenneth R. Leibler

Chair, Board of Trustees

The views expressed in this report are exclusively those of Putnam Management and are subject to change. They are not meant as investment advice. Please note that the holdings discussed in this report may not have been held by the fund for the entire period. Portfolio composition is subject to review in accordance with the fund's investment strategy and may vary in the future.

Consider these risks before investing: Consider these risks before investing: The value of investments in the fund's portfolio may fall or fail to rise over extended periods of time for a variety of reasons, including general economic, political, or financial market conditions; investor sentiment and market perceptions; government actions; geopolitical events or changes; and factors related to a specific issuer, geography, industry, or sector. These and other factors may lead to increased volatility and reduced liquidity in the fund's portfolio holdings. 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 generally greater for longer-term bonds, and credit risk is generally 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. Our investment techniques, analyses, and judgments may not produce the outcome we intend. The investments we select for the fund may not perform as well as other securities that we do not select for the fund. We, or the fund's other service providers, may experience disruptions or operating errors that could have a negative effect on the fund. You can lose money by investing in the fund.

Performance summary (as of 6/30/20)

Investment objective

Balanced investment composed of a well-diversified portfolio of stocks and bonds that produce both capital growth and current income

Net asset value June 30, 2020

Class IA: \$12.36

Class IB: \$12.31

Total return at net asset value

(as of 6/30/20)	Class IA shares*	Class IB shares*	S&P 500 Index (primary benchmark)	Bloomberg Barclays U.S. Aggregate Bond Index	George Putnam Blended Index (secondary benchmark)
6 months	1.13%	1.04%	-3.08%	6.14%	1.88%
1 year	9.20	8.97	7.51	8.74	9.62
5 years	49.09	47.25	66.45	23.45	51.51
Annualized	8.31	8.05	10.73	4.30	8.67
10 years	162.68	156.59	270.31	45.55	165.89
Annualized	10.14	9.88	13.99	3.82	10.27
Life	202.44	187.31	324.89	199.08	316.21
Annualized	5.12	4.88	6.74	5.07	6.64

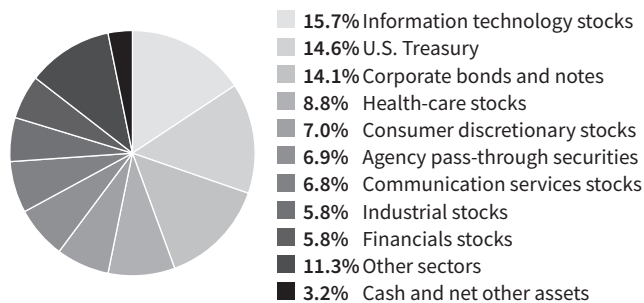
For a portion of the periods, the fund had expense limitations, without which returns would have been lower.

*Class inception date: April 30, 1998.

The George Putnam Blended Index is an unmanaged index administered by Putnam Management, 60% of which is based on the S&P 500 Index and 40% of which is based on the Bloomberg Barclays U.S. Aggregate Bond Index. The Bloomberg Barclays U.S. Aggregate Bond Index is an unmanaged index of U.S. investment-grade fixed-income securities. The S&P 500 Index is an unmanaged index of large U.S. company stocks.

Data represent past performance. Past performance does not guarantee future results. More recent returns may be less or more than those shown. Investment return and principal value will fluctuate, and you may have a gain or a loss when you sell your shares. Performance information does not reflect any deduction for taxes a shareholder may owe on fund distributions or on the redemption of fund shares. All total return figures are at net asset value and exclude contract charges and expenses, which are added to the variable annuity contracts to determine total return at unit value. Had these charges and expenses been reflected, performance would have been lower. For more recent performance, contact your variable annuity provider who can provide you with performance that reflects the charges and expenses at your contract level.

Portfolio composition



Allocations are shown as a percentage of the fund's net assets. Cash and net other assets, if any, represent the market value weights of cash, derivatives, short-term securities, and other unclassified assets in the portfolio. Summary information may differ from the portfolio schedule included in the financial statements due to the inclusion of derivative securities, any interest accruals, the exclusion of as-of trades, if any, the use of different classifications of securities for presentation purposes, and rounding. Holdings and allocations may vary over time.

Understanding your fund's expenses

As an investor in a variable annuity product that invests in a registered investment company, you pay ongoing expenses, such as management fees, distribution fees (12b-1 fees), and other expenses. Using the following information, you can estimate how these expenses affect your investment and compare them with the expenses of other funds. You may also pay one-time transaction expenses, which are not shown in this section and would result in higher total expenses. Charges and expenses at the insurance company separate account level are not reflected. For more information, see your fund's prospectus or talk to your financial representative.

Review your fund's expenses

The two left-hand columns of the Expenses per \$1,000 table show the expenses you would have paid on a \$1,000 investment in your fund from 1/1/20 to 6/30/20. They also show how much a \$1,000 investment would be worth at the close of the period, *assuming actual returns and expenses*. To estimate the ongoing expenses you paid over the period, divide your account value by \$1,000, then multiply the result by the number in the first line for the class of shares you own.

Compare your fund's expenses with those of other funds

The two right-hand columns of the Expenses per \$1,000 table show your fund's expenses based on a \$1,000 investment, *assuming a hypothetical 5% annualized return*. You can use this information to compare the ongoing expenses (but not transaction expenses or total costs) of investing in the fund with those of other funds. All shareholder reports of mutual funds and funds serving as variable annuity vehicles will provide this information to help you make this comparison. Please note that you cannot use this information to estimate your actual ending account balance and expenses paid during the period.

Expense ratios

	Class IA	Class IB
Total annual operating expenses for the fiscal year ended 12/31/19	0.69%	0.94%
Annualized expense ratio for the six-month period ended 6/30/20	0.69%	0.94%

Fiscal year expense information in this table is taken from the most recent prospectus, is subject to change, and may differ from that shown for the annualized expense ratio and in the financial highlights of this report.

Expenses are shown as a percentage of average net assets.

Expenses per \$1,000

	Expenses and value for a \$1,000 investment, assuming actual returns for the 6 months ended 6/30/20		Expenses and value for a \$1,000 investment, assuming a hypothetical 5% annualized return for the 6 months ended 6/30/20	
	Class IA	Class IB	Class IA	Class IB
Expenses paid per \$1,000*†	\$3.45	\$4.70	\$3.47	\$4.72
Ending value (after expenses)	\$1,011.30	\$1,010.40	\$1,021.43	\$1,020.19

*Expenses for each share class are calculated using the fund's annualized expense ratio for each class, which represents the ongoing expenses as a percentage of average net assets for the six months ended 6/30/20. The expense ratio may differ for each share class.

†Expenses based on actual returns are calculated by multiplying the expense ratio by the average account value for the period; then multiplying the result by the number of days in the period; and then dividing that result by the number of days in the year. Expenses based on a hypothetical 5% return are calculated by multiplying the expense ratio by the average account value for the six-month period; then multiplying the result by the number of days in the six-month period; and then dividing that result by the number of days in the year.

Your fund's managers



Portfolio Manager **Kathryn B. Lakin** is Director of Equity Research. She joined Putnam in 2012 and has been in the investment industry since 2008.



Portfolio Manager **Emily E. Shanks** joined Putnam in 2012 and has been in the investment industry since 1999.



Portfolio Manager **Paul D. Scanlon, CFA**, is Co-Head of Fixed Income. He joined Putnam in 1999 and has been in the investment industry since 1986.

Your fund's managers also manage other accounts advised by Putnam Management or an affiliate, including retail mutual fund counterparts to the funds in Putnam Variable Trust.

The fund's portfolio 6/30/20 (Unaudited)

COMMON STOCKS (60.5%)*	Shares	Value
Basic materials (1.9%)		
Albemarle Corp. ^S	1,382	\$106,704
Anglo American PLC (United Kingdom)	16,577	383,177
Dow, Inc.	6,989	284,872
DuPont de Nemours, Inc.	3,111	165,287
Eastman Chemical Co.	1,944	135,380
Fortune Brands Home & Security, Inc.	9,717	621,208
Freeport-McMoRan, Inc. (Indonesia)	58,763	679,888
Linde PLC	420	89,086
Newmont Corp.	6,659	411,127
Packaging Corp. of America	1,600	159,680
Sherwin-Williams Co. (The)	1,060	612,521
Summit Materials, Inc. Class A †	3,506	56,376
		3,705,306
Capital goods (2.8%)		
Avery Dennison Corp.	1,497	170,793
Ball Corp.	3,248	225,704
Boeing Co. (The)	795	145,724
Deere & Co.	1,944	305,500
Eaton Corp. PLC	11,281	986,862
General Dynamics Corp.	2,435	363,935
Honeywell International, Inc.	3,665	529,922
Johnson Controls International PLC	14,182	484,173
Lockheed Martin Corp.	387	141,224
Northrop Grumman Corp.	1,889	580,754
Otis Worldwide Corp.	8,928	507,646
Parker Hannifin Corp.	1,229	225,239
Raytheon Technologies Corp.	13,417	826,756
		5,494,232
Communication services (1.1%)		
Charter Communications, Inc. Class A † ^S	2,592	1,322,024
T-Mobile US, Inc. †	7,058	735,091
		2,057,115
Computers (2.7%)		
Apple, Inc.	12,194	4,448,371
HP, Inc.	47,646	830,470
		5,278,841
Conglomerates (0.7%)		
3M Co.	2,420	377,496
Danaher Corp.	4,638	820,138
General Electric Co.	35,853	244,876
		1,442,510
Consumer cyclicals (10.8%)		
Advance Auto Parts, Inc.	1,119	159,402
Amazon.com, Inc. †	2,087	5,757,657
Aramark	7,287	164,468
Booking Holdings, Inc. †	459	730,884
Burlington Stores, Inc. †	516	101,616
CarMax, Inc. †	5,580	499,689
Carrier Global Corp. †	19,197	426,557
CoStar Group, Inc. †	695	493,916
Dollar General Corp.	1,782	339,489
Ecolab, Inc.	816	162,343
Hasbro, Inc.	4,123	309,019
Hilton Worldwide Holdings, Inc.	5,501	404,048
Home Depot, Inc. (The)	9,508	2,381,849
Levi Strauss & Co. Class A	9,094	121,860
Live Nation Entertainment, Inc. † ^S	11,947	529,611

COMMON STOCKS (60.5%)* cont.	Shares	Value
Consumer cyclicals cont.		
Mastercard, Inc. Class A	5,572	\$1,647,640
NIKE, Inc. Class B	6,364	623,990
PayPal Holdings, Inc. †	11,260	1,961,830
Penn National Gaming, Inc. † ^S	3,029	92,506
Target Corp.	7,725	926,459
TJX Cos., Inc. (The)	3,604	182,218
United Rentals, Inc. †	3,407	507,779
Walmart, Inc.	12,468	1,493,417
WEX, Inc. †	4,043	667,135
Wynn Resorts, Ltd.	3,472	258,629
		20,944,011
Consumer staples (4.2%)		
Altria Group, Inc.	16,511	648,057
Chipotle Mexican Grill, Inc. †	535	563,013
Coca-Cola Co. (The)	14,829	662,560
ConAgra Foods, Inc.	12,976	456,366
Costco Wholesale Corp.	2,199	666,759
McCormick & Co., Inc. (non-voting shares)	3,074	551,506
Netflix, Inc. †	819	372,678
PepsiCo, Inc.	13,926	1,841,853
Procter & Gamble Co. (The)	21,068	2,519,101
		8,281,893
Electronics (3.1%)		
Cree, Inc. † ^S	16,448	973,557
NVIDIA Corp.	4,366	1,658,687
NXP Semiconductors NV	17,764	2,025,807
Roper Technologies, Inc.	1,253	486,490
Texas Instruments, Inc.	7,524	955,322
		6,099,863
Energy (1.3%)		
BP PLC (United Kingdom)	158,747	603,306
Cairn Energy PLC (United Kingdom) †	118,240	172,370
Cenovus Energy, Inc. (Canada)	166,313	777,908
Phillips 66	4,826	346,989
TOTAL SA (France)	9,527	362,880
Williams Cos., Inc. (The)	12,006	228,354
		2,491,807
Financials (7.7%)		
AIA Group, Ltd. (Hong Kong)	32,600	303,410
American International Group, Inc.	29,208	910,705
Apollo Global Management, Inc.	9,543	476,387
Assured Guaranty, Ltd.	32,546	794,448
AXA SA (France) †	34,159	712,868
Berkshire Hathaway, Inc. Class B †	4,607	822,396
Boston Properties, Inc. ^R	2,334	210,947
Charles Schwab Corp. (The)	21,189	714,917
Citigroup, Inc.	36,005	1,839,856
E*Trade Financial Corp.	13,395	666,133
Gaming and Leisure Properties, Inc. ^R	35,026	1,211,900
Goldman Sachs Group, Inc. (The)	7,322	1,446,974
Intercontinental Exchange, Inc.	6,316	578,546
KKR & Co., Inc. Class A ^S	23,578	728,089
Outfront Media, Inc. ^R	16,336	231,481
Prudential PLC (United Kingdom)	59,800	900,568
Quilter PLC (United Kingdom)	187,511	323,011
Visa, Inc. Class A ^S	9,208	1,778,709
Yellow Cake PLC 144A (United Kingdom) †	125,281	328,201
		14,979,546

