



OppenheimerFunds®

The Right Way
to Invest

December 31, 2018

Oppenheimer
Capital Appreciation Fund/VA

A Series of Oppenheimer Variable Account Funds

Annual Report

ANNUAL REPORT

Listing of Top Holdings

Fund Performance Discussion

Financial Statements

PORTFOLIO MANAGER: Paul Larson

AVERAGE ANNUAL TOTAL RETURNS FOR THE PERIODS ENDED 12/31/18

	Inception Date	1-Year	5-Year	10-Year
Non-Service Shares	4/3/85	-5.73%	6.92%	12.45%
Service Shares	9/18/01	-5.96	6.66	12.17
S&P 500 Index		-4.38	8.49	13.12
Russell 1000 Growth Index		-1.51	10.40	15.29

Performance data quoted represents past performance, which does not guarantee future results. *The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, call us at 1.800.988.8287. The Fund's total returns should not be expected to be the same as the returns of other funds, whether or not both funds have the same portfolio managers and/or similar names. The Fund's total returns include changes in share price and reinvested distributions but do not include the charges associated with the separate account products that offer this Fund. Such performance would have been lower if such charges were taken into account. Returns for periods of less than one year are cumulative and not annualized. See Fund prospectuses and summary prospectuses for more information on share classes and sales charges.*

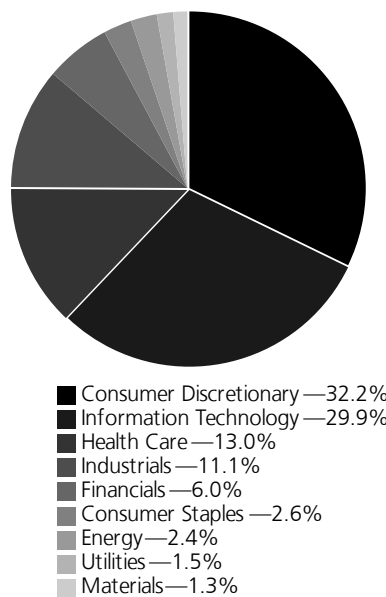
TOP HOLDINGS AND ALLOCATIONS

TOP TEN COMMON STOCK HOLDINGS

Microsoft Corp.	7.6%
Amazon.com, Inc.	5.8
Apple, Inc.	5.6
Alphabet, Inc., Cl. C	5.0
Mastercard, Inc., Cl. A	4.9
Facebook, Inc., Cl. A	4.6
UnitedHealth Group, Inc.	3.4
salesforce.com, Inc.	3.1
Lowe's Cos., Inc.	3.0
Charles Schwab Corp. (The)	2.2

Portfolio holdings and allocations are subject to change. Percentages are as of December 31, 2018, and are based on net assets.

SECTOR ALLOCATION



Portfolio holdings and allocations are subject to change. Percentages are as of December 31, 2018, and are based on the total market value of common stocks.

For more current Fund holdings, please visit oppenheimerfunds.com.

Fund Performance Discussion

During a volatile year, the Fund's Non-Service shares generated a total return of -5.73%. In comparison, the Fund underperformed the Russell 1000 Growth Index (the "Index"), which returned -1.51% for the same period. The Fund's underperformance versus the Index for the one-year period ended December 31, 2018, stemmed largely from stock selection in the Health Care, Consumer Staples, and Communication Services sectors. The Fund outperformed in Industrials, Information Technology, and Financials sectors due to stock selection.

MARKET OVERVIEW

The U.S. economy continues to exhibit good economic growth, low unemployment and modest inflation. This is driven partly by tax cuts, technological innovation and falling regulatory hurdles. That said, the effects of the strain in the trading relationship with China have been a headwind to growth, but not nearly enough to offset the strong momentum in the economy.

This economic growth has been fairly broad-based across sectors. However, the stock price performance has not been as broad-based. Value stocks outperformed growth stocks during the fourth quarter of 2018, snapping a streak of seven consecutive quarters of the Russell 1000 Value Index underperforming the Russell 1000 Growth Index. This was helped by a rotation into defensive stocks and out of some of the high-flying technology names. However, growth stocks still significantly outperformed for the full calendar year.

We continue to focus on the fundamentals of each business to drive our investment decisions versus getting caught up in the temporary emotions of the market, always with the long-term welfare of our shareholders in mind. Our philosophy is to focus on companies we believe have sustainable competitive advantages that can outperform in most market environments. We combine this with our valuation discipline to seek a margin of safety, with downside protection ever an important consideration. That being said, we do have a history of underperforming in go-go markets and outperforming in bear markets.

TOP INDIVIDUAL CONTRIBUTORS

Top contributors to the Fund's relative performance this period included Mastercard, Spirit Airlines, and AutoZone.

Mastercard's performance was driven by strong core results reported over the second quarter of 2018, where revenues and earnings soundly beat expectations and organic revenue growth accelerated to over 20% year over year. While these results are unlikely sustainable, Mastercard has demonstrated an ability to grow at a faster pace than their largest competitor Visa driven by the strength of their services business, share gains in European processing, and some market share gains internationally. Notably, this reporting period, the company won Santander's large UK debit business. More importantly, Mastercard continues to benefit from the long tail of revenue growth as the world transitions from cash and check to electronic forms of payment. The global ubiquity of acceptance of Visa and Mastercard make them both partners of choice for global card issuers.

