

Release Date: 09-30-2018

Putnam VT Small Cap Value Fund — Class IB

Investment Strategy from investment's prospectus

The investment seeks capital appreciation. The fund invests mainly in common stocks of small U.S. companies, with a focus on value stocks. Under normal circumstances, it invests at least 80% of the fund's net assets in companies of a size similar to those in the Russell 2000 Value Index.

Category Description: Small Value

Small-value funds invest in small-caps with valuations and growth rates below other small-cap peers. They tend to invest in manufacturing, financial and energy sectors.

Operations

Fund Inception Date	04-30-99
Initial Share Class Inception Date	04-30-99
Advisor	Putnam Investment Management, LLC
Subadvisor	Putnam Investments Limited

Fees and Expenses as of 04-30-18

Gross Prospectus Expense Ratio	1.32%
Net Prospectus Expense Ratio	1.32%

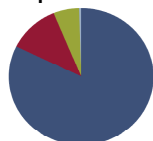
Waiver Data	Type	Exp.Date	%
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Portfolio Manager(s)

David Diamond, CFA. B.S., Brown University. Since 2017.

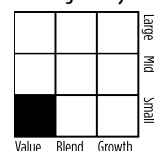
Portfolio Analysis as of 06-30-18

Composition as of 06-30-18



	% Assets
U.S. Stocks	82.55
Non-U.S. Stocks	11.46
Bonds	0.00
Cash	5.81
Other	0.50

Morningstar Style Box™ as of 06-30-18



	% Mkt Cap
Giant	0.00
Large	2.16
Medium	26.22
Small	50.87
Micro	20.75

Top 20 Holdings as of 06-30-18

	% Assets
Vermilion Energy Inc	2.03
Belden Inc	1.79
Synaptics Inc	1.58
Acadia Healthcare Co Inc	1.53
Clean Harbors Inc 02-22-47	1.48
Valvoline Inc	1.44
Builders FirstSource Inc	1.36
Axalta Coating Systems Ltd	1.26
Gruma SAB de CV Class B	1.21
Boardwalk Pipeline Partners LP	1.20
Dave & Buster's Entertainment Inc	1.13
Booz Allen Hamilton Holding Corp	1.06
Major Drilling Group International Inc	1.05
Badger Daylighting Ltd	1.05
Aspen Insurance Holdings Ltd	1.02
Knowles Corp	1.02
Hersha Hospitality Trust	0.99
Casey's General Stores Inc	0.95
RLJ Lodging Trust	0.95
Gray Television Inc	0.93
Total Number of Stock Holdings	222
Total Number of Bond Holdings	—
Annual Turnover Ratio %	398.00
Total Fund Assets (\$mil)	150.44

Statistics as of 06-30-18

	Stk Port Avg	S&P 500	Category
P/E Ratio	14.17	17.98	15.47
P/B Ratio	1.62	3.17	1.68
P/C Ratio	6.92	13.67	7.79
GeoAvgCap(\$mil)	1,662.29	109,557.79	3,041.18

Risk Measures as of 09-30-18

	Port Avg	S&P 500	Category
3 Yr Std Dev	12.84	9.18	13.76
3 Yr Sharpe Ratio	0.98	1.69	0.95
3 Yr Alpha	-2.00	—	-2.37
3 Yr Beta	0.94	—	0.98
3 Yr R-squared	45.42	—	44.89

Morningstar Sectors as of 06-30-18

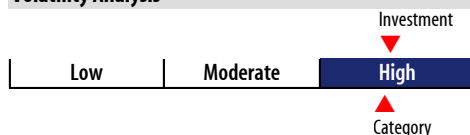
	%Fund	S&P 500 %
Cyclical	44.62	32.42
Basic Materials	9.74	2.27
Consumer Cyclical	16.96	12.18
Financial Services	11.02	15.79
Real Estate	6.90	2.18
Sensitive	46.88	42.67
Communication Services	0.00	3.24
Energy	14.85	6.00
Industrials	19.79	10.35
Technology	12.24	23.08
Defensive	8.49	24.92
Consumer Defensive	5.30	7.13
Healthcare	3.19	14.96
Utilities	0.00	2.83

Notes

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NOT A DEPOSIT — NOT FDIC INSURED — NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY — NOT GUARANTEED BY THE INSTITUTION — MAY GO DOWN IN VALUE

Volatility Analysis



In the past, this investment has shown a wide range of price fluctuations relative to other investments. This investment may experience significant price increases in favorable markets or undergo large price declines in adverse markets. Some of this risk may be offset by owning other investments that follow different investment strategies.