COMMON STOCKS (60.5%)* cont.	Shares	Value
Health care (8.3%)		
Abbott Laboratories	7,212	\$659,393
AbbVie, Inc.	19,098	1,875,042
Amgen, Inc.	3,365	793,669
Avantor, Inc. †	19,405	329,885
Baxter International, Inc.	10,255	882,956
Bio-Rad Laboratories, Inc. Class A †	864	390,087
Biogen, Inc. †	1,999	534,832
Boston Scientific Corp. †	24,982	877,118
Bristol-Myers Squibb Co.	6,619	389,197
Cigna Corp.	5,991	1,124,211
Cooper Cos., Inc. (The)	877	248,752
Eli Lilly and Co.	5,832	957,498
Gilead Sciences, Inc.	3,593	276,445
Humana, Inc.	798	309,425
Johnson & Johnson	9,351	1,315,031
Laboratory Corp. of America Holdings †	1,688	280,394
Medtronic PLC	3,040	278,768
Merck & Co., Inc.	12,587	973,353
Pfizer, Inc.	13,090	428,043
Regeneron Pharmaceuticals, Inc. †	899	560,661
Stryker Corp.	1,959	352,992
Thermo Fisher Scientific, Inc.	2,672	968,172
UnitedHealth Group, Inc.	4,715	1,390,689
		16,196,613
Software (6.6%)		
Activision Blizzard, Inc.	41,408	3,142,867
Adobe, Inc. †	4,773	2,077,735
Dassault Systemes SA (France)	1,170	201,642
Microsoft Corp.	36,123	7,351,392
		12,773,636
Technology services (5.7%)		
Alphabet, Inc. Class A †	2,958	4,194,592
Facebook, Inc. Class A †	12,810	2,908,767
Fidelity National Information Services, Inc.	15,442	2,070,618
Fiserv, Inc. †	9,283	906,206
Salesforce.com, Inc. †	5,777	1,082,205
		11,162,388
Transportation (1.4%)		
FedEx Corp.	2,761	387,147
Old Dominion Freight Line, Inc.	2,035	345,116
Southwest Airlines Co.	8,441	288,513
Union Pacific Corp.	10,095	1,706,762
		2,727,538
Utilities and power (2.2%)		
Ameren Corp.	8,483	596,864
DTE Energy Co.	3,171	340,883
Exelon Corp.	25,542	926,919
NextEra Energy, Inc.	4,572	1,098,057
NRG Energy, Inc.	38,134	1,241,643
		4,204,366
Total common stocks (cost \$102,158,120)		\$117,839,665

U.S. GOVERNMENT AND AGENCY MORTGAGE OBLIGATIONS (7.5%)*	Principal amount	Value
U.S. Government Guaranteed Mortgage Obligations (1.8%)		
Government National Mortgage Association Pass-Through Certificates		
4.50%, 3/20/49	\$875,337	\$958,546
3.50%, TBA, 7/1/50	1,000,000	1,055,234
3.50%, 11/20/47	559,730	611,038
3.00%, 7/20/46	758,936	806,750
		3,431,568
U.S. Government Agency Mortgage Obligations (5.7%)		
Federal National Mortgage Association Pass-Through Certificates		
5.50%, with due dates from 7/1/33 to 11/1/38	121,541	141,579
5.00%, 8/1/33	48,623	55,196
4.50%, 2/1/49	1,593,652	1,770,320
4.00%, with due dates from 4/1/49 to 5/1/49	2,717,459	2,883,598
3.50%, with due dates from 11/1/49 to 12/1/49	2,240,196	2,357,393
3.00%, 6/1/46	649,647	702,501
Uniform Mortgage-Backed Securities		
4.50%, TBA, 7/1/50	2,000,000	2,149,062
2.50%, TBA, 7/1/50	1,000,000	1,042,656
		11,102,305
Total U.S. government and agency mortgage obligations (cost \$14,189,391)		\$14,533,873
U.S. TREASURY OBLIGATIONS (14.5%)*	Principal amount	Value
U.S. Treasury Bonds		
3.00%, 2/15/47	\$2,240,000	\$3,050,797
2.75%, 8/15/42 #	3,200,000	4,103,151
U.S. Treasury Notes		
2.75%, 2/15/24	590,000	644,124
2.25%, 11/15/27	590,000	664,351
2.125%, 12/31/22	3,160,000	3,314,057
2.00%, 2/15/22	3,130,000	3,222,634
1.875%, 11/30/21	2,110,000	2,160,813
1.75%, 9/30/22	1,860,000	1,925,899
1.75%, 6/30/22	2,430,000	2,506,561
1.625%, 10/31/23	2,750,000	2,880,967
1.50%, 3/31/23	3,670,000	3,803,972
		\$28,277,326
Total U.S. treasury obligations (cost \$26,512,156)		\$28,277,326
CORPORATE BONDS AND NOTES (13.9%)*	Principal amount	Value
Basic materials (0.8%)		
Celanese US Holdings, LLC company guaranty sr. unsec. notes 3.50%, 5/8/24 (Germany)		
	\$45,000	\$47,502
Celanese US Holdings, LLC company guaranty sr. unsec. unsub. notes 4.625%, 11/15/22 (Germany)		
	71,000	75,413
CF Industries, Inc. 144A company guaranty sr. notes 4.50%, 12/1/26		
	180,000	197,938
Georgia-Pacific, LLC 144A sr. unsec. sub. notes 2.10%, 4/30/27		
	200,000	207,697
Glencore Finance Canada, Ltd. 144A company guaranty sr. unsec. unsub. notes 6.00%, 11/15/41 (Canada)		
	5,000	5,605
Glencore Funding, LLC 144A company guaranty sr. unsec. unsub. notes 4.625%, 4/29/24		
	166,000	181,705
Glencore Funding, LLC 144A company guaranty sr. unsec. unsub. notes 4.00%, 4/16/25		
	59,000	64,114
International Flavors & Fragrances, Inc. sr. unsec. notes 4.45%, 9/26/28		
	80,000	91,038
International Paper Co. sr. unsec. notes 8.70%, 6/15/38		
	10,000	15,726

CORPORATE BONDS AND NOTES (13.9%)* cont.	Principal amount	Value
Basic materials cont.		
Nutrien, Ltd. sr. unsec. notes 2.95%, 5/13/30 (Canada)	\$170,000	\$180,184
Sherwin-Williams Co. (The) sr. unsec. unsub. bonds 3.45%, 6/1/27	87,000	97,340
WestRock MWV, LLC company guaranty sr. unsec. unsub. notes 8.20%, 1/15/30	140,000	198,010
WestRock MWV, LLC company guaranty sr. unsec. unsub. notes 7.95%, 2/15/31	10,000	14,220
Weyerhaeuser Co. sr. unsec. unsub. notes 7.375%, 3/15/32 R	82,000	113,430
		1,489,922
Capital goods (0.6%)		
Boeing Co. (The) sr. unsec. notes 4.875%, 5/1/25	180,000	196,165
Johnson Controls International PLC sr. unsec. unsub. bonds 4.50%, 2/15/47	125,000	142,450
L3Harris Technologies, Inc. sr. unsec. notes 3.85%, 12/15/26	100,000	114,459
L3Harris Technologies, Inc. sr. unsec. sub. notes 4.40%, 6/15/28	68,000	80,437
Northrop Grumman Corp. sr. unsec. unsub. notes 3.25%, 1/15/28	210,000	234,850
Oshkosh Corp. sr. unsec. sub. notes 4.60%, 5/15/28	99,000	108,295
Oshkosh Corp. sr. unsec. unsub. notes 3.10%, 3/1/30	21,000	21,148
Otis Worldwide Corp. 144A company guaranty sr. unsec. notes 2.565%, 2/15/30	90,000	94,560
Waste Connections, Inc. sr. unsec. sub. bonds 3.50%, 5/1/29	130,000	145,988
		1,138,352
Communication services (1.8%)		
American Tower Corp. sr. unsec. notes 2.90%, 1/15/30 R	130,000	138,754
American Tower Corp. sr. unsec. sub. notes 2.75%, 1/15/27 R	66,000	70,882
American Tower Corp. sr. unsec. unsub. bonds 3.375%, 10/15/26 R	59,000	65,621
AT&T, Inc. company guaranty sr. unsec. unsub. notes 2.30%, 6/1/27	205,000	212,230
AT&T, Inc. sr. unsec. bonds 4.30%, 2/15/30	124,000	145,322
AT&T, Inc. sr. unsec. notes 4.10%, 2/15/28	182,000	208,200
AT&T, Inc. sr. unsec. unsub. notes 4.75%, 5/15/46	12,000	14,386
CC Holdings GSV, LLC/Crown Castle GS III Corp. company guaranty sr. notes 3.849%, 4/15/23	30,000	32,401
Charter Communications Operating, LLC/Charter Communications Operating Capital Corp. company guaranty sr. bonds 2.80%, 4/1/31	44,000	44,573
Charter Communications Operating, LLC/Charter Communications Operating Capital Corp. company guaranty sr. sub. bonds 6.484%, 10/23/45	111,000	146,769
Charter Communications Operating, LLC/Charter Communications Operating Capital Corp. company guaranty sr. sub. notes 4.908%, 7/23/25	55,000	63,035
Charter Communications Operating, LLC/Charter Communications Operating Capital Corp. company guaranty sr. sub. bonds 5.375%, 5/1/47	74,000	87,388
Comcast Cable Communications Holdings, Inc. company guaranty sr. unsec. notes 9.455%, 11/15/22	25,000	30,348
Comcast Corp. company guaranty sr. unsec. unsub. bonds 3.999%, 11/1/49	127,000	153,370
Comcast Corp. company guaranty sr. unsec. unsub. notes 6.50%, 11/15/35	27,000	41,068
Comcast Corp. company guaranty sr. unsec. unsub. notes 3.15%, 3/1/26	133,000	148,592

CORPORATE BONDS AND NOTES (13.9%)* cont.	Principal amount	Value
Communication services cont.		
Comcast Corp. sr. unsec. bonds 3.45%, 2/1/50	\$201,000	\$230,578
Cox Communications, Inc. 144A sr. unsec. bonds 3.50%, 8/15/27	73,000	80,589
Cox Communications, Inc. 144A sr. unsec. notes 3.35%, 9/15/26	76,000	84,042
Crown Castle International Corp. sr. unsec. bonds 3.80%, 2/15/28 R	134,000	150,616
Crown Castle International Corp. sr. unsec. bonds 3.65%, 9/1/27 R	66,000	73,757
Crown Castle International Corp. sr. unsec. notes 4.875%, 4/15/22 R	10,000	10,747
Crown Castle International Corp. sr. unsec. notes 4.75%, 5/15/47 R	30,000	37,116
Equinix, Inc. sr. unsec. sub. notes 3.20%, 11/18/29 R	194,000	210,987
Rogers Communications, Inc. company guaranty sr. unsec. bonds 8.75%, 5/1/32 (Canada)	10,000	14,601
Rogers Communications, Inc. company guaranty sr. unsec. unsub. notes 4.50%, 3/15/43 (Canada)	35,000	42,680
Sprint Spectrum Co., LLC/Sprint Spectrum Co. II, LLC/Sprint Spectrum Co. III, LLC 144A company guaranty sr. notes 3.36%, 9/20/21	62,500	63,261
T-Mobile USA, Inc. 144A company guaranty sr. notes 3.875%, 4/15/30	96,000	106,844
T-Mobile USA, Inc. 144A company guaranty sr. notes 3.75%, 4/15/27	229,000	253,771
Verizon Communications, Inc. sr. unsec. unsub. notes 4.329%, 9/21/28	392,000	471,781
Videotron, Ltd./Videotron Ltee. 144A sr. unsec. notes 5.125%, 4/15/27 (Canada)	80,000	83,010
		3,517,319
Consumer cyclicals (1.6%)		
Alimentation Couche-Tard, Inc. 144A company guaranty sr. unsec. notes 3.55%, 7/26/27 (Canada)	120,000	128,550
Alimentation Couche-Tard, Inc. 144A sr. unsec. notes 2.95%, 1/25/30 (Canada)	131,000	135,828
Amazon.com, Inc. sr. unsec. notes 4.05%, 8/22/47	125,000	162,611
Amazon.com, Inc. sr. unsec. notes 3.15%, 8/22/27	98,000	112,159
Amazon.com, Inc. sr. unsec. unsub. notes 1.50%, 6/3/30	90,000	91,089
Autonation, Inc. company guaranty sr. unsec. notes 4.50%, 10/1/25	24,000	25,808
BMW US Capital, LLC 144A company guaranty sr. unsec. notes 3.95%, 8/14/28	77,000	86,930
BMW US Capital, LLC 144A company guaranty sr. unsec. notes 3.40%, 8/13/21	45,000	46,191
Discovery Communications, LLC company guaranty sr. unsec. unsub. notes 3.625%, 5/15/30	62,000	67,754
Dollar General Corp. sr. unsec. sub. notes 3.25%, 4/15/23	60,000	64,064
Ecolab, Inc. sr. unsec. unsub. notes 3.25%, 12/1/27	122,000	138,259
Fox Corp. sr. unsec. notes Ser. WI, 4.03%, 1/25/24	55,000	60,965
Fox Corp. sr. unsec. unsub. notes 3.05%, 4/7/25	55,000	59,522
General Motors Financial Co., Inc. company guaranty sr. unsec. notes 4.00%, 10/6/26	40,000	41,523
General Motors Financial Co., Inc. company guaranty sr. unsec. unsub. notes 4.30%, 7/13/25	47,000	49,000
Global Payments, Inc. sr. unsec. notes 2.90%, 5/15/30	117,000	122,775
Hilton Domestic Operating Co., Inc. company guaranty sr. unsec. sub. notes 4.25%, 9/1/24	20,000	19,404
Hilton Worldwide Finance, LLC/Hilton Worldwide Finance Corp. company guaranty sr. unsec. notes 4.875%, 4/1/27	92,000	89,815