A confluence of positive events happened at Spirit Airlines during the last half of 2018. The company's new pilot contract signed in early 2018, while expensive in absolute terms, allowed Spirit to greatly increase its efficiency. This helped the performance of its network (better on-times, fewer cancellations, etc.) as well as allowed the company to lower unit costs. Moreover, weather (i.e. hurricanes) had a much more benign impact in 2018 versus 2017. Finally, and perhaps most importantly, competitive rivalry was muted in 2018 against the backdrop of a strong economy for consumers, allowing Spirit to raise fares at above-average rates. Though Spirit's stock is not the deep bargain it was a year ago, it is still inexpensive (~9x forward consensus EPS), and we continue to like the business. The company is still growing at a robust mid-teens rate, has a significant cost advantage relative to peers (costs per seat-mile ex-fuel are 40% below that of Southwest, and less than half that of the legacy Big 3 carriers), and the service level given to customers is much improved and still improving.

Auto parts retailer AutoZone saw an acceleration in same-store sales comparisons and commercial growth to a multi-quarter high. Beyond the better revenue, margins and earnings flow-through improved. In addition, fears about online competitors taking market share have not come to fruition in reality. We continue to like the competitive positioning of the business as well as the cash flow characteristics and large ongoing stock buyback.

TOP INDIVIDUAL DETRACTORS

Detractors from performance this reporting period included AmeriGas Partners, Facebook, and Compass Minerals International.

Amerigas is the largest propane distributor in the country. The recent selloff started soon after the company disclosed that it is considering changing the ownership structure between itself and its parent company UGI, including possibly getting rid of the incentive distributions UGI currently collects. As part of this exercise, Amerigas is hoping to improve its balance sheet, which could involve cutting distributions. Exacerbating this weakness, Amerigas was dropped in

late December from the Alerian MLP Index, causing selling pressure from those funds that track the index. Finally, with the stock weak into the end of the year, tax-loss selling undoubtedly played a role. The Alerian and tax-loss situations do not reflect anything with the underlying business, and they are proving to be temporary effects. As far as the distributions are concerned, we view a modest cut as likely. But with the stock yielding in excess of 15% at year-end, we view this as being more than priced in. We added to our position in the fourth quarter.

Facebook shares declined sharply post second-quarter financial results due to the company's outlook for a material deceleration of revenue growth in the high single-digit percent range sequentially each quarter for the remainder of the year vs. the 42% year-over-year growth posted in the most recent quarter. Further, the company forecasted operating profit margins to decline to the mid-30s over time vs. 44% posted in the most recent quarter. We continue to believe Facebook's shares are an attractive investment given the company's market leading position in the shift to digital advertising, and monetization opportunities across its four properties: Facebook, Instagram, Messenger and WhatsApp.

Compass Minerals produces minerals, including salt, sulfate of potash specialty fertilizer, and magnesium chloride. Shares of Compass were negatively impacted by ongoing production issues at its salt mine in Ontario, Canada.

STRATEGY & OUTLOOK

In the short term, we expect the U.S. economy to continue to show economic growth, albeit at slower rates than experienced in 2018 as the "sugar high" from tax cuts wears off. This will be driven by favorable ongoing consumer confidence, falling regulatory hurdles, as well as technological innovation. The biggest macro risks we see are trade tariffs and higher interest rates.

Speculation remains at an elevated level. Mania around cryptocurrency earlier in the year and cannabis stocks more recently are symptoms of these. We believe an equally big risk to stock prices is the stock market's preference for so called "disruptors" and the potential for stocks with this perceived characteristic to become crowded trades and have valuations untethered to financial reality. While some of the high flyers lost altitude in the fourth quarter as the market corrected, a true capitulation point has not yet been reached.

Regarding trade tariffs, while concern has risen in recent weeks, the market continues to view bluster from D.C. as a negotiating tactic and is implying that all will end well. So far this has been borne out in trade negotiations between the U.S., Mexico and Canada. A true escalation could severely hamper global growth and thereby stock prices. Innovation, while a positive for the overall economy over the long term, creates short-term disruptions of which to be cognizant. Lastly, we are afraid companies have become addicted to low interest rates. If interest rates were to continue to rise materially, some companies' historical decisions will look like a misallocation of capital and negatively impact their stock prices.

We believe a rise in interest rates and other monetary tightening will have profound implications for the equity markets. Due to the 2008 crisis, interest rates were driven to record lows and a flood of liquidity was unleashed. Short-term interest rates were at essentially zero and even longer rates were driven to around 2%. This was not just flash in the pan either, as the rates stayed at these levels for multiple years. When the cost of money became close to zero and its availability abundant, the equity market's horizon became longer for start-ups delivering profits. As a result, we have seen several companies focus on revenue growth through disruption without regard to profit generation.

We are afraid even established companies are addicted to low interest rates which is not sustainable for longer-term profitable growth. We believe that once this corrects, it will be healthy in the longer-term because it will drive companies to generate profits. "Profitable Revenue Growth" is better, tougher and more sustainable than mere "Revenue Growth". Over time, companies that generate such profitable growth are likely to be more durable investments with better down-side protection even though they may look a little short in a speculative environment. As a famous investor once said, you don't know who has been swimming naked until the tide rolls out. At the moment, the tide is lower than it was a few months ago, but still relatively high. We know this won't be the situation in perpetuity.

We continue to maintain our discipline around valuation and focus on companies with competitive advantages and skilled management teams that are out-executing peers. Evidence of this in the companies we look for include high returns on invested capital, consistently strong pricing power, and/or rising market shares. During times of economic volatility such companies frequently widen their lead over weaker competitors. We seek to invest in companies characterized by these qualities at compelling valuations and believe this disciplined approach is essential to generating superior long-term performance, especially in down markets.