CORPORATE BONDS AND NOTES (13.9%)* cont.	Principal amount	Value
Consumer cyclicals cont.		
IHS Markit, Ltd. 144A company guaranty notes 4.75%, 2/15/25 (United Kingdom)	\$160,000	\$179,200
IHS Markit, Ltd. 144A company guaranty sr. unsec. notes 4.00%, 3/1/26 (United Kingdom)	67,000	74,035
Interpublic Group of Cos., Inc. (The) sr. unsec. sub. bonds 4.65%, 10/1/28	197,000	228,981
Marriott International, Inc. sr. unsec. notes Ser. EE, 5.75%, 5/1/25	40,000	43,454
Omnicom Group, Inc. company guaranty sr. unsec. unsub. notes 3.60%, 4/15/26	42,000	46,868
Omnicom Group, Inc. sr. unsec. sub. notes 2.45%, 4/30/30	185,000	188,760
QVC, Inc. company guaranty sr. notes 4.85%, 4/1/24	50,000	50,330
S&P Global, Inc. company guaranty sr. unsec. bonds 2.50%, 12/1/29	175,000	189,182
S&P Global, Inc. company guaranty sr. unsec. unsub. notes 4.40%, 2/15/26	93,000	109,458
Sirius XM Radio, Inc. 144A sr. unsec. bonds 5.00%, 8/1/27	150,000	153,000
Standard Industries, Inc. 144A sr. unsec. notes 5.00%, 2/15/27	145,000	146,813
ViacomCBS, Inc. company guaranty sr. unsec. bonds 4.20%, 6/1/29	60,000	67,242
ViacomCBS, Inc. company guaranty sr. unsec. unsub. bonds 2.90%, 1/15/27	48,000	50,387
ViacomCBS, Inc. company guaranty sr. unsec. unsub. notes 4.00%, 1/15/26	17,000	19,032
Walt Disney Co. (The) company guaranty sr. unsec. notes 7.75%, 1/20/24	137,000	165,989
		3,214,978
Consumer staples (0.8%)		
Anheuser-Busch Cos., LLC/Anheuser-Busch InBev Worldwide, Inc. company guaranty sr. unsec. unsub. notes 3.65%, 2/1/26	17,000	19,087
Anheuser-Busch InBev Worldwide, Inc. company guaranty sr. unsec. unsub. bonds 5.55%, 1/23/49	151,000	201,312
Anheuser-Busch InBev Worldwide, Inc. company guaranty sr. unsec. unsub. notes 4.75%, 1/23/29	112,000	135,329
Anheuser-Busch InBev Worldwide, Inc. company guaranty sr. unsec. unsub. notes 4.15%, 1/23/25	39,000	44,255
Ashtead Capital, Inc. 144A notes 4.375%, 8/15/27	200,000	205,572
CVS Pass-Through Trust 144A sr. mtge. notes 7.507%, 1/10/32	122,881	153,143
ERAC USA Finance, LLC 144A company guaranty sr. unsec. notes 7.00%, 10/15/37	150,000	192,157
ERAC USA Finance, LLC 144A company guaranty sr. unsec. notes 5.625%, 3/15/42	87,000	101,135
Keurig Dr Pepper, Inc. company guaranty sr. unsec. bonds 3.20%, 5/1/30	41,000	45,612
Keurig Dr Pepper, Inc. company guaranty sr. unsec. unsub. notes 4.597%, 5/25/28	80,000	95,955
Keurig Dr Pepper, Inc. company guaranty sr. unsec. unsub. notes 4.417%, 5/25/25	64,000	73,795
Keurig Dr Pepper, Inc. company guaranty sr. unsec. unsub. notes 4.057%, 5/25/23	49,000	53,401
Kraft Heinz Co. (The) 144A company guaranty sr. unsec. notes 3.875%, 5/15/27	29,000	30,305
Lamb Weston Holdings, Inc. 144A company guaranty sr. unsec. unsub. notes 4.875%, 11/1/26	120,000	124,200
		1,475,258

CORPORATE BONDS AND NOTES (13.9%)* cont.	Principal amount	Value
Energy (0.8%)		
BP Capital Markets America, Inc. company guaranty sr. unsec. notes 3.119%, 5/4/26	\$80,000	\$87,439
BP Capital Markets America, Inc. company guaranty sr. unsec. notes 3.937%, 9/21/28	88,000	100,765
Cheniere Corpus Christi Holdings, LLC company guaranty sr. notes 5.125%, 6/30/27	170,000	186,808
Concho Resources, Inc. company guaranty sr. unsec. notes 3.75%, 10/1/27	130,000	138,490
Diamondback Energy, Inc. company guaranty sr. unsec. notes 3.25%, 12/1/26	105,000	105,571
Energy Transfer Operating LP jr. unsec. sub. FRB Ser. B, 6.625%, perpetual maturity	257,000	196,655
Energy Transfer Operating LP sr. unsec. unsub. notes 7.60%, 2/1/24	30,000	34,255
Energy Transfer Operating LP sr. unsec. unsub. notes 6.50%, 2/1/42	20,000	21,665
Energy Transfer Operating LP sr. unsec. unsub. notes 5.20%, 2/1/22	40,000	41,900
EOG Resources, Inc. sr. unsec. unsub. notes 4.15%, 1/15/26	145,000	166,894
Equinor ASA company guaranty sr. unsec. notes 5.10%, 8/17/40 (Norway)	80,000	108,121
Marathon Petroleum Corp. sr. unsec. unsub. notes 6.50%, 3/1/41	25,000	30,945
Sabine Pass Liquefaction, LLC sr. bonds 4.20%, 3/15/28	24,000	25,763
Sabine Pass Liquefaction, LLC sr. notes 5.00%, 3/15/27	105,000	117,484
Sunoco Logistics Partners Operations LP company guaranty sr. unsec. unsub. notes 5.95%, 12/1/25	25,000	28,454
Targa Resources Partners LP/Targa Resources Partners Finance Corp. company guaranty sr. unsec. unsub. notes 5.00%, 1/15/28	65,000	61,125
Transcanada Trust company guaranty jr. unsec. sub. FRB 5.30%, 3/15/77 (Canada)	135,000	132,638
		1,584,972
Financials (3.8%)		
Air Lease Corp. sr. unsec. sub. bonds 4.625%, 10/1/28	27,000	27,622
Air Lease Corp. sr. unsec. sub. notes 3.25%, 10/1/29	32,000	30,401
Air Lease Corp. sr. unsec. unsub. notes 3.00%, 9/15/23	115,000	113,963
American International Group, Inc. jr. unsec. sub. FRB 8.175%, 5/15/58	114,000	145,350
Aon PLC company guaranty sr. unsec. unsub. notes 4.25%, 12/12/42 (United Kingdom)	220,000	244,384
Aviation Capital Group, LLC 144A sr. unsec. unsub. notes 7.125%, 10/15/20	35,000	35,087
Bank of America Corp. jr. unsec. sub. bonds Ser. JJ, 5.125%, perpetual maturity	95,000	93,219
Bank of America Corp. jr. unsec. sub. FRN Ser. AA, 6.10%, perpetual maturity	32,000	34,040
Bank of America Corp. sr. unsec. FRN Ser. MTN, 2.496%, 2/13/31	75,000	78,629
Bank of America Corp. unsec. sub. notes 6.11%, 1/29/37	150,000	212,866
Bank of Montreal unsec. sub. FRN 3.803%, 12/15/32 (Canada)	45,000	48,434
Berkshire Hathaway Finance Corp. company guaranty sr. unsec. notes 4.30%, 5/15/43	83,000	107,266
BGC Partners, Inc. sr. unsec. notes 5.125%, 5/27/21	10,000	10,138

CORPORATE BONDS**AND NOTES (13.9%)* cont.**

	Principal amount	Value
Financials cont.		
BPCE SA 144A unsec. sub. notes 5.15%, 7/21/24 (France)	\$200,000	\$221,394
Cantor Fitzgerald LP 144A unsec. notes 6.50%, 6/17/22	89,000	94,417
Capital One Financial Corp. unsec. sub. notes 4.20%, 10/29/25	63,000	69,982
CBRE Services, Inc. company guaranty sr. unsec. notes 5.25%, 3/15/25	22,000	24,776
CBRE Services, Inc. company guaranty sr. unsec. unsub. notes 4.875%, 3/1/26	55,000	62,430
CIT Group, Inc. sr. unsec. unsub. notes 5.25%, 3/7/25	240,000	248,650
Citigroup, Inc. sr. unsec. FRB 3.668%, 7/24/28	10,000	11,134
Citigroup, Inc. unsec. sub. bonds 4.75%, 5/18/46	270,000	343,442
Citigroup, Inc. unsec. sub. bonds 4.45%, 9/29/27	264,000	301,400
CNO Financial Group, Inc. sr. unsec. unsub. notes 5.25%, 5/30/25	28,000	30,990
Credit Suisse Group AG 144A sr. unsec. FRN 2.193%, 6/5/26 (Switzerland)	250,000	253,124
Digital Realty Trust LP company guaranty sr. unsec. bonds 4.45%, 7/15/28 R	185,000	221,714
Fairfax Financial Holdings, Ltd. sr. unsec. notes 4.85%, 4/17/28 (Canada)	145,000	155,315
Fairfax US, Inc. 144A company guaranty sr. unsec. notes 4.875%, 8/13/24	40,000	41,116
Fifth Third Bancorp jr. unsec. sub. FRB 5.10%, perpetual maturity	29,000	25,230
Goldman Sachs Group, Inc. (The) sr. unsec. FRB 4.223%, 5/1/29	97,000	112,858
Goldman Sachs Group, Inc. (The) sr. unsec. unsub. notes 3.85%, 1/26/27	192,000	216,579
Goldman Sachs Group, Inc. (The) sr. unsec. unsub. notes 2.60%, 2/7/30	85,000	89,089
ING Bank NV 144A unsec. sub. notes 5.80%, 9/25/23 (Netherlands)	200,000	223,449
JPMorgan Chase & Co. jr. unsec. bonds 6.10%, perpetual maturity	26,000	26,607
JPMorgan Chase & Co. jr. unsec. sub. FRB Ser. HH, 4.60%, perpetual maturity	146,000	130,305
JPMorgan Chase & Co. jr. unsec. sub. FRB Ser. W, (BBA LIBOR USD 3 Month + 1.00%), 1.392%, 5/15/47	87,000	60,545
JPMorgan Chase & Co. sr. unsec. unsub. FRB 3.964%, 11/15/48	185,000	226,251
JPMorgan Chase & Co. unsec. sub. FRB 2.956%, 5/13/31	63,000	66,817
KKR Group Finance Co. VI, LLC 144A company guaranty sr. unsec. bonds 3.75%, 7/1/29	25,000	28,700
Marsh & McLennan Cos., Inc. sr. unsec. sub. notes 4.375%, 3/15/29	185,000	220,282
Massachusetts Mutual Life Insurance Co. 144A unsec. sub. bonds 3.729%, 10/15/70	175,000	178,500
MetLife Capital Trust IV 144A jr. unsec. sub. notes 7.875%, 12/15/37	400,000	506,880
Morgan Stanley unsec. sub. notes Ser. GMTN, 4.35%, 9/8/26	450,000	518,886
Neuberger Berman Group, LLC/Neuberger Berman Finance Corp. 144A sr. unsec. notes 4.875%, 4/15/45	40,000	42,203
Prologis LP sr. unsec. unsub. notes 2.25%, 4/15/30 R	62,000	65,286
Prologis LP sr. unsec. unsub. notes 2.125%, 4/15/27 R	26,000	27,349

CORPORATE BONDS**AND NOTES (13.9%)* cont.**

	Principal amount	Value
Financials cont.		
Prudential Financial, Inc. jr. unsec. sub. FRN 5.625%, 6/15/43	\$15,000	\$15,938
Prudential Financial, Inc. jr. unsec. sub. FRN 5.20%, 3/15/44	173,000	176,234
Prudential Financial, Inc. sr. unsec. notes 6.625%, 6/21/40	35,000	51,799
Royal Bank of Canada unsec. sub. notes Ser. GMTN, 4.65%, 1/27/26 (Canada)	35,000	40,753
Teachers Insurance & Annuity Association of America 144A unsec. sub. notes 6.85%, 12/16/39	40,000	60,137
Toronto-Dominion Bank (The) unsec. sub. FRB 3.625%, 9/15/31 (Canada)	78,000	87,752
Truist Financial Corp. jr. unsec. sub. FRB Ser. N, 4.80%, 12/31/99	75,000	69,081
U.S. Bancorp unsec. sub. notes 3.00%, 7/30/29	230,000	250,027
UBS AG unsec. sub. notes 5.125%, 5/15/24 (Switzerland)	360,000	390,110
Wells Fargo & Co. jr. unsec. sub. FRB Ser. U, 5.875%, perpetual maturity	65,000	67,438
Westpac Banking Corp. unsec. sub. bonds 4.421%, 7/24/39 (Australia)	85,000	100,212
Willis Towers Watson PLC company guaranty sr. unsec. unsub. notes 5.75%, 3/15/21	110,000	113,514
		7,450,094
Health care (1.2%)		
AbbVie, Inc. 144A sr. unsec. notes 3.45%, 3/15/22	5,000	5,200
AbbVie, Inc. 144A sr. unsec. notes 3.20%, 11/21/29	320,000	352,125
Amgen, Inc. sr. unsec. bonds 4.663%, 6/15/51	83,000	110,652
Amgen, Inc. sr. unsec. unsub. notes 2.60%, 8/19/26	33,000	35,943
Becton Dickinson and Co. sr. unsec. notes 2.823%, 5/20/30	110,000	116,392
Bristol-Myers Squibb Co. 144A sr. unsec. bonds 3.40%, 7/26/29	295,000	343,677
Cigna Corp. company guaranty sr. unsec. unsub. notes 3.75%, 7/15/23	217,000	235,550
CVS Health Corp. sr. unsec. unsub. notes 4.78%, 3/25/38	38,000	47,219
CVS Pass-Through Trust 144A sr. mtge. notes 4.704%, 1/10/36	12,085	12,931
DH Europe Finance II Sarl company guaranty sr. unsec. bonds 3.40%, 11/15/49 (Luxembourg)	185,000	205,664
DH Europe Finance II Sarl company guaranty sr. unsec. notes 2.60%, 11/15/29 (Luxembourg)	80,000	85,137
HCA, Inc. company guaranty sr. bonds 5.25%, 6/15/26	67,000	77,407
HCA, Inc. company guaranty sr. notes 4.125%, 6/15/29	65,000	71,701
HCA, Inc. company guaranty sr. sub. bonds 5.50%, 6/15/47	35,000	42,623
HCA, Inc. company guaranty sr. sub. notes 5.00%, 3/15/24	10,000	11,115
Service Corp. International sr. unsec. notes 4.625%, 12/15/27	30,000	31,275
UnitedHealth Group, Inc. sr. unsec. unsub. notes 2.00%, 5/15/30	211,000	220,902
Upjohn, Inc. 144A company guaranty sr. unsec. notes 2.30%, 6/22/27	75,000	77,365
Zoetis, Inc. sr. unsec. notes 3.90%, 8/20/28	150,000	176,661
Zoetis, Inc. sr. unsec. sub. notes 3.00%, 9/12/27	90,000	99,307
		2,358,846

CORPORATE BONDS AND NOTES (13.9%)* cont.	Principal amount	Value
Technology (1.3%)		
Alphabet, Inc. sr. unsec. notes 1.998%, 8/15/26	\$84,000	\$89,995
Apple, Inc. sr. unsec. unsub. notes 4.375%, 5/13/45	150,000	197,768
Broadcom Corp./Broadcom Cayman Finance, Ltd. company guaranty sr. unsec. unsub. notes 3.875%, 1/15/27	233,000	251,784
Broadcom, Inc. 144A company guaranty sr. unsec. sub. notes 4.15%, 11/15/30	125,000	135,835
Diamond 1 Finance Corp./Diamond 2 Finance Corp. 144A company guaranty sr. notes 6.02%, 6/15/26	194,000	222,416
Diamond 1 Finance Corp./Diamond 2 Finance Corp. 144A sr. bonds 8.35%, 7/15/46	28,000	37,346
Fidelity National Information Services, Inc. sr. unsec. notes 3.00%, 8/15/26	68,000	75,344
Fidelity National Information Services, Inc. sr. unsec. sub. notes Ser. 10Y, 4.25%, 5/15/28	58,000	68,465
Fiserv, Inc. sr. unsec. bonds 3.50%, 7/1/29	85,000	95,550
Fiserv, Inc. sr. unsec. sub. bonds 4.20%, 10/1/28	154,000	180,704
Microchip Technology, Inc. company guaranty sr. notes 4.333%, 6/1/23	140,000	151,026
Microsoft Corp. sr. unsec. unsub. bonds 2.40%, 8/8/26	66,000	72,036
Microsoft Corp. sr. unsec. unsub. notes 3.70%, 8/8/46	371,000	462,001
Oracle Corp. sr. unsec. unsub. notes 2.65%, 7/15/26	154,000	166,579
Salesforce.com, Inc. sr. unsec. unsub. notes 3.70%, 4/11/28	245,000	286,002
VMware, Inc. sr. unsec. notes 3.90%, 8/21/27	42,000	44,572
		2,537,423
Transportation (—%)		
Penske Truck Leasing Co. LP/PTL Finance Corp. 144A sr. unsec. bonds 3.40%, 11/15/26	86,000	90,718
		90,718
Utilities and power (1.2%)		
AES Corp. (The) sr. unsec. unsub. notes 5.125%, 9/1/27	60,000	62,250
American Electric Power Co., Inc. sr. unsec. unsub. notes Ser. J, 4.30%, 12/1/28	66,000	77,613
Appalachian Power Co. sr. unsec. unsub. notes Ser. L, 5.80%, 10/1/35	60,000	81,737
Commonwealth Edison Co. sr. mtge. bonds 5.875%, 2/1/33	15,000	20,319
Consolidated Edison Co. of New York, Inc. sr. unsec. unsub. notes 4.20%, 3/15/42	40,000	47,266
Duke Energy Ohio, Inc. sr. bonds 3.65%, 2/1/29	130,000	150,232
El Paso Natural Gas Co., LLC company guaranty sr. unsec. unsub. notes 8.375%, 6/15/32	75,000	102,710
Enbridge, Inc. sr. unsec. unsub. bonds 4.25%, 12/1/26 (Canada)	42,000	47,784
Enterprise Products Operating, LLC company guaranty sr. unsec. notes 2.80%, 1/31/30	230,000	239,530
Enterprise Products Operating, LLC company guaranty sr. unsec. unsub. bonds 4.25%, 2/15/48	65,000	71,328
FirstEnergy Corp. sr. unsec. unsub. bonds Ser. B, 3.90%, 7/15/27	4,000	4,525
FirstEnergy Corp. sr. unsec. unsub. bonds Ser. C, 4.85%, 7/15/47	6,000	7,604
FirstEnergy Transmission, LLC 144A sr. unsec. unsub. notes 5.45%, 7/15/44	145,000	187,370
IPALCO Enterprises, Inc. sr. sub. notes 3.70%, 9/1/24	35,000	37,418
IPALCO Enterprises, Inc. 144A sr. bonds 4.25%, 5/1/30	106,000	114,838

CORPORATE BONDS AND NOTES (13.9%)* cont.	Principal amount	Value
Utilities and power cont.		
Kinder Morgan Energy Partners LP company guaranty sr. unsec. notes 5.40%, 9/1/44	\$16,000	\$18,959
Kinder Morgan Energy Partners LP company guaranty sr. unsec. notes 3.50%, 3/1/21	40,000	40,336
Kinder Morgan, Inc. company guaranty sr. unsec. unsub. notes 3.15%, 1/15/23	75,000	78,556
NRG Energy, Inc. 144A company guaranty sr. bonds 4.45%, 6/15/29	161,000	168,978
NRG Energy, Inc. 144A company guaranty sr. notes 3.75%, 6/15/24	80,000	84,449
Oncor Electric Delivery Co., LLC sr. notes 5.75%, 3/15/29	55,000	72,103
Pacific Gas and Electric Co. notes 2.10%, 8/1/27	85,000	84,120
PacifiCorp sr. bonds 2.70%, 9/15/30	86,000	93,691
Vistra Operations Co., LLC 144A sr. bonds 4.30%, 7/15/29	58,000	60,978
Vistra Operations Co., LLC 144A sr. notes 3.55%, 7/15/24	67,000	69,149
WEC Energy Group, Inc. jr. unsec. sub. FRN Ser. A, (BBA LIBOR USD 3 Month + 2.11%), 2.505%, 5/15/67	300,000	238,500
		2,262,343
Total corporate bonds and notes (cost \$24,829,596)		\$27,120,225
MORTGAGE-BACKED SECURITIES (0.5%)*		
	Principal amount	Value
Citigroup Commercial Mortgage Trust		
Ser. 14-GC21, Class C, 4.78%, 5/10/47 W	\$124,000	\$114,157
Ser. 14-GC21, Class AS, 4.026%, 5/10/47	93,000	94,703
COMM Mortgage Trust		
FRB Ser. 14-UBS6, Class C, 4.595%, 12/10/47 W	20,000	17,090
Ser. 13-CR13, Class AM, 4.449%, 11/10/46 W	100,000	109,176
Federal National Mortgage Association Connecticut Avenue Securities FRB Ser. 17-C01, Class 1EB1, (1 Month US LIBOR + 1.25%), 1.435%, 7/25/29		
	30,000	28,858
FIRSTPLUS Home Loan Owner Trust Ser. 97-3, Class B1, 7.79%, 11/10/23 (In default) †	14,822	1
GS Mortgage Securities Trust FRB Ser. 14-GC22, Class C, 4.847%, 6/10/47 W	159,000	144,421
LSTAR Commercial Mortgage Trust 144A FRB Ser. 15-3, Class AS, 3.36%, 4/20/48 W	164,004	161,100
Morgan Stanley Capital I Trust 144A FRB Ser. 12-C4, Class D, 5.60%, 3/15/45 W	217,000	119,891
TIAA Real Estate CDO, Ltd. 144A Ser. 03-1A, Class E, 8.00%, 12/28/38 (In default) †	220,229	7,828
Wells Fargo Commercial Mortgage Trust Ser. 17-C39, Class A5, 3.418%, 9/15/50	85,000	94,927
WF-RBS Commercial Mortgage Trust Ser. 13-UBS1, Class AS, 4.306%, 3/15/46 W	101,000	106,761
WF-RBS Commercial Mortgage Trust 144A FRB Ser. 11-C3, Class D, 5.852%, 3/15/44 W	82,000	42,110
Total mortgage-backed securities (cost \$1,319,181)		\$1,041,023
MUNICIPAL BONDS AND NOTES (0.1%)*		
	Principal amount	Value
CA State G.O. Bonds, (Build America Bonds), 7.50%, 4/1/34		
	\$30,000	\$49,019
North TX, Tollway Auth. Rev. Bonds, (Build America Bonds), 6.718%, 1/1/49		
	55,000	97,320
OH State U. Rev. Bonds, (Build America Bonds), 4.91%, 6/1/40		
	40,000	57,160
Total municipal bonds and notes (cost \$125,165)		\$203,499

SHORT-TERM INVESTMENTS (7.7%)*	Shares	Value
Putnam Cash Collateral Pool, LLC 0.27% ^d	5,215,165	\$5,215,165
Putnam Short Term Investment Fund 0.41% ^L	9,609,805	9,609,805
State Street Institutional U.S. Government Money Market Fund, Premier Class 0.12% ^P	110,000	110,000
Total short-term investments (cost \$14,934,970)		\$14,934,970
Total investments (cost \$184,068,579)		\$203,950,581

Key to holding's abbreviations

FRB	Floating Rate Bonds: the rate shown is the current interest rate at the close of the reporting period. Rates may be subject to a cap or floor. For certain securities, the rate may represent a fixed rate currently in place at the close of the reporting period.
FRN	Floating Rate Notes: the rate shown is the current interest rate or yield at the close of the reporting period. Rates may be subject to a cap or floor. For certain securities, the rate may represent a fixed rate currently in place at the close of the reporting period.
GMTN	Global Medium Term Notes
G.O. Bonds	General Obligation Bonds
MTN	Medium Term Notes
TBA	To Be Announced Commitments

Notes to the fund's portfolio

Unless noted otherwise, the notes to the fund's portfolio are for the close of the fund's reporting period, which ran from January 1, 2020 through June 30, 2020 (the reporting period). Within the following notes to the portfolio, references to "Putnam Management" represent Putnam Investment Management, LLC, the fund's manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to "ASC 820" represent Accounting Standards Codification 820 *Fair Value Measurements and Disclosures*.

FORWARD CURRENCY CONTRACTS at 6/30/20 (aggregate face value \$12,236,508) (Unaudited)

Counterparty	Currency	Contract type*	Delivery date	Value	Aggregate face value	Unrealized appreciation/ (depreciation)
Bank of America N.A.						
	British Pound	Sell	9/16/20	\$332,846	\$338,246	\$5,400
Barclays Bank PLC						
	British Pound	Sell	9/16/20	1,657,286	1,683,849	26,563
	Canadian Dollar	Sell	7/15/20	406,836	394,289	(12,547)
	Euro	Sell	9/16/20	462,868	461,906	(962)
Citibank, N.A.						
	British Pound	Buy	9/16/20	557,966	567,017	(9,051)
	Canadian Dollar	Sell	7/15/20	276,822	268,152	(8,670)
	Euro	Sell	9/16/20	814,662	812,791	(1,871)
Goldman Sachs International						
	British Pound	Sell	9/16/20	1,627,039	1,652,923	25,884
	Canadian Dollar	Buy	7/15/20	328,091	318,063	10,028
HSBC Bank USA, National Association						
	Chinese Yuan (Offshore)	Buy	8/19/20	441,558	442,274	(716)
	Chinese Yuan (Offshore)	Sell	8/19/20	441,558	438,966	(2,592)
	Euro	Sell	9/16/20	337,726	340,860	3,134
JPMorgan Chase Bank N.A.						
	British Pound	Buy	9/16/20	619,080	628,984	(9,904)
	Canadian Dollar	Sell	7/15/20	378,550	367,085	(11,465)
	Swiss Franc	Sell	9/16/20	252,612	249,068	(3,544)
State Street Bank and Trust Co.						
	British Pound	Buy	9/16/20	411,191	417,781	(6,590)
	Canadian Dollar	Sell	7/15/20	438,732	440,783	2,051
	Hong Kong Dollar	Sell	8/19/20	326,944	326,795	(149)

* Percentages indicated are based on net assets of \$194,723,261.

† This security is non-income-producing.

This security, in part or in entirety, was pledged and segregated with the broker to cover margin requirements for futures contracts at the close of the reporting period. Collateral at period end totaled \$129,263 and is included in Investments in securities on the Statement of assets and liabilities (Notes 1 and 8).

^d Affiliated company. See Notes 1 and 5 to the financial statements regarding securities lending. The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

^L Affiliated company (Note 5). The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

^P This security was pledged, or purchased with cash that was pledged, to the fund for collateral on certain derivative contracts. The rate quoted in the security description is the annualized 7-day yield of the fund at the close of the reporting period.

^R Real Estate Investment Trust.

^S Security on loan, in part or in entirety, at the close of the reporting period (Note 1).

^W The rate shown represents the weighted average coupon associated with the underlying mortgage pools. Rates may be subject to a cap or floor.

At the close of the reporting period, the fund maintained liquid assets totaling \$5,371,860 to cover certain derivative contracts and delayed delivery securities. Debt obligations are considered secured unless otherwise indicated.

144A after the name of an issuer represents securities exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may be resold in transactions exempt from registration, normally to qualified institutional buyers.

See Note 1 to the financial statements regarding TBA commitments.

The dates shown on debt obligations are the original maturity dates.

FORWARD CURRENCY CONTRACTS at 6/30/20 (aggregate face value \$12,236,508) (Unaudited) cont.

Counterparty	Currency	Contract type*	Delivery date	Value	Aggregate face value	Unrealized appreciation/ (depreciation)
State Street Bank and Trust Co. cont.						
UBSAG						
	British Pound	Buy	9/16/20	\$514,576	\$522,939	\$(8,363)
	Canadian Dollar	Buy	7/15/20	333,027	322,893	10,134
	Euro	Buy	9/16/20	86,654	86,478	176
	Swiss Franc	Buy	9/16/20	253,141	251,937	1,204
WestPac Banking Corp.						
	British Pound	Sell	9/16/20	803,168	815,975	12,807
	Euro	Buy	9/16/20	86,654	86,454	200
Unrealized appreciation						97,581
Unrealized (depreciation)						(76,424)
Total						\$21,157

* The exchange currency for all contracts listed is the United States Dollar.

FUTURES CONTRACTS OUTSTANDING at 6/30/20 (Unaudited)	Number of contracts	Notional amount	Value	Expiration date	Unrealized appreciation/ (depreciation)
S&P 500 Index E-Mini (Long)	12	\$1,860,174	\$1,854,120	Sep-20	\$15,598
Unrealized appreciation					15,598
Unrealized (depreciation)					—
Total					\$15,598

TBA SALE COMMITMENTS OUTSTANDING at 6/30/20 (proceeds receivable \$1,067,930) (Unaudited)	Principal amount	Settlement date	Value
Government National Mortgage Association, 4.50%, 7/1/50	\$1,000,000	6/17/20	\$1,067,969
Total			\$1,067,969

ASC 820 establishes a three-level hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of the fund's investments. The three levels are defined as follows:

Level 1: Valuations based on quoted prices for identical securities in active markets.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the fair value measurement.

The following is a summary of the inputs used to value the fund's net assets as of the close of the reporting period:

Investments in securities:	Valuation inputs		
	Level 1	Level 2	Level 3
Common stocks*:			
Basic materials	\$3,322,129	\$383,177	\$—
Capital goods	5,494,232	—	—
Communication services	2,057,115	—	—
Conglomerates	1,442,510	—	—
Consumer cyclicals	20,944,011	—	—
Consumer staples	8,281,893	—	—
Energy	1,353,251	1,138,556	—
Financials	12,411,488	2,568,058	—
Health care	16,196,613	—	—
Technology	35,113,086	201,642	—
Transportation	2,727,538	—	—
Utilities and power	4,204,366	—	—
Total common stocks	113,548,232	4,291,433	—
Corporate bonds and notes	—	27,120,225	—
Mortgage-backed securities	—	1,041,023	—
Municipal bonds and notes	—	203,499	—
U.S. government and agency mortgage obligations	—	14,533,873	—
U.S. treasury obligations	—	28,277,326	—
Short-term investments	9,719,805	5,215,165	—
Totals by level	\$123,268,037	\$80,682,544	\$—

Other financial instruments:	Valuation inputs		
	Level 1	Level 2	Level 3
Forward currency contracts	\$—	\$21,157	\$—
Futures contracts	15,598	—	—
TBA sale commitments	—	(1,067,969)	—
Totals by level	\$15,598	\$(1,046,812)	\$—

* Common stock classifications are presented at the sector level, which may differ from the fund's portfolio presentation.