We fully believe that over a complete market cycle, the value of our strategy will become apparent again.

Investors should consider the Fund's investment objective, risks, charges and expenses carefully before investing. The Fund's prospectus and summary prospectus contain this and other information about the Fund, and may be obtained by asking your financial advisor or calling us at 1.800.988.8287. Read prospectuses and summary prospectuses carefully before investing.

Total returns include changes in share price and reinvestment of dividends and capital gains distributions in a hypothetical investment for the periods shown, but do not include the charges associated with the separate account products that offer this Fund.

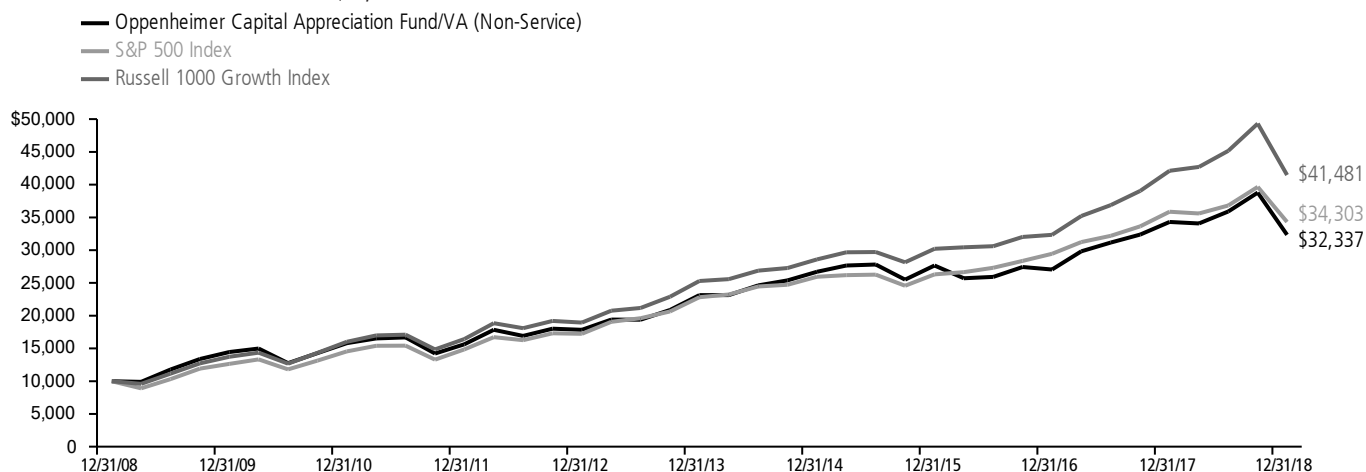
The views in the Fund Performance Discussion represent the opinions of this Fund's portfolio managers and are not intended as investment advice or to predict or depict the performance of any investment. These views are as of the close of business on December 31, 2018, and are subject to change based on subsequent developments. The Fund's portfolio and strategies are subject to change.

Shares of Oppenheimer funds are not deposits or obligations of any bank, are not guaranteed by any bank, are not insured by the FDIC or any other agency, and involve investment risks, including the possible loss of the principal amount invested.

Comparing the Fund's Performance to the Market. The graphs that follow show the performance of a hypothetical \$10,000 investment in each share class of the Fund held until December 31, 2018. Performance is measured over a ten-fiscal-year period for both Classes. Performance information does not reflect charges that apply to separate accounts investing in the Fund. If these charges were taken into account, performance would be lower. The graphs assume that all dividends and capital gains distributions were reinvested in additional shares.

The Fund's performance is compared to the performance of the S&P 500 Index and the Russell 1000 Growth Index. The S&P 500 Index is a capitalization-weighted index of 500 stocks intended to be a representative sample of leading companies in leading industries within the U.S. economy. The Russell 1000 Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. The indices are unmanaged and cannot be purchased directly by investors. While index comparisons may be useful to provide a benchmark for the Fund's performance, it must be noted that the Fund's investments are not limited to the investments comprising the indices. Index performance includes reinvestment of income, but does not reflect transaction costs, fees, expenses or taxes. Index performance is shown for illustrative purposes only as a benchmark for the Fund's performance, and does not predict or depict performance of the Fund. The Fund's performance reflects the effects of the Fund's business and operating expenses.