At the start and close of the reporting period, Level 3 investments in securities represented less than 1% of the fund's net assets and were not considered a significant portion of the fund's portfolio.

Statement of assets and liabilities

6/30/20 (Unaudited)

Assets

Investment in securities, at value, including \$5,156,225 of securities on loan (Notes 1 and 8):	
Unaffiliated issuers (identified cost \$169,243,609)	\$189,125,611
Affiliated issuers (identified cost \$14,824,970) (Notes 1 and 5)	14,824,970
Foreign currency (cost \$250) (Note 1)	141
Dividends, interest and other receivables	547,336
Receivable for shares of the fund sold	54,787
Receivable for investments sold	1,924,619
Receivable for sales of TBA securities (Note 1)	1,070,430
Receivable for variation margin on futures contracts (Note 1)	21,823
Unrealized appreciation on forward currency contracts (Note 1)	97,581
Total assets	207,667,298

Liabilities

Payable to custodian	25
Payable for investments purchased	1,757,130
Payable for purchases of TBA securities (Note 1)	4,260,082
Payable for shares of the fund repurchased	147,056
Payable for compensation of Manager (Note 2)	82,424
Payable for custodian fees (Note 2)	43,170
Payable for investor servicing fees (Note 2)	22,019
Payable for Trustee compensation and expenses (Note 2)	79,973
Payable for administrative services (Note 2)	687
Payable for distribution fees (Note 2)	26,375
Unrealized depreciation on forward currency contracts (Note 1)	76,424
TBA sale commitments, at value (proceeds receivable \$1,067,930) (Note 1)	1,067,969
Collateral on securities loaned, at value (Note 1)	5,215,165
Collateral on certain derivative contracts and TBA commitments, at value (Notes 1 and 8)	110,000
Other accrued expenses	55,538
Total liabilities	12,944,037
Net assets	\$194,723,261

Represented by

Paid-in capital (Unlimited shares authorized) (Notes 1 and 4)	\$169,546,876
Total distributable earnings (Note 1)	25,176,385
Total — Representing net assets applicable to capital shares outstanding	\$194,723,261

Computation of net asset value Class IA

Net assets	\$65,086,296
Number of shares outstanding	5,266,991
Net asset value, offering price and redemption price per share (net assets divided by number of shares outstanding)	\$12.36

Computation of net asset value Class IB

Net assets	\$129,636,965
Number of shares outstanding	10,532,672
Net asset value, offering price and redemption price per share (net assets divided by number of shares outstanding)	\$12.31

The accompanying notes are an integral part of these financial statements.

Statement of operations

Six months ended 6/30/20 (Unaudited)

Investment income

Dividends (net of foreign tax of \$5,073)	\$965,311
Interest (including interest income of \$39,661 from investments in affiliated issuers) (Note 5)	964,810
Securities lending (net of expenses) (Notes 1 and 5)	2,796
Total investment income	1,932,917

Expenses

Compensation of Manager (Note 2)	474,153
Investor servicing fees (Note 2)	64,276
Custodian fees (Note 2)	25,065
Trustee compensation and expenses (Note 2)	4,454
Distribution fees (Note 2)	149,743
Administrative services (Note 2)	2,135
Auditing and tax fees	38,414
Other	23,407
Total expenses	781,647
Expense reduction (Note 2)	(15)
Net expenses	781,632
Net investment income	1,151,285

Realized and unrealized gain (loss)

Net realized gain (loss) on:

Securities from unaffiliated issuers (Notes 1 and 3)	4,250,355
Foreign currency transactions (Note 1)	(6,644)
Forward currency contracts (Note 1)	291,755
Futures contracts (Note 1)	56,447
Total net realized gain	4,591,913

Change in net unrealized appreciation (depreciation) on:

Securities from unaffiliated issuers and TBA sale commitments	(3,533,401)
Assets and liabilities in foreign currencies	(86)
Forward currency contracts	162,396
Futures contracts	15,286
Total change in net unrealized depreciation	(3,355,805)

Net gain on investments	1,236,108
Net increase in net assets resulting from operations	\$2,387,393

The accompanying notes are an integral part of these financial statements.

Statement of changes in net assets

	Six months ended 6/30/20*	Year ended 12/31/19
Increase in net assets		
Operations:		
Net investment income	\$1,151,285	\$2,414,196
Net realized gain on investments and foreign currency transactions	4,591,913	10,626,018
Change in net unrealized appreciation (depreciation) of investments and assets and liabilities in foreign currencies	(3,355,805)	21,713,763
Net increase in net assets resulting from operations	2,387,393	34,753,977
Distributions to shareholders (Note 1):		
From ordinary income		
Net investment income		
Class IA	(892,032)	(988,751)
Class IB	(1,442,300)	(1,332,556)
Net realized short-term gain on investments		
Class IA	(1,494,889)	(465,007)
Class IB	(2,856,503)	(719,277)
From net realized long-term gain on investments		
Class IA	(2,136,955)	(2,383,772)
Class IB	(4,083,395)	(3,687,241)
Increase from capital share transactions (Note 4)	15,902,644	28,808,050
Total increase in net assets	5,383,963	53,985,423
Net assets:		
Beginning of period	189,339,298	135,353,875
End of period	\$194,723,261	\$189,339,298

* Unaudited.

The accompanying notes are an integral part of these financial statements.

Financial highlights (For a common share outstanding throughout the period)

Period ended	INVESTMENT OPERATIONS:				LESS DISTRIBUTIONS:			RATIOS AND SUPPLEMENTAL DATA:					
	Net asset value, beginning of period	Net investment income (loss) ^a	Net realized and unrealized gain (loss) on investments	Total from investment operations	From net investment income	From net realized gain on investments	Total distributions	Net asset value, end of period	Total return at net asset value (%) ^{b,c}	Net assets, end of period (in thousands)	Ratio of expenses to average net assets (%) ^{b,d}	Ratio of net investment income (loss) to average net assets (%)	Portfolio turnover (%) ^e
Class IA													
6/30/20†	\$13.26	.09	(.07)	.02	(.18)	(.74)	(.92)	\$12.36	1.13*	\$65,086	.34*	.71*	50*
12/31/19	11.38	.20	2.46	2.66	(.20)	(.58)	(.78)	13.26	24.35	66,059	.69	1.62	128
12/31/18	11.82	.19	(.52)	(.33)	(.11)	—	(.11)	11.38	(2.82)	56,636	.71	1.56	264
12/31/17	10.44	.15	1.43	1.58	(.20)	—	(.20)	11.82	15.29	65,849	.72	1.39	191
12/31/16	9.83	.16	.65	.81	(.20)	—	(.20)	10.44	8.40	64,354	.73 ^f	1.65 ^f	216
12/31/15	10.12	.15	(.24)	(.09)	(.20)	—	(.20)	9.83	(.96)	67,397	.72	1.45	223
Class IB													
6/30/20†	\$13.19	.07	(.06)	.01	(.15)	(.74)	(.89)	\$12.31	1.04*	\$129,637	.47*	.58*	50*
12/31/19	11.33	.17	2.45	2.62	(.18)	(.58)	(.76)	13.19	24.00	123,280	.94	1.36	128
12/31/18	11.78	.16	(.53)	(.37)	(.08)	—	(.08)	11.33	(3.14)	78,718	.96	1.31	264
12/31/17	10.40	.13	1.42	1.55	(.17)	—	(.17)	11.78	15.08	77,464	.97	1.14	191
12/31/16	9.79	.14	.64	.78	(.17)	—	(.17)	10.40	8.12	60,405	.98 ^f	1.40 ^f	216
12/31/15	10.08	.12	(.24)	(.12)	(.17)	—	(.17)	9.79	(1.23)	62,833	.97	1.20	223

* Not annualized.

† Unaudited.

^a Per share net investment income (loss) has been determined on the basis of the weighted average number of shares outstanding during the period.

^b The charges and expenses at the insurance company separate account level are not reflected.

^c Total return assumes dividend reinvestment.

^d Includes amounts paid through expense offset arrangements and/or brokerage/service arrangements, if any (Note 2). Also excludes acquired fund fees and expenses, if any.

^e Portfolio turnover includes TBA purchase and sale commitments.

^f Reflects a voluntary waiver of certain fund expenses in effect during the period. As a result of such waiver, the expenses of each class reflect a reduction of less than .01% as a percentage of average net assets per share for each class (Note 2).

The accompanying notes are an integral part of these financial statements.

Notes to financial statements 6/30/20 (Unaudited)

Within the following Notes to financial statements, references to “State Street” represent State Street Bank and Trust Company, references to “the SEC” represent the Securities and Exchange Commission, references to “Putnam Management” represent Putnam Investment Management, LLC, the fund’s manager, an indirect wholly-owned subsidiary of Putnam Investments, LLC and references to “OTC”, if any, represent over-the-counter. Unless otherwise noted, the “reporting period” represents the period from January 1, 2020 through June 30, 2020.

Putnam VT George Putnam Balanced Fund (the fund) is a diversified series of Putnam Variable Trust (the Trust), a Massachusetts business trust registered under the Investment Company Act of 1940, as amended, as an open-end management investment company. The goal of the fund is to seek to provide a balanced investment composed of a well-diversified portfolio of stocks and bonds which produce both capital growth and current income. The fund invests mainly in a combination of bonds and common stocks (growth or value stocks or both) of large U.S. companies, with a greater focus on common stocks. For example, the fund may purchase stocks of companies with stock prices that reflect a value lower than that which Putnam Management places on the company. Putnam Management may also consider other factors that Putnam Management believes will cause the stock price to rise. The fund buys bonds of governments and private companies that are mostly investment-grade in quality with intermediate- to long-term maturities (three years or longer). Putnam Management may consider, among other factors, a company’s valuation, financial strength, growth potential, competitive position in its industry, projected future earnings, cash flows and dividends when deciding whether to buy or sell equity investments, and, among other factors, credit, interest rate and prepayment risks, as well as general market conditions, when deciding whether to buy or sell fixed-income investments. Putnam Management may also use derivatives, such as futures, options, warrants and swap contracts, for both hedging and non-hedging purposes.

The fund offers class IA and class IB shares of beneficial interest. 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, which is identified in Note 2.

In the normal course of business, the fund enters into contracts that may include agreements to indemnify another party under given circumstances. The fund’s maximum exposure under these arrangements is unknown as this would involve future claims that may be, but have not yet been, made against the fund. However, the fund’s management team expects the risk of material loss to be remote.

The fund has entered into contractual arrangements with an investment adviser, administrator, distributor, shareholder servicing agent and custodian, who each provide services to the fund. Unless expressly stated otherwise, shareholders are not parties to, or intended beneficiaries of these contractual arrangements, and these contractual arrangements are not intended to create any shareholder right to enforce them against the service providers or to seek any remedy under them against the service providers, either directly or on behalf of the fund.

Under the fund’s Amended and Restated Agreement and Declaration of Trust, any claims asserted against or on behalf of the Putnam Funds, including claims against Trustees and Officers, must be brought in state and federal courts located within the Commonwealth of Massachusetts.

Note 1 — Significant accounting policies

The following is a summary of significant accounting policies consistently followed by the fund in the preparation of its financial statements. The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America and requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements and the reported amounts of increases and decreases in net assets from operations. Actual results could differ from those estimates. Subsequent events after the Statement of assets and liabilities date through the date that the financial statements were issued have been evaluated in the preparation of the financial statements.

Investment income, realized and unrealized gains and losses and expenses of the fund are borne pro-rata based on the relative net assets of each class to the total net assets of the fund, except that each class bears expenses unique to that class (including the distribution fees applicable to such classes). Each class votes as a class only with respect to its own distribution plan or other matters on which a class vote is required by law or determined by the Trustees. If the fund were liquidated, shares of each class would receive their pro-rata share of the net assets of the fund. In addition, the Trustees declare separate dividends on each class of shares.

Security valuation Portfolio securities and other investments are valued using policies and procedures adopted by the Board of Trustees. The Trustees have formed a Pricing Committee to oversee the implementation of these procedures and have delegated responsibility for valuing the fund’s assets in accordance with these procedures to Putnam Management. Putnam Management has established an internal Valuation Committee that is responsible for making fair value determinations, evaluating the effectiveness of the pricing policies of the fund and reporting to the Pricing Committee.

Investments for which market quotations are readily available are valued at the last reported sales price on their principal exchange, or official closing price for certain markets, and are classified as Level 1 securities under Accounting Standards Codification 820 *Fair Value Measurements and Disclosures* (ASC 820). If no sales are reported, as in the case of some securities that are traded OTC, a security is valued at its last reported bid price and is generally categorized as a Level 2 security.

Investments in open-end investment companies (excluding exchange-traded funds), if any, which can be classified as Level 1 or Level 2 securities, are valued based on their net asset value. The net asset value of such investment companies equals the total value of their assets less their liabilities and divided by the number of their outstanding shares.

Market quotations are not considered to be readily available for certain debt obligations (including short-term investments with remaining maturities of 60 days or less) and other investments; such investments are valued on the basis of valuations furnished by an independent pricing service approved by the Trustees or dealers selected by Putnam Management. Such services or dealers determine valuations for normal institutional-size trading units of such securities using methods based on market transactions for comparable securities and various relationships, generally recognized by institutional traders, between securities (which consider such factors as security prices, yields, maturities and ratings). These securities will generally be categorized as Level 2.

Many securities markets and exchanges outside the U.S. close prior to the scheduled close of the New York Stock Exchange and therefore the closing prices for securities in such markets or on such exchanges may not fully reflect events that occur after such close but before the scheduled close of the New York Stock Exchange. Accordingly, on certain days, the fund will fair value certain foreign equity securities taking into account multiple factors including movements in the U.S. securities markets, currency valuations and comparisons to the valuation of American Depository Receipts, exchange-traded funds and futures contracts. The foreign equity securities, which would generally be classified as Level 1 securities, will be transferred to Level 2 of the fair value hierarchy when they are valued at fair value. The number of days on which fair value prices will be used will depend on market activity and it is possible that fair value prices will be used by the fund to a significant extent. At the close of the reporting period, fair value pricing was used for certain foreign securities in the portfolio. Securities quoted in foreign currencies, if any, are translated into U.S. dollars at the current exchange rate.

To the extent a pricing service or dealer is unable to value a security or provides a valuation that Putnam Management does not believe accurately reflects the security’s fair value, the security will be valued at fair value by Putnam Management in accordance with policies and procedures approved by the Trustees. Certain investments, including certain restricted and illiquid securities and derivatives, are also valued at fair value following procedures approved by the Trustees. These valuations consider such factors as significant market or specific security events such as interest rate or credit quality changes, various relationships with other securities, discount rates, U.S. Treasury, U.S. swap and credit yields, index levels, convexity exposures, recovery rates, sales and other multiples and resale restrictions. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs.

To assess the continuing appropriateness of fair valuations, the Valuation Committee reviews and affirms the reasonableness of such valuations on a regular basis after considering all relevant information that is reasonably available. Such valuations and procedures are reviewed periodically by the Trustees. Certain securities may be valued on the basis of a price provided by a single source. The fair value of securities is generally determined as the amount that the fund could reasonably expect to realize from an orderly disposition of such securities over a reasonable period of time. By its nature, a fair value price is a good faith estimate of the value of a security in a current sale and does not reflect an actual market price, which may be different by a material amount.

Security transactions and related investment income Security transactions are recorded on the trade date (the date the order to buy or sell is executed). Gains or losses on securities sold are determined on the identified cost basis.

Interest income, net of any applicable withholding taxes and including amortization and accretion of premiums and discounts on debt securities, is recorded on the accrual basis. Dividend income, net of any applicable withholding taxes, is recognized on the ex-dividend date except that certain dividends from foreign securities, if any, are recognized as soon as the fund is informed of the ex-dividend date. Non-cash dividends, if any, are recorded at the fair value of the securities received. Dividends representing a return of capital or capital gains, if any, are reflected as a reduction of cost and/or as a realized gain.

Foreign currency translation The accounting records of the fund are maintained in U.S. dollars. The fair value of foreign securities, currency holdings, and other assets and liabilities is recorded in the books and records of the fund after translation to U.S. dollars based on the exchange rates on that day. The cost of each security is determined using historical exchange rates. Income and withholding taxes are translated at prevailing exchange rates when earned or incurred. The fund does not isolate that portion of realized or unrealized gains or losses resulting from changes in the foreign exchange rate on investments from fluctuations arising from changes in the market prices of the securities. Such gains and losses are included with the net realized and unrealized gain or loss on investments. Net realized gains and losses on foreign currency transactions represent net realized exchange gains or losses on disposition of foreign currencies, currency gains and losses realized between the trade and settlement dates on securities transactions and the difference between the amount of investment income and foreign withholding taxes recorded on the fund's books and the U.S. dollar equivalent amounts actually received or paid. Net unrealized appreciation and depreciation of assets and liabilities in foreign currencies arise from changes in the value of assets and liabilities other than investments at the period end, resulting from changes in the exchange rate.

Futures contracts The fund uses futures contracts to equitize cash.

The potential risk to the fund is that the change in value of futures contracts may not correspond to the change in value of the hedged instruments. In addition, losses may arise from changes in the value of the underlying instruments, if there is an illiquid secondary market for the contracts, if interest or exchange rates move unexpectedly or if the counterparty to the contract is unable to perform. With futures, there is minimal counterparty credit risk to the fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default. Risks may exceed amounts recognized on the Statement of assets and liabilities. When the contract is closed, the fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade. The fund and the broker agree to exchange an amount of cash equal to the daily fluctuation in the value of the futures contract. Such receipts or payments are known as "variation margin."

Futures contracts outstanding at period end, if any, are listed after the fund's portfolio.

Forward currency contracts The fund buys and sells forward currency contracts, which are agreements between two parties to buy and sell currencies at a set price on a future date. These contracts are used to hedge foreign exchange risk.

The U.S. dollar value of forward currency contracts is determined using current forward currency exchange rates supplied by a quotation service. The fair value of the contract will fluctuate with changes in currency exchange rates. The contract is marked to market daily and the change in fair value is recorded as an unrealized gain or loss. The fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed when the contract matures or by delivery of the currency. The fund could be exposed to risk if the value of the currency changes unfavorably, if the counterparties to the contracts are unable to meet the terms of their contracts or if the fund is unable to enter into a closing position. Risks may exceed amounts recognized on the Statement of assets and liabilities.

Forward currency contracts outstanding at period end, if any, are listed after the fund's portfolio.

TBA commitments The fund may enter into TBA (to be announced) commitments to purchase securities for a fixed unit price at a future date beyond customary settlement time. Although the unit price and par amount have been established, the actual securities have not been specified. However, it is anticipated that the amount of the commitments will not significantly differ from the principal

amount. The fund holds, and maintains until settlement date, cash or high-grade debt obligations in an amount sufficient to meet the purchase price, or the fund may enter into offsetting contracts for the forward sale of other securities it owns. Income on the securities will not be earned until settlement date.

The fund may also enter into TBA sale commitments to hedge its portfolio positions, to sell mortgage-backed securities it owns under delayed delivery arrangements or to take a short position in mortgage-backed securities. Proceeds of TBA sale commitments are not received until the contractual settlement date. During the time a TBA sale commitment is outstanding, either equivalent deliverable securities or an offsetting TBA purchase commitment deliverable on or before the sale commitment date are held as "cover" for the transaction, or other liquid assets in an amount equal to the notional value of the TBA sale commitment are segregated. If the TBA sale commitment is closed through the acquisition of an offsetting TBA purchase commitment, the fund realizes a gain or loss. If the fund delivers securities under the commitment, the fund realizes a gain or a loss from the sale of the securities based upon the unit price established at the date the commitment was entered into.

TBA commitments, which are accounted for as purchase and sale transactions, may be considered securities themselves, and involve a risk of loss due to changes in the value of the security prior to the settlement date as well as the risk that the counterparty to the transaction will not perform its obligations. Counterparty risk is mitigated by having a master agreement between the fund and the counterparty.

Unsettled TBA commitments are valued at their fair value according to the procedures described under "Security valuation" above. The contract is marked to market daily and the change in fair value is recorded by the fund as an unrealized gain or loss. Based on market circumstances, Putnam Management will determine whether to take delivery of the underlying securities or to dispose of the TBA commitments prior to settlement.

TBA purchase commitments outstanding at period end, if any, are listed within the fund's portfolio and TBA sale commitments outstanding at period end, if any, are listed after the fund's portfolio.

Master agreements The fund is a party to ISDA (International Swaps and Derivatives Association, Inc.) Master Agreements that govern OTC derivative and foreign exchange contracts and Master Securities Forward Transaction Agreements that govern transactions involving mortgage-backed and other asset-backed securities that may result in delayed delivery (Master Agreements) with certain counterparties entered into from time to time. The Master Agreements may contain provisions regarding, among other things, the parties' general obligations, representations, agreements, collateral requirements, events of default and early termination. With respect to certain counterparties, in accordance with the terms of the Master Agreements, collateral posted to the fund is held in a segregated account by the fund's custodian and, with respect to those amounts which can be sold or repledged, are presented in the fund's portfolio.

Collateral pledged by the fund is segregated by the fund's custodian and identified in the fund's portfolio. Collateral can be in the form of cash or debt securities issued by the U.S. Government or related agencies or other securities as agreed to by the fund and the applicable counterparty. Collateral requirements are determined based on the fund's net position with each counterparty.

With respect to ISDA Master Agreements, termination events applicable to the fund may occur upon a decline in the fund's net assets below a specified threshold over a certain period of time. Termination events applicable to counterparties may occur upon a decline in the counterparty's long-term or short-term credit ratings below a specified level. In each case, upon occurrence, the other party may elect to terminate early and cause settlement of all derivative and foreign exchange contracts outstanding, including the payment of any losses and costs resulting from such early termination, as reasonably determined by the terminating party. Any decision by one or more of the fund's counterparties to elect early termination could impact the fund's future derivative activity.

At the close of the reporting period, the fund had a net liability position of \$49,367 on open derivative contracts subject to the Master Agreements. There was no collateral posted by the fund at period end for these agreements.

Securities lending The fund may lend securities, through its agent, to qualified borrowers in order to earn additional income. The loans are collateralized by cash in an amount at least equal to the fair value of the securities loaned. The fair value of securities loaned is determined daily and any additional required collateral is allocated to the fund on the next business day. The remaining maturities of the securities lending transactions are considered overnight and continuous. The risk of borrower default will be borne by the fund's agent; the fund will bear the risk of loss with respect to the investment of the cash collateral. Income from securities lending, net of expenses, is included in investment income on the Statement

of operations. Cash collateral is invested in Putnam Cash Collateral Pool, LLC, a limited liability company managed by an affiliate of Putnam Management. Investments in Putnam Cash Collateral Pool, LLC are valued at its closing net asset value each business day. There are no management fees charged to Putnam Cash Collateral Pool, LLC. At the close of the reporting period, the fund received cash collateral of \$5,215,165 and the value of securities loaned amounted to \$5,156,225.

Interfund lending The fund, along with other Putnam funds, may participate in an interfund lending program pursuant to an exemptive order issued by the SEC. This program allows the fund to borrow from or lend to other Putnam funds that permit such transactions. Interfund lending transactions are subject to each fund's investment policies and borrowing and lending limits. Interest earned or paid on the interfund lending transaction will be based on the average of certain current market rates. During the reporting period, the fund did not utilize the program.

Lines of credit The fund participates, along with other Putnam funds, in a \$317.5 million unsecured committed line of credit and a \$235.5 million unsecured uncommitted line of credit, both provided by State Street. Borrowings may be made for temporary or emergency purposes, including the funding of shareholder redemption requests and trade settlements. Interest is charged to the fund based on the fund's borrowing at a rate equal to 1.25% plus the higher of (1) the Federal Funds rate and (2) the overnight LIBOR for the committed line of credit and the Federal Funds rate plus 1.30% for the uncommitted line of credit. A closing fee equal to 0.04% of the committed line of credit and 0.04% of the uncommitted line of credit has been paid by the participating funds. In addition, a commitment fee of 0.21% per annum on any unutilized portion of the committed line of credit is allocated to the participating funds based on their relative net assets and paid quarterly. During the reporting period, the fund had no borrowings against these arrangements.

Federal taxes It is the policy of the fund to distribute all of its taxable income within the prescribed time period and otherwise comply with the provisions of the Internal Revenue Code of 1986, as amended (the Code), applicable to regulated investment companies.

The fund is subject to the provisions of Accounting Standards Codification 740 *Income Taxes* (ASC 740). ASC 740 sets forth a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. The fund did not have a liability to record for any unrecognized tax benefits in the accompanying financial statements. No provision has been made for federal taxes on income, capital gains or unrealized appreciation on securities held nor for excise tax on income and capital gains. Each of the fund's federal tax returns for the prior three fiscal years remains subject to examination by the Internal Revenue Service.

The fund may also be subject to taxes imposed by governments of countries in which it invests. Such taxes are generally based on either income or gains earned or repatriated. The fund accrues and applies such taxes to net investment income, net realized gains and net unrealized gains as income and/or capital gains are earned. In some cases, the fund may be entitled to reclaim all or a portion of such taxes, and such reclaim amounts, if any, are reflected as an asset on the fund's books. In many cases, however, the fund may not receive such amounts for an extended period of time, depending on the country of investment.

Tax cost of investments includes adjustments to net unrealized appreciation (depreciation) which may not necessarily be final tax cost basis adjustments, but closely approximate the tax basis unrealized gains and losses that may be realized and distributed to shareholders. The aggregate identified cost on a tax basis is \$183,221,845, resulting in gross unrealized appreciation and depreciation of \$27,012,491 and \$7,314,969, respectively, or net unrealized appreciation of \$19,697,522.

Distributions to shareholders Distributions to shareholders from net investment income are recorded by the fund on the ex-dividend date. Distributions from capital gains, if any, are recorded on the ex-dividend date and paid at least annually. The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from generally accepted accounting principles. Dividend sources are estimated at the time of declaration. Actual results may vary. Any non-taxable return of capital cannot be determined until final tax calculations are completed after the end of the fund's fiscal year. Reclassifications are made to the fund's capital accounts to reflect income and gains available for distribution (or available capital loss carryovers) under income tax regulations.

Expenses of the Trust Expenses directly charged or attributable to any fund will be paid from the assets of that fund. Generally, expenses of the Trust will be allocated among and charged to the assets of each fund on a basis that the Trustees deem fair and equitable, which may be based on the relative assets of

each fund or the nature of the services performed and relative applicability to each fund.

Beneficial interest At the close of the reporting period, insurance companies or their separate accounts were record owners of all but a de minimis number of the shares of the fund. Approximately 37.2% of the fund is owned by accounts of one insurance company.

Note 2 — Management fee, administrative services and other transactions

The fund pays Putnam Management a management fee (based on the fund's average net assets and computed and paid monthly) at annual rates that may vary based on the average of the aggregate net assets of all open-end mutual funds sponsored by Putnam Management (excluding net assets of funds that are invested in, or that are invested in by, other Putnam funds to the extent necessary to avoid "double counting" of those assets). Such annual rates may vary as follows:

0.680%	of the first \$5 billion,
0.630%	of the next \$5 billion,
0.580%	of the next \$10 billion,
0.530%	of the next \$10 billion,
0.480%	of the next \$50 billion,
0.460%	of the next \$50 billion,
0.450%	of the next \$100 billion and
0.445%	of any excess thereafter.

For the reporting period, the management fee represented an effective rate (excluding the impact from any expense waivers in effect) of 0.258% of the fund's average net assets.

Putnam Management has contractually agreed, through April 30, 2022, to waive fees and/or reimburse the fund's expenses to the extent necessary to limit the cumulative expenses of the fund, exclusive of brokerage, interest, taxes, investment-related expenses, extraordinary expenses, acquired fund fees and expenses and payments under the fund's investor servicing contract, investment management contract and distribution plans, on a fiscal year-to-date basis to an annual rate of 0.20% of the fund's average net assets over such fiscal year-to-date period. During the reporting period, the fund's expenses were not reduced as a result of this limit.