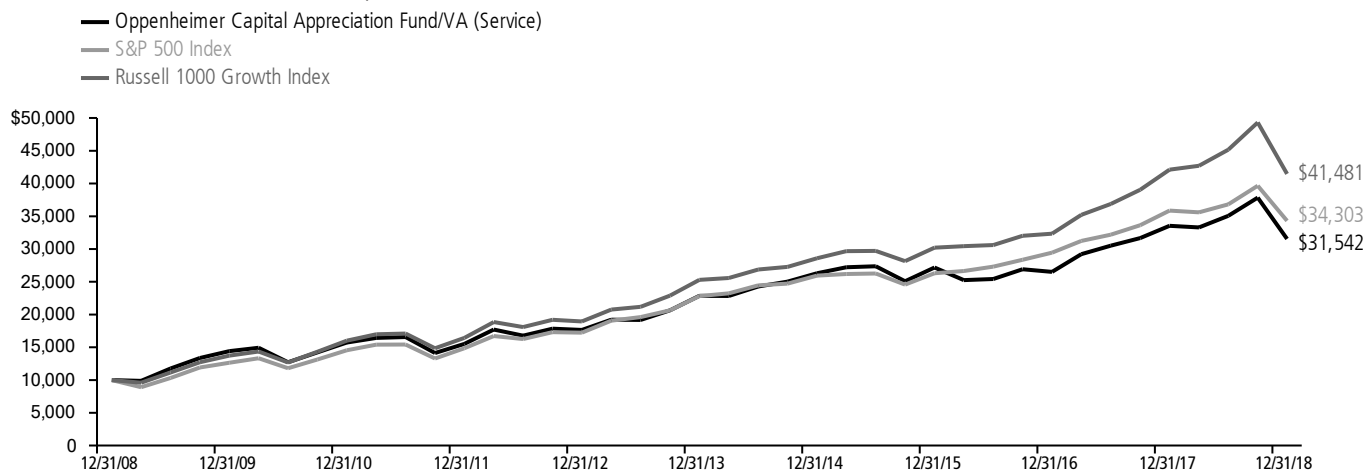
COMPARISON OF CHANGE IN VALUE OF \$10,000 HYPOTHETICAL INVESTMENTS IN:



Average Annual Total Returns of Non-Service Shares of the Fund at 12/31/18

1-Year **-5.73%** 5-Year **6.92%** 10-Year **12.45%**

COMPARISON OF CHANGE IN VALUE OF \$10,000 HYPOTHETICAL INVESTMENTS IN:



Average Annual Total Returns of Service Shares of the Fund at 12/31/18

1-Year **-5.96%** 5-Year **6.66%** 10-Year **12.17%**

Performance data quoted represents past performance, which does not guarantee future results. *The investment return and principal value of an investment in the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance quoted. For performance data current to the most recent month end, call us at 1.800.988.8287. The Fund's total returns should not be expected to be the same as the returns of other funds, whether or not both funds have the same portfolio managers and/or similar names. The Fund's total returns include changes in share price and reinvested distributions but do not include the charges associated with the separate account products that offer this Fund. Such performance would have been lower if such charges were taken into account.*

Fund Expenses

Fund Expenses. As a shareholder of the Fund, you incur two types of costs: (1) transaction costs and (2) ongoing costs, including management fees; distribution and service fees; and other Fund expenses. These examples are intended to help you understand your ongoing costs (in dollars) of investing in the Fund and to compare these costs with the ongoing costs of investing in other mutual funds.

The examples are based on an investment of \$1,000.00 invested at the beginning of the period and held for the entire 6-month period ended December 31, 2018.

Actual Expenses. The first section of the table provides information about actual account values and actual expenses. You may use the information in this section for the class of shares you hold, together with the amount you invested, to estimate the expense that you paid over the period. Simply divide your account value by \$1,000.00 (for example, an \$8,600.00 account value divided by \$1,000.00 = 8.60), then multiply the result by the number in the first section under the heading entitled “Expenses Paid During 6 Months Ended December 31, 2018” to estimate the expenses you paid on your account during this period.

Hypothetical Example for Comparison Purposes.

The second section of the table provides information about hypothetical account values and hypothetical expenses based on the Fund’s actual expense ratio for each class of shares, and an assumed rate of return of 5% per year for each class before expenses, which is not the actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the Fund and other funds. To do so, compare this 5% hypothetical example for the class of shares you hold with the 5% hypothetical examples that appear in the shareholder reports of the other funds.

Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any charges associated with the separate accounts that offer this Fund. Therefore, the “hypothetical” lines of the table are useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these separate account charges were included your costs would have been higher.

Actual	Beginning Account Value July 1, 2018	Ending Account Value December 31, 2018	Expenses Paid During 6 Months Ended December 31, 2018
Non-Service shares	\$ 1,000.00	\$ 900.50	\$ 3.84
Service shares	1,000.00	899.50	5.04
Hypothetical			
(5% return before expenses)			
Non-Service shares	1,000.00	1,021.17	4.08
Service shares	1,000.00	1,019.91	5.36

Expenses are equal to the Fund’s annualized expense ratio for that class, multiplied by the average account value over the period, multiplied by 184/365 (to reflect the one-half year period). Those annualized expense ratios, excluding indirect expenses from affiliated funds, based on the 6-month period ended December 31, 2018 are as follows:

Class	Expense Ratios
Non-Service shares	0.80%
Service shares	1.05

The expense ratios reflect voluntary and/or contractual waivers and/or reimbursements of expenses by the Fund’s Manager. Some of these undertakings may be modified or terminated at any time, as indicated in the Fund’s prospectus. The “Financial Highlights” tables in the Fund’s financial statements, included in this report, also show the gross expense ratios, without such waivers or reimbursements and reduction to custodian expenses, if applicable.