Putnam Investments Limited (PIL), an affiliate of Putnam Management, is authorized by the Trustees to manage a separate portion of the assets of the fund as determined by Putnam Management from time to time. PIL did not manage any portion of the assets of the fund during the reporting period. If Putnam Management were to engage the services of PIL, Putnam Management would pay a quarterly sub-management fee to PIL for its services at an annual rate of 0.40% of the average net assets of the portion of the fund managed by PIL.

The fund reimburses Putnam Management an allocated amount for the compensation and related expenses of certain officers of the fund and their staff who provide administrative services to the fund. The aggregate amount of all such reimbursements is determined annually by the Trustees.

Custodial functions for the fund's assets are provided by State Street. Custody fees are based on the fund's asset level, the number of its security holdings and transaction volumes.

Putnam Investor Services, Inc., an affiliate of Putnam Management, provides investor servicing agent functions to the fund. Putnam Investor Services, Inc. was paid a monthly fee for investor servicing at an annual rate of 0.07% of the fund's average daily net assets. During the reporting period, the expenses for each class of shares related to investor servicing fees were as follows:

Class IA	\$22,090
Class IB	42,186
Total	\$64,276

The fund has entered into expense offset arrangements with Putnam Investor Services, Inc. and State Street whereby Putnam Investor Services, Inc.'s and State Street's fees are reduced by credits allowed on cash balances. The fund also reduced expenses through brokerage/service arrangements. For the reporting period, the fund's expenses were reduced by \$15 under the expense offset arrangements.

Each Independent Trustee of the fund receives an annual Trustee fee, of which \$135, as a quarterly retainer, has been allocated to the fund, and an additional fee for each Trustees meeting attended. Trustees also are reimbursed for expenses they incur relating to their services as Trustees.

The fund has adopted a Trustee Fee Deferral Plan (the Deferral Plan) which allows the Trustees to defer the receipt of all or a portion of Trustees fees payable on or after July 1, 1995. The deferred fees remain invested in certain Putnam funds until distribution in accordance with the Deferral Plan.

The fund has adopted an unfunded noncontributory defined benefit pension plan (the Pension Plan) covering all Trustees of the fund who have served as a Trustee for at least five years and were first elected prior to 2004. Benefits under the Pension Plan are equal to 50% of the Trustee's average annual attendance and retainer fees for the three years ended December 31, 2005. The retirement benefit is payable during a Trustee's lifetime, beginning the year following retirement, for the number of years of service through December 31, 2006. Pension expense for the fund is included in Trustee compensation and expenses in the Statement of operations. Accrued pension liability is included in Payable for Trustee compensation and expenses in the Statement of assets and liabilities. The Trustees have terminated the Pension Plan with respect to any Trustee first elected after 2003.

The fund has adopted a distribution plan (the Plan) with respect to its class IB shares pursuant to Rule 12b-1 under the Investment Company Act of 1940. The purpose of the Plan is to compensate Putnam Retail Management Limited Partnership, an indirect wholly-owned subsidiary of Putnam Investments, LLC, for services provided and expenses incurred in distributing shares of the fund. The Plan provides for payment by the fund to Putnam Retail Management Limited Partnership at an annual rate of up to 0.35% of the average net assets attributable

to the fund's class IB shares. The Trustees have approved payment by the fund at an annual rate of 0.25% of the average net assets attributable to the fund's class IB shares. The expenses related to distribution fees during the reporting period are included in Distribution fees in the Statement of operations.

Note 3 — Purchases and sales of securities

During the reporting period, the cost of purchases and the proceeds from sales, excluding short-term investments, were as follows:

	Cost of purchases	Proceeds from sales
Investments in securities, including TBA commitments (Long-term)	\$84,324,427	\$81,285,865
U.S. government securities (Long-term)	6,059,696	8,252,257
Total	\$90,384,123	\$89,538,122

The fund may purchase or sell investments from or to other Putnam funds in the ordinary course of business, which can reduce the fund's transaction costs, at prices determined in accordance with SEC requirements and policies approved by the Trustees. During the reporting period, purchases or sales of long-term securities from or to other Putnam funds, if any, did not represent more than 5% of the fund's total cost of purchases and/or total proceeds from sales.

Note 4 — Capital shares

At the close of the reporting period, there were an unlimited number of shares of beneficial interest authorized. Subscriptions and redemptions are presented at the omnibus level. Transactions in capital shares were as follows:

	Class IA shares				Class IB shares			
	Six months ended 6/30/20		Year ended 12/31/19		Six months ended 6/30/20		Year ended 12/31/19	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount
Shares sold	141,719	\$1,762,259	292,555	\$3,602,301	1,372,039	\$16,110,443	3,293,284	\$40,358,876
Shares issued in connection with reinvestment of distributions	416,180	4,523,875	328,837	3,837,530	773,980	8,382,198	493,472	5,739,074
	557,899	6,286,134	621,392	7,439,831	2,146,019	24,492,641	3,786,756	46,097,950
Shares repurchased	(274,422)	(3,384,806)	(615,111)	(7,574,811)	(958,463)	(11,491,325)	(1,388,536)	(17,154,920)
Net increase (decrease)	283,477	\$2,901,328	6,281	\$(134,980)	1,187,556	\$13,001,316	2,398,220	\$28,943,030

Note 5 — Affiliated transactions

Transactions during the reporting period with any company which is under common ownership or control were as follows:

Name of affiliate	Fair value as of 12/31/19	Purchase cost	Sale proceeds	Investment income	Shares outstanding and fair value as of 6/30/20
Short-term investments					
Putnam Cash Collateral Pool, LLC*	\$1,590,125	\$22,514,231	\$18,889,191	\$9,507	\$5,215,165
Putnam Short Term Investment Fund**	8,072,114	30,462,186	28,924,495	39,661	9,609,805
Total Short-term investments	\$9,662,239	\$52,976,417	\$47,813,686	\$49,168	\$14,824,970

*No management fees are charged to Putnam Cash Collateral Pool, LLC (Note 1). Investment income shown is included in securities lending income on the Statement of operations. There were no realized or unrealized gains or losses during the period.

**Management fees charged to Putnam Short Term Investment Fund have been waived by Putnam Management. There were no realized or unrealized gains or losses during the period.

Note 6 — Market, credit and other risks

In the normal course of business, the fund trades financial instruments and enters into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the contracting party to the transaction to perform (credit risk). The fund may be exposed to additional credit risk that an institution or other entity with which the fund has unsettled or open transactions will default. Investments in foreign securities involve certain risks, including those related to economic instability, unfavorable political developments, and currency fluctuations. The fund may invest in higher-yielding, lower-rated bonds that may have a higher rate of default.

On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA"), which regulates LIBOR, announced a desire to phase out the use of LIBOR by the end of 2021. LIBOR has historically been a common benchmark interest rate index used to make adjustments to variable-rate loans. It is used throughout global banking and financial industries to determine interest rates for a variety of financial instruments and borrowing arrangements. The transition process might lead to increased volatility and illiquidity in markets that currently rely on LIBOR to determine interest rates. It could also lead to a reduction in the value of some LIBOR-based investments and reduce the effectiveness of new hedges placed against existing LIBOR-based investments. While some LIBOR-based instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate-setting methodology, not all may have such provisions and there may be significant uncertainty regarding the effectiveness of any such alternative methodologies. Since the usefulness of LIBOR as a benchmark could deteriorate during the transition period, these effects could occur prior to the end of 2021.

Beginning in January 2020, global financial markets have experienced, and may continue to experience, significant volatility resulting from the spread of a virus known as COVID-19. The outbreak of COVID-19 has resulted in travel and border restrictions, quarantines, supply chain disruptions, lower consumer demand, and general market uncertainty. The effects of COVID-19 have adversely affected, and may continue to adversely affect, the global economy, the economies of certain nations, and individual issuers, all of which may negatively impact the fund's performance.

Note 7 — Summary of derivative activity

The volume of activity for the reporting period for any derivative type that was held during the period is listed below and was based on an average of the holdings at the end of each fiscal quarter:

Futures contracts (number of contracts)	7
Forward currency contracts (contract amount)	\$7,600,000

*For the reporting period there were no holdings at the end of each fiscal quarter and the transactions were considered minimal.

The following is a summary of the fair value of derivative instruments as of the close of the reporting period:

Fair value of derivative instruments as of the close of the reporting period

Derivatives not accounted for as hedging instruments under ASC 815	Asset derivatives		Liability derivatives	
	Statement of assets and liabilities location	Fair value	Statement of assets and liabilities location	Fair value
Foreign exchange contracts	Receivables	\$97,581	Payables	\$76,424
Equity contracts	Receivables	15,598*	Payables, Net assets — Unrealized depreciation	—
Total		\$113,179		\$76,424

*Includes cumulative appreciation/depreciation of futures contracts as reported in the fund's portfolio. Only current day's variation margin is reported within the Statement of assets and liabilities.

The following is a summary of realized and change in unrealized gains or losses of derivative instruments in the Statement of operations for the reporting period (Note 1):

Amount of realized gain or (loss) on derivatives recognized in net gain or (loss) on investments

Derivatives not accounted for as hedging instruments under ASC 815	Futures	Forward currency contracts	Total
Foreign exchange contracts	\$—	\$291,755	\$291,755
Equity contracts	56,447	—	56,447
Total	\$56,447	\$291,755	\$348,202

Change in unrealized appreciation or (depreciation) on derivatives recognized in net gain or (loss) on investments

Derivatives not accounted for as hedging instruments under ASC 815	Futures	Forward currency contracts	Total
Foreign exchange contracts	\$—	\$162,396	\$162,396
Equity contracts	15,286	—	15,286
Total	\$15,286	\$162,396	\$177,682

Note 8 — Offsetting of financial and derivative assets and liabilities

The following table summarizes any derivatives, repurchase agreements and reverse repurchase agreements, at the end of the reporting period, that are subject to an enforceable master netting agreement or similar agreement. For securities lending transactions or borrowing transactions associated with securities sold short, if any, see Note 1. For financial reporting purposes, the fund does not offset financial assets and financial liabilities that are subject to the master netting agreements in the Statement of assets and liabilities.

	Bank of America N.A.	Barclays Bank PLC	BofA Securities, Inc.	Citibank, N.A.	Goldman Sachs International	HSBC Bank USA, National Association	JPMorgan Chase Bank N.A.	State Street Bank and Trust Co.	UBS AG	WestPac Banking Corp.	Total
Assets:											
Futures contracts [§]	\$—	\$—	\$21,823	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$21,823
Forward currency contracts [#]	5,400	26,563	—	—	35,912	3,134	—	2,051	11,514	13,007	97,581
Total Assets	\$5,400	\$26,563	\$21,823	\$—	\$35,912	\$3,134	\$—	\$2,051	\$11,514	\$13,007	\$119,404
Liabilities:											
Futures contracts [§]	—	—	—	—	—	—	—	—	—	—	—
Forward currency contracts [#]	—	13,509	—	19,592	—	3,308	24,913	6,739	8,363	—	76,424
Total Liabilities	\$—	\$13,509	\$—	\$19,592	\$—	\$3,308	\$24,913	\$6,739	\$8,363	\$—	\$76,424
Total Financial and Derivative Net Assets	\$5,400	\$13,054	\$21,823	\$(19,592)	\$35,912	\$(174)	\$(24,913)	\$(4,688)	\$3,151	\$13,007	\$42,980
Total collateral received (pledged)† [#]	\$—	\$—	\$—	\$—	\$35,912	\$—	\$—	\$—	\$—	\$—	\$—
Net amount	\$5,400	\$13,054	\$21,823	\$(19,592)	\$—	\$(174)	\$(24,913)	\$(4,688)	\$3,151	\$13,007	\$—
<i>Controlled collateral received (including TBA commitments)**</i>	\$—	\$—	\$—	\$—	\$110,000	\$—	\$—	\$—	\$—	\$—	\$110,000
<i>Uncontrolled collateral received</i>	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
<i>Collateral (pledged) (including TBA commitments)**</i>	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—

** Included with Investments in securities on the Statement of assets and liabilities.

† Additional collateral may be required from certain brokers based on individual agreements.

Covered by master netting agreement (Note 1).

[#] Any over-collateralization of total financial and derivative net assets is not shown. Collateral may include amounts related to unsettled agreements.

[§] Includes current day's variation margin only as reported on the Statement of assets and liabilities, which is not collateralized. Cumulative appreciation/(depreciation) for futures contracts is represented in the tables listed after the fund's portfolio. Collateral pledged for initial margin on futures contracts, which is not included in the table above, amounted to \$129,263.

Trustee approval of management contract

General conclusions

The Board of Trustees of The Putnam Funds oversees the management of each fund and, as required by law, determines annually whether to approve the continuance of your fund's management contract with Putnam Investment Management, LLC ("Putnam Management") and the sub-management contract with respect to your fund between Putnam Management and its affiliate, Putnam Investments Limited ("PIL"). The Board, with the assistance of its Contract Committee, requests and evaluates all information it deems reasonably necessary under the circumstances in connection with its annual contract review. The Contract Committee consists solely of Trustees who are not "interested persons" (as this term is defined in the Investment Company Act of 1940, as amended (the "1940 Act")) of The Putnam Funds ("Independent Trustees").

At the outset of the review process, members of the Board's independent staff and independent legal counsel considered any possible changes to the annual contract review materials furnished to the Contract Committee during the course of the previous year's review and, as applicable, identified those changes to Putnam Management. Following these discussions and in consultation with the Contract Committee, the Independent Trustees' independent legal counsel requested that Putnam Management and its affiliates furnish specified information, together with any additional information that Putnam Management considered relevant, to the Contract Committee. Over the course of several months ending in June 2020, the Contract Committee met on a number of occasions with representatives of Putnam Management, and separately in executive session, to consider the information that Putnam Management provided. Throughout this process, the Contract Committee was assisted by the members of the Board's independent staff and by independent legal counsel for The Putnam Funds and the Independent Trustees.

In May 2020, the Contract Committee met in executive session to discuss and consider its recommendations with respect to the continuance of the contracts. At the Trustees' June 2020 meeting, the Contract Committee met in executive session with the other Independent Trustees to review a summary of the key financial, performance and other data that the Contract Committee considered in the course of its review. The Contract Committee then presented its written report, which summarized the key factors that the Committee had considered and set forth its recommendations. The Contract Committee recommended, and the Independent Trustees approved, the continuance of your fund's management and sub-management contracts, effective July 1, 2020. (Because PIL is an affiliate of Putnam Management and Putnam Management remains fully responsible for all services provided by PIL, the Trustees have not attempted to evaluate PIL as a separate entity, and all subsequent references to Putnam Management below should be deemed to include reference to PIL as necessary or appropriate in the context.)