STATEMENT OF INVESTMENTS December 31, 2018

	Shares	Value
Common Stocks—98.5%		
Consumer Discretionary—31.7%		
Entertainment—1.0%		
Activision Blizzard, Inc.	134,283	\$ 6,253,559
Hotels, Restaurants & Leisure—3.6%		
Cedar Fair LP ¹	224,712	10,628,878
Starbucks Corp.	167,640	10,796,016
		21,424,894
Interactive Media & Services—10.9%		
Alphabet, Inc., Cl. C ²	29,268	30,310,233
Facebook, Inc., Cl. A ²	213,158	27,942,882
Snap, Inc., Cl. A ²	163,873	902,940
Tencent Holdings Ltd., ADR	165,450	6,530,312
		65,686,367
Internet & Catalog Retail—9.6%		
Alibaba Group Holding Ltd., Sponsored ADR ²	18,092	2,479,871
Amazon.com, Inc. ²	23,357	35,081,513
Booking Holdings, Inc. ²	7,138	12,294,634
eBay, Inc. ²	277,030	7,776,232
		57,632,250
Specialty Retail—6.6%		
AutoNation, Inc. ²	215,220	7,683,354
AutoZone, Inc. ²	9,243	7,748,777
CarMax, Inc. ²	97,550	6,119,311
Lowe's Cos., Inc.	198,380	18,322,377
		39,873,819
Consumer Staples—2.6%		
Food Products—1.4%		
Kraft Heinz Co. (The)	104,785	4,509,946
Mondelez International, Inc., Cl. A	96,588	3,866,418
		8,376,364
Household Products—0.5%		
Spectrum Brands Holdings, Inc.	73,528	3,106,558
Tobacco—0.7%		
British American Tobacco plc	126,040	4,019,313
Energy—2.4%		
Oil, Gas & Consumable Fuels—2.4%		
Husky Energy, Inc.	566,727	5,857,397
Magellan Midstream Partners LP ¹	149,224	8,514,721
		14,372,118
Financials—5.9%		
Capital Markets—4.0%		
Charles Schwab Corp. (The)	324,293	13,467,889
CME Group, Inc., Cl. A	19,635	3,693,736
Intercontinental Exchange, Inc.	94,403	7,111,378
		24,273,003
Diversified Financial Services—1.1%		
Berkshire Hathaway, Inc., Cl. B ²	32,185	6,571,533
Insurance—0.8%		
Progressive Corp. (The)	80,360	4,848,119
Health Care—12.8%		
Biotechnology—5.2%		
Biogen, Inc. ²	26,740	8,046,601
Celgene Corp. ²	96,424	6,179,814
Exact Sciences Corp. ²	22,510	1,420,381
Galapagos NV ²	22,749	2,087,946
Gilead Sciences, Inc.	98,280	6,147,414
Vertex Pharmaceuticals, Inc. ²	45,760	7,582,889
		31,465,045
Health Care Equipment & Supplies—1.2%		
Intuitive Surgical, Inc. ²	14,683	7,031,982

	Shares	Value
Health Care Providers & Services—4.8%		
Laboratory Corp. of America Holdings ²	66,145	\$ 8,358,082
UnitedHealth Group, Inc.	83,030	20,684,434
		29,042,516
Health Care Technology—0.7%		
Cerner Corp. ²	82,640	4,333,642
Pharmaceuticals—0.9%		
Allergan plc	38,040	5,084,426
Industrials—10.9%		
Aerospace & Defense—2.3%		
Lockheed Martin Corp.	22,600	5,917,584
Spirit AeroSystems Holdings, Inc., Cl. A	112,970	8,144,007
		14,061,591
Airlines—1.5%		
Spirit Airlines, Inc. ²	155,920	9,030,887
Commercial Services & Supplies—1.4%		
KAR Auction Services, Inc.	182,560	8,711,763
Machinery—2.5%		
Deere & Co.	41,573	6,201,444
Stanley Black & Decker, Inc.	34,390	4,117,859
Wabtec Corp.	64,520	4,532,530
		14,851,833
Road & Rail—2.3%		
Canadian Pacific Railway Ltd.	16,590	2,946,716
Union Pacific Corp.	78,030	10,786,087
		13,732,803
Trading Companies & Distributors—0.9%		
Fastenal Co.	101,135	5,288,349
Information Technology—29.4%		
Communications Equipment—1.0%		
Motorola Solutions, Inc.	54,820	6,306,493
IT Services—6.6%		
First Data Corp., Cl. A ²	284,300	4,807,513
Mastercard, Inc., Cl. A	155,168	29,272,443
PayPal Holdings, Inc. ²	68,275	5,741,245
		39,821,201
Semiconductors & Semiconductor Equipment—3.6%		
Applied Materials, Inc.	201,790	6,606,604
NVIDIA Corp.	37,650	5,026,275
Texas Instruments, Inc.	104,688	9,893,016
		21,525,895
Software—12.6%		
Microsoft Corp.	448,183	45,521,947
salesforce.com, Inc. ²	138,200	18,929,254
ServiceNow, Inc. ²	65,610	11,681,861
		76,133,062
Technology Hardware, Storage & Peripherals—5.6%		
Apple, Inc.	213,643	33,700,047
Materials—1.3%		
Chemicals—0.5%		
Albemarle Corp.	38,363	2,956,636
Metals & Mining—0.8%		
Compass Minerals International, Inc.	116,568	4,859,720
Utilities—1.5%		
Gas Utilities—1.5%		
AmeriGas Partners LP ¹	348,855	8,826,032
Total Common Stocks (Cost \$470,911,472)		593,201,820

	Shares	Value
Investment Company—0.3%		
Oppenheimer Institutional Government Money Market Fund, Cl. E, 2.35% ^{3,4} (Cost \$2,094,243)	2,094,243	\$ 2,094,243
Total Investments, at Value (Cost \$473,005,715)	98.8%	595,296,063
Net Other Assets (Liabilities)	1.2	7,201,692
Net Assets	100.0%	\$ 602,497,755

Footnotes to Statement of Investments

1. Security is a Master Limited Partnership.
2. Non-income producing security.
3. Rate shown is the 7-day yield at period end.
4. Is or was an affiliate, as defined in the Investment Company Act of 1940, as amended, at or during the reporting period, by virtue of the Fund owning at least 5% of the voting securities of the issuer or as a result of the Fund and the issuer having the same investment adviser. Transactions during the reporting period in which the issuer was an affiliate are as follows:

	Shares December 31, 2017	Gross Additions	Gross Reductions	Shares December 31, 2018
Investment Company				
Oppenheimer Institutional Government Money Market Fund, Cl. E	—	107,772,831	105,678,588	2,094,243
	Value	Income	Realized Gain (Loss)	Change in Unrealized Gain (Loss)
Investment Company				
Oppenheimer Institutional Government Money Market Fund, Cl. E	\$ 2,094,243	\$ 47,225	\$ —	\$ —

See accompanying Notes to Financial Statements.

STATEMENT OF ASSETS AND LIABILITIES December 31, 2018

Assets	
Investments, at value—see accompanying statement of investments:	
Unaffiliated companies (cost \$470,911,472)	\$ 593,201,820
Affiliated companies (cost \$2,094,243)	2,094,243
	<u>595,296,063</u>
Cash	2,000,000
Receivables and other assets:	
Shares of beneficial interest sold	5,707,906
Dividends	574,271
Investments sold	535,783
Other	108,761
Total assets	<u>604,222,784</u>
Liabilities	
Payables and other liabilities:	
Investments purchased	1,077,969
Shares of beneficial interest redeemed	465,975
Trustees' compensation	95,172
Distribution and service plan fees	31,373
Shareholder communications	20,965
Other	33,575
Total liabilities	<u>1,725,029</u>
Net Assets	<u>\$ 602,497,755</u>
Composition of Net Assets	
Par value of shares of beneficial interest	\$ 12,466
Additional paid-in capital	415,578,282
Total distributable earnings	186,907,007
Net Assets	<u>\$ 602,497,755</u>
Net Asset Value Per Share	
Non-Service Shares:	
Net asset value, redemption price per share and offering price per share (based on net assets of \$460,707,726 and 9,498,338 shares of beneficial interest outstanding)	\$48.50
Service Shares:	
Net asset value, redemption price per share and offering price per share (based on net assets of \$141,790,029 and 2,967,549 shares of beneficial interest outstanding)	\$47.78

See accompanying Notes to Financial Statements.

STATEMENT OF OPERATIONS For the Year Ended December 31, 2018

Investment Income	
Dividends:	
Unaffiliated companies (net of foreign withholding taxes of \$37,879)	\$ 7,463,612
Affiliated companies	47,225
Total investment income	<u>7,510,837</u>
Expenses	
Management fees	5,472,543
Distribution and service plan fees — Service shares	582,617
Transfer and shareholder servicing agent fees:	
Non-Service shares	652,221
Service shares	279,656
Shareholder communications:	
Non-Service shares	56,279
Service shares	21,357
Trustees' compensation	28,154
Borrowing fees	25,852
Custodian fees and expenses	12,487
Other	74,799
Total expenses	<u>7,205,965</u>
Less reduction to custodian expenses	(1,434)
Less waivers and reimbursements of expenses	<u>(383,548)</u>
Net expenses	6,820,983
Net Investment Income	<u>689,854</u>
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) on:	
Investment transactions in unaffiliated companies	77,508,584
Foreign currency transactions	(5,269)
Net realized gain	<u>77,503,315</u>
Net change in unrealized appreciation/(depreciation) on:	
Investment transactions in unaffiliated companies	(110,170,267)
Translation of assets and liabilities denominated in foreign currencies	(2,473)
Net change in unrealized appreciation/(depreciation)	<u>(110,172,740)</u>
Net Decrease in Net Assets Resulting from Operations	<u><u>\$ (31,979,571)</u></u>

See accompanying Notes to Financial Statements.

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31, 2018	Year Ended December 31, 2017 ¹
Operations		
Net investment income	\$ 689,854	\$ 1,688,841
Net realized gain	77,503,315	62,736,493
Net change in unrealized appreciation/(depreciation)	(110,172,740)	136,373,539
Net increase (decrease) in net assets resulting from operations	(31,979,571)	200,798,873
Dividends and/or Distributions to Shareholders		
Dividends and distributions declared:		
Non-Service shares	(43,131,733)	(49,680,512)
Service shares	(16,387,466)	(28,708,763)
Total dividends and distributions declared	(59,519,199)	(78,389,275)
Beneficial Interest Transactions		
Net decrease in net assets resulting from beneficial interest transactions:		
Non-Service shares	(28,802,499)	(23,046,014)
Service shares	(150,292,452)	(23,253,888)
Total beneficial interest transactions	(179,094,951)	(46,299,902)
Net Assets		
Total increase (decrease)	(270,593,721)	76,109,696
Beginning of period	873,091,476	796,981,780
End of period	\$ 602,497,755	\$ 873,091,476

1. Prior period amounts have been conformed to current year presentation. See Notes to Financial Statements, Note 2 – New Accounting Pronouncements for further details.

See accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Non-Service Shares					
Per Share Operating Data					
Net asset value, beginning of period	\$55.70	\$48.36	\$55.49	\$64.87	\$57.88
Income (loss) from investment operations:					
Net investment income ¹	0.09	0.15	0.12	0.22	0.09
Net realized and unrealized gain (loss)	(2.71)	12.33	(1.57)	2.25	8.64
Total from investment operations	(2.62)	12.48	(1.45)	2.47	8.73
Dividends and/or distributions to shareholders:					
Dividends from net investment income	(0.19)	(0.13)	(0.22)	(0.06)	(0.27)
Distributions from net realized gain	(4.39)	(5.01)	(5.46)	(11.79)	(1.47)
Total dividends and/or distributions to shareholders	(4.58)	(5.14)	(5.68)	(11.85)	(1.74)
Net asset value, end of period	\$48.50	\$55.70	\$48.36	\$55.49	\$64.87
Total Return, at Net Asset Value²	(5.73)%	26.83%	(2.20)%	3.54%	15.41%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	\$460,708	\$556,227	\$501,756	\$564,514	\$616,862
Average net assets (in thousands)	\$542,971	\$539,255	\$514,525	\$601,110	\$614,272
Ratios to average net assets: ³					
Net investment income	0.16%	0.29%	0.25%	0.36%	0.15%
Expenses excluding specific expenses listed below	0.85%	0.82%	0.83%	0.81%	0.80%
Interest and fees from borrowings	0.00% ⁴	0.00% ⁴	0.00% ⁴	0.00% ⁴	0.00%
Total expenses ⁵	0.85%	0.82%	0.83%	0.81%	0.80%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	0.80%	0.80%	0.80%	0.80%	0.80% ⁶
Portfolio turnover rate	27%	26%	114%	60%	61%

1. Per share amounts calculated based on the average shares outstanding during the period.

2. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

3. Annualized for periods less than one full year.

4. Less than 0.005%.

5. Total expenses including indirect expenses from affiliated fund fees and expenses were as follows:

Year Ended December 31, 2018	0.85%
Year Ended December 31, 2017	0.82%
Year Ended December 31, 2016	0.83%
Year Ended December 31, 2015	0.81%
Year Ended December 31, 2014	0.80%

6. Waiver less than 0.005%.

See accompanying Notes to Financial Statements.

FINANCIAL HIGHLIGHTS Continued

	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Service Shares					
Per Share Operating Data					
Net asset value, beginning of period	\$54.89	\$47.73	\$54.80	\$64.30	\$57.37
Income (loss) from investment operations:					
Net investment income (loss) ¹	(0.05)	0.02	0.00 ²	0.07	(0.06)
Net realized and unrealized gain (loss)	(2.67)	12.16	(1.55)	2.22	8.57
Total from investment operations	(2.72)	12.18	(1.55)	2.29	8.51
Dividends and/or distributions to shareholders:					
Dividends from net investment income	0.00	(0.01)	(0.06)	0.00	(0.11)
Distributions from net realized gain	(4.39)	(5.01)	(5.46)	(11.79)	(1.47)
Total dividends and/or distributions to shareholders	(4.39)	(5.02)	(5.52)	(11.79)	(1.58)
Net asset value, end of period	\$47.78	\$54.89	\$47.73	\$54.80	\$64.30
Total Return, at Net Asset Value³	(5.96)%	26.50%	(2.43)%	3.27%	15.13%
Ratios/Supplemental Data					
Net assets, end of period (in thousands)	\$141,790	\$316,864	\$295,226	\$317,737	\$337,318
Average net assets (in thousands)	\$232,457	\$314,506	\$287,933	\$332,468	\$343,254
Ratios to average net assets: ⁴					
Net investment income (loss)	(0.09)%	0.04%	0.00% ⁵	0.12%	(0.10)%
Expenses excluding specific expenses listed below	1.10%	1.07%	1.08%	1.06%	1.05%
Interest and fees from borrowings	0.00% ⁵	0.00% ⁵	0.00% ⁵	0.00% ⁵	0.00%
Total expenses ⁶	1.10%	1.07%	1.08%	1.06%	1.05%
Expenses after payments, waivers and/or reimbursements and reduction to custodian expenses	1.05%	1.05%	1.05%	1.05%	1.05% ⁷
Portfolio turnover rate	27%	26%	114%	60%	61%

1. Per share amounts calculated based on the average shares outstanding during the period.

2. Less than \$0.005 per share.

3. Assumes an initial investment on the business day before the first day of the fiscal period, with all dividends and distributions reinvested in additional shares on the reinvestment date, and redemption at the net asset value calculated on the last business day of the fiscal period. Total returns are not annualized for periods less than one full year. Total return information does not reflect expenses that apply at the separate account level or to related insurance products. Inclusion of these charges would reduce the total return figures for all periods shown. Returns do not reflect the deduction of taxes that a shareholder would pay on fund distributions or the redemption of fund shares.

4. Annualized for periods less than one full year.

5. Less than 0.005%.

6. Total expenses including indirect expenses from affiliated fund fees and expenses were as follows:

Year Ended December 31, 2018	1.10%
Year Ended December 31, 2017	1.07%
Year Ended December 31, 2016	1.08%
Year Ended December 31, 2015	1.06%
Year Ended December 31, 2014	1.05%

7. Waiver less than 0.005%.

See accompanying Notes to Financial Statements.

1. Organization

Oppenheimer Capital Appreciation Fund/VA (the "Fund"), a separate series of Oppenheimer Variable Account Funds, is a diversified open-end management investment company registered under the Investment Company Act of 1940 ("1940 Act"), as amended. The Fund's investment objective is to seek capital appreciation. The Fund's investment adviser is OFI Global Asset Management, Inc. ("OFI Global" or the "Manager"), a wholly-owned subsidiary of OppenheimerFunds, Inc. ("OFI" or the "Sub-Adviser"). The Manager has entered into a sub-advisory agreement with OFI. Shares of the Fund are sold only to separate accounts of life insurance companies.