The Independent Trustees' approval was based on the following conclusions:

- That the fee schedule in effect for your fund represented reasonable compensation in light of the nature and quality of the services being provided to the fund, the fees paid by competitive funds, the costs incurred by Putnam Management in providing services to the fund, and the application of certain reductions and waivers noted below; and
- That the fee schedule in effect for your fund represented an appropriate sharing between fund shareholders and Putnam Management of such

economies of scale as may exist in the management of the fund at current asset levels.

These conclusions were based on a comprehensive consideration of all information provided to the Trustees and were not the result of any single factor. Some of the factors that figured particularly in the Trustees' deliberations and how the Trustees considered these factors are described below, although individual Trustees may have evaluated the information presented differently, giving different weights to various factors. It is also important to recognize that the management arrangements for your fund and the other Putnam funds are the result of many years of review and discussion between the Independent Trustees and Putnam Management, that some aspects of the arrangements may receive greater scrutiny in some years than others, and that the Trustees' conclusions may be based, in part, on their consideration of fee arrangements in previous years. For example, with certain exceptions primarily involving newly launched or repositioned funds, the current fee arrangements under the vast majority of the funds' management contracts were first implemented at the beginning of 2010 following extensive review by the Contract Committee and discussions with representatives of Putnam Management, as well as approval by shareholders.

Management fee schedules and total expenses

The Trustees reviewed the management fee schedules in effect for all Putnam funds, including fee levels and breakpoints. The Trustees also reviewed the total expenses of each Putnam fund, recognizing that in most cases management fees represented the major, but not the sole, determinant of total costs to fund shareholders. (Two funds have implemented so-called "all-in" management fees covering substantially all routine fund operating costs.)

In reviewing fees and expenses, the Trustees generally focus their attention on material changes in circumstances — for example, changes in assets under management, changes in a fund's investment strategy, changes in Putnam Management's operating costs or profitability, or changes in competitive practices in the mutual fund industry — that suggest that consideration of fee changes might be warranted. The Trustees concluded that the circumstances did not indicate that changes to the management fee schedule for your fund would be appropriate at this time.

Under its management contract, your fund has the benefit of breakpoints in its management fee schedule that provide shareholders with economies of scale in the form of reduced fee levels as assets under management in the Putnam family of funds increase. The Trustees concluded that the fee schedule in effect for your fund represented an appropriate sharing of economies of scale between fund shareholders and Putnam Management.

As in the past, the Trustees also focused on the competitiveness of each fund's total expense ratio. In order to support the effort to have fund expenses meet competitive standards, the Trustees and Putnam Management and the funds' investor servicing agent, Putnam Investor Services, Inc. ("PSERV"), have implemented expense limitations that were in effect during your fund's fiscal year ending in 2019. These expense limitations were: (i) a contractual expense limitation applicable to specified open-end funds, including your fund, of 25 basis points on investor servicing fees and expenses and (ii) a contractual expense limitation applicable to specified open-end funds, including your fund, of 20 basis points on so-called "other expenses" (i.e., all expenses exclusive of

management fees, distribution fees, investor servicing fees, investment-related expenses, interest, taxes, brokerage commissions, acquired fund fees and expenses and extraordinary expenses). These expense limitations attempt to maintain competitive expense levels for the funds. Most funds, including your fund, had sufficiently low expenses that these expense limitations were not operative during their fiscal years ending in 2019. Putnam Management and PSERV have agreed to maintain these expense limitations until at least April 30, 2022. The support of Putnam Management and PSERV for these expense limitation arrangements was an important factor in the Trustees' decision to approve the continuance of your fund's management and sub-management contracts.

The Trustees reviewed comparative fee and expense information for a custom group of competitive funds selected by Broadridge Financial Solutions, Inc. ("Broadridge"). This comparative information included your fund's percentile ranking for effective management fees and total expenses (excluding any applicable 12b-1 fees), which provides a general indication of your fund's relative standing. In the custom peer group, your fund ranked in the second quintile in effective management fees (determined for your fund and the other funds in the custom peer group based on fund asset size and the applicable contractual management fee schedule) and in the third quintile in total expenses (excluding any applicable 12b-1 fees) as of December 31, 2019. The first quintile represents the least expensive funds and the fifth quintile the most expensive funds. The fee and expense data reported by Broadridge as of December 31, 2019 reflected the most recent fiscal year-end data available in Broadridge's database at that time.

In connection with their review of fund management fees and total expenses, the Trustees also reviewed the costs of the services provided and the profits realized by Putnam Management and its affiliates from their contractual relationships with the funds. This information included trends in revenues, expenses and profitability of Putnam Management and its affiliates relating to the investment management, investor servicing and distribution services provided to the funds. In this regard, the Trustees also reviewed an analysis of the revenues, expenses and profitability of Putnam Management and its affiliates, allocated on a fund-by-fund basis, with respect to the funds' management, distribution, and investor servicing contracts. For each fund, the analysis presented information about revenues, expenses and profitability for each of the agreements separately and for the agreements taken together on a combined basis. The Trustees concluded that, at current asset levels, the fee schedules in place represented reasonable compensation for the services being provided and represented an appropriate sharing between fund shareholders and Putnam Management of such economies of scale as may exist in the management of the Putnam funds at that time.

The information examined by the Trustees in connection with their annual contract review for the Putnam funds included information regarding services provided and fees charged by Putnam Management and its affiliates to other clients, including defined benefit pension and profit-sharing plans, sub-advised mutual funds, private funds sponsored by affiliates of Putnam Management, and model-only separately managed accounts. This information included, in cases where a product's investment strategy corresponds with a fund's strategy, comparisons of those fees with fees charged to the Putnam funds, as well as an assessment of the differences in the services provided to these clients as compared to the services provided to the Putnam funds. The Trustees observed that the differences in fee rates between these clients and the Putnam funds are by no means uniform when examined by individual asset sectors, suggesting that differences in the pricing of investment management

services to these types of clients may reflect, among other things, historical competitive forces operating in separate marketplaces. The Trustees considered the fact that in many cases fee rates across different asset classes are higher on average for mutual funds than for other clients, and the Trustees also considered the differences between the services that Putnam Management provides to the Putnam funds and those that it provides to its other clients. The Trustees did not rely on these comparisons to any significant extent in concluding that the management fees paid by your fund are reasonable.

Investment performance

The quality of the investment process provided by Putnam Management represented a major factor in the Trustees' evaluation of the quality of services provided by Putnam Management under your fund's management contract. The Trustees were assisted in their review of Putnam Management's investment process and performance by the work of the investment oversight committees of the Trustees and the full Board of Trustees, which meet on a regular basis with individual portfolio managers and with senior management of Putnam Management's Investment Division throughout the year. The Trustees concluded that Putnam Management generally provides a high-quality investment process — based on the experience and skills of the individuals assigned to the management of fund portfolios, the resources made available to them, and in general Putnam Management's ability to attract and retain high-quality personnel — but also recognized that this does not guarantee favorable investment results for every fund in every time period.

The Trustees considered that, in the aggregate, 2019 was a strong year of performance for The Putnam Funds, with the Putnam funds, on an asset-weighted basis, ranking in the top quartile of their Lipper Inc. ("Lipper") peers for the year ended December 31, 2019. For those funds that are evaluated based on their total returns versus selected investment benchmarks, the Trustees observed that the funds, on an asset-weighted-basis, delivered a gross return that was 2.3% ahead of their benchmarks in 2019. In addition to the performance of the individual Putnam funds, the Trustees considered, as they had in prior years, the performance of The Putnam Fund complex versus competitor fund complexes. In this regard, the Trustees observed that The Putnam Funds' relative performance, as reported in the Barron's/Lipper Fund Families survey, was exceptionally strong over both the short and long term, with The Putnam Funds ranking as the 8th best performing mutual fund complex out of 55 complexes for the one-year period ended December 31, 2019 and the 8th best performing mutual fund complex out of 45 complexes for the ten-year period, with 2019 marking the third consecutive year that The Putnam Funds have ranked in the top ten fund complexes for the ten-year period. The Trustees also noted that The Putnam Funds ranked 26th out of 52 complexes for the five-year period ended December 31, 2019. In addition to the Barron's/Lipper Fund Families Survey, the Trustees also considered the funds' ratings assigned by Morningstar Inc., noting that 22 of the funds were four- or five-star rated at the end of 2019 and that this included five funds that had achieved a five-star rating. They also noted, however, the disappointing investment performance of some funds for periods ended December 31, 2019 and considered information provided by Putnam Management regarding the factors contributing to the underperformance and actions being taken to improve the performance of these particular funds. The Trustees indicated their intention to continue to monitor closely the performance of those funds, including the effectiveness of any efforts Putnam Management has undertaken to address underperformance and whether additional actions to address areas of underperformance are warranted.

For purposes of the Trustees' evaluation of the Putnam funds' investment performance, the Trustees generally focus on a competitive industry ranking of each fund's total net return over a one-year, three-year and five-year period. For a number of Putnam funds with relatively unique investment mandates for which Putnam Management informed the Trustees that meaningful competitive performance rankings are not considered to be available, the Trustees evaluated performance based on their total gross and net returns and comparisons of those returns with the returns of selected investment benchmarks. In the case of your fund, the Trustees considered that its class IA share cumulative total return performance at net asset value was in the following quartiles of its Lipper peer group (Lipper VP (Underlying Funds) — Balanced Funds) for the one-year, three-year and five-year periods ended December 31, 2019 (the first quartile representing the best-performing funds and the fourth quartile the worst-performing funds):

One-year period	Three-year period	Five-year period
1st	1st	1st

For the one-year, three-year and five-year periods ended December 31, 2019, your fund's performance was in the top decile of its Lipper peer group. Over the one-year, three-year and five-year periods ended December 31, 2019, there were 156, 141 and 131 funds, respectively, in your fund's Lipper peer group. (When considering performance information, shareholders should be mindful that past performance is not a guarantee of future results.)

The Trustees considered Putnam Management's continued efforts to support fund performance through initiatives including structuring compensation for portfolio managers and research analysts to enhance accountability for fund performance, emphasizing accountability in the portfolio management process, and affirming its commitment to a fundamental-driven approach to investing. The Trustees noted further that Putnam Management had made selective hires and internal promotions in 2019 to strengthen its investment team.

Brokerage and soft-dollar allocations; investor servicing

The Trustees considered various potential benefits that Putnam Management may receive in connection with the services it provides

under the management contract with your fund. These include benefits related to brokerage allocation and the use of soft dollars, whereby a portion of the commissions paid by a fund for brokerage may be used to acquire research services that are expected to be useful to Putnam Management in managing the assets of the fund and of other clients. Subject to policies established by the Trustees, soft dollars generated by these means are used predominantly to acquire brokerage and research services (including third-party research and market data) that enhance Putnam Management's investment capabilities and supplement Putnam Management's internal research efforts. The Trustees noted that, in 2019, they had approved the elimination of a fund expense recapture program, whereby a portion of available soft dollars were used to pay fund expenses, and that the amount of commissions allocated to that program were instead used to increase, by a corresponding amount, the budget allocated for execution services. The Trustees indicated their continued intent to monitor regulatory and industry developments in this area with the assistance of their Brokerage Committee. In addition, with the assistance of their Brokerage Committee, the Trustees indicated their continued intent to monitor the allocation of the Putnam funds' brokerage in order to ensure that the principle of seeking best price and execution remains paramount in the portfolio trading process.

Putnam Management may also receive benefits from payments that the funds make to Putnam Management's affiliates for investor or distribution services. In conjunction with the annual review of your fund's management and sub-management contracts, the Trustees reviewed your fund's investor servicing agreement with PSERV and its distributor's contracts and distribution plans with Putnam Retail Management Limited Partnership ("PRM"), both of which are affiliates of Putnam Management. The Trustees concluded that the fees payable by the funds to PSERV and PRM, as applicable, for such services are fair and reasonable in relation to the nature and quality of such services, the fees paid by competitive funds, and the costs incurred by PSERV and PRM, as applicable, in providing such services. Furthermore, the Trustees were of the view that the services provided were required for the operation of the funds, and that they were of a quality at least equal to those provided by other providers.

Other important information

Proxy voting

Putnam is committed to managing our mutual funds in the best interests of our shareholders. The Putnam funds' proxy voting guidelines and procedures, as well as information regarding how your fund voted proxies relating to portfolio securities during the 12-month period ended June 30, 2020, are available in the Individual Investors section of putnam.com and on the Securities and Exchange Commission's (SEC) website at www.sec.gov. If you have questions about finding forms on the SEC's website, you may call the SEC at 1-800-SEC-0330. You may also obtain the Putnam funds' proxy voting guidelines and procedures at no charge by calling Putnam's Shareholder Services at 1-800-225-1581.

Fund portfolio holdings

The fund will file a complete schedule of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-PORT within 60 days of the end of such fiscal quarter. Shareholders may obtain the fund's Form N-PORT from the SEC's website at www.sec.gov.

Prior to its use of Form N-PORT, the fund filed its complete schedule of its portfolio holdings with the SEC on Form N-Q, which is available online at www.sec.gov.

Liquidity risk management program

Putnam, as the administrator of the fund's liquidity risk management program (appointed by the Board of Trustees), presented the first annual report on the program to the Trustees in April 2020. The report covered the structure of the program, including the program documents and related policies and procedures adopted to comply with Rule 22e-4 under the Investment Company Act of 1940, and reviewed the operation of the program from December 2018 through March 2020. The report included a description of the annual liquidity assessment of the fund that Putnam performed in November 2019. The report noted that there were no material compliance exceptions identified under Rule 22e-4 during the period. The report included a review of the governance of the program and the methodology for classification of the fund's investments. The report also included a discussion of liquidity monitoring during the period, including during the market liquidity challenges caused by the COVID-19 pandemic, and the impact those challenges had on the liquidity of the fund's investments. Putnam concluded that the program has been operating effectively and adequately to ensure compliance with Rule 22e-4.

Fund information

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Marketing Services

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George Putnam, III
Robert L. Reynolds
Manoj P. Singh
Mona K. Sutphen

The fund's Statement of Additional Information contains additional information about the fund's Trustees and is available without charge upon request by calling 1-800-225-1581.