The Fund offers two classes of shares. Both classes are sold at their offering price, which is the net asset value per share, to separate investment accounts of participating insurance companies as an underlying investment for variable life insurance policies, variable annuity contracts or other investment products. The class of shares designated as Service shares is subject to a distribution and service plan. Both classes of shares have identical rights and voting privileges with respect to the Fund in general and exclusive voting rights on matters that affect that class alone. Earnings, net assets and net asset value per share may differ due to each class having its own expenses, such as transfer and shareholder servicing agent fees and shareholder communications, directly attributable to that class.

The following is a summary of significant accounting policies followed in the Fund's preparation of financial statements in accordance with accounting principles generally accepted in the United States ("U.S. GAAP").

2. Significant Accounting Policies

Security Valuation. All investments in securities are recorded at their estimated fair value, as described in Note 3.

Foreign Currency Translation. The books and records of the Fund are maintained in U.S. dollars. Any foreign currency amounts are translated into U.S. dollars on the following basis:

- (1) Value of investment securities, other assets and liabilities — at the exchange rates prevailing at market close as described in Note 3.
- (2) Purchases and sales of investment securities, income and expenses — at the rates of exchange prevailing on the respective dates of such transactions.

Although the net assets and the values are presented at the foreign exchange rates at market close, the Fund does not isolate the portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses from investments shown in the Statement of Operations.

For securities, which are subject to foreign withholding tax upon disposition, realized and unrealized gains or losses on such securities are recorded net of foreign withholding tax.

Reported net realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions, the difference between the amounts of dividends, interest, and foreign withholding tax reclaims recorded on the Fund's books, and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the value of assets and liabilities other than investments in securities, resulting from changes in the exchange rate.

Allocation of Income, Expenses, Gains and Losses. Income, expenses (other than those attributable to a specific class), gains and losses are allocated on a daily basis to each class of shares based upon the relative proportion of net assets represented by such class. Operating expenses directly attributable to a specific class are charged against the operations of that class.

Dividends and Distributions to Shareholders. Dividends and distributions to shareholders, which are determined in accordance with income tax regulations and may differ from U.S. GAAP, are recorded on the ex-dividend date. Income and capital gain distributions, if any, are declared and paid annually or at other times as determined necessary by the Manager.

Investment Income. Dividend income is recorded on the ex-dividend date or upon ex-dividend notification in the case of certain foreign dividends where the ex-dividend date may have passed. Non-cash dividends included in dividend income, if any, are recorded at the fair value of the securities received. Withholding taxes on foreign dividends, if any, and capital gains taxes on foreign investments, if any, have been provided for in accordance with the Fund's understanding of the applicable tax rules and regulations. Interest income, if any, is recognized on an accrual basis. Discount and premium, which are included in interest income on the Statement of Operations, are amortized or accreted daily.

Return of Capital Estimates. Distributions received from the Fund's investments in Master Limited Partnerships (MLPs) and Real Estate Investments Trusts (REITs), generally are comprised of income and return of capital. Any return of capital estimates in excess of cost basis are classified as realized gain. The Fund records investment income and return of capital based on estimates. Such estimates are based on historical information available from each MLP, REIT and other industry sources. These estimates may subsequently be revised based on information received from MLPs and REITs after their tax reporting periods are concluded.

Custodian Fees. "Custodian fees and expenses" in the Statement of Operations may include interest expense incurred by the Fund on any cash overdrafts of its custodian account during the period. Such cash overdrafts may result from the effects of failed trades in portfolio securities and from cash outflows resulting from unanticipated shareholder redemption activity. The Fund pays interest to its custodian on such cash overdrafts, to the extent they are not offset by positive cash balances maintained by the Fund, at a rate equal to the Federal Funds Rate plus 2.00%. The "Reduction to custodian expenses" line item, if applicable, represents earnings on cash balances maintained by the Fund during the period. Such interest expense and other

2. Significant Accounting Policies (Continued)

custodian fees may be paid with these earnings.

Security Transactions. Security transactions are recorded on the trade date. Realized gains and losses on securities sold are determined on the basis of identified cost.

Indemnifications. The Fund's organizational documents provide current and former Trustees and officers with a limited indemnification against liabilities arising in connection with the performance of their duties to the Fund. In the normal course of business, the Fund may also enter into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is unknown as this would be dependent on future claims that may be made against the Fund. The risk of material loss from such claims is considered remote.

Federal Taxes. The Fund intends to comply with provisions of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its investment company taxable income, including any net realized gain on investments not offset by capital loss carryforwards, if any, to shareholders. Therefore, no federal income or excise tax provision is required. The Fund files income tax returns in U.S. federal and applicable state jurisdictions. The statute of limitations on the Fund's tax return filings generally remains open for the three preceding fiscal reporting period ends. The Fund has analyzed its tax positions for the fiscal year ended December 31, 2018, including open tax years, and does not believe there are any uncertain tax positions requiring recognition in the Fund's financial statements.

The tax components of capital shown in the following table represent distribution requirements the Fund must satisfy under the income tax regulations, losses the Fund may be able to offset against income and gains realized in future years and unrealized appreciation or depreciation of securities and other investments for federal income tax purposes.

Undistributed Net Investment Income	Undistributed Long-Term Gain	Accumulated Loss Carryforward ^{1,2}	Net Unrealized Appreciation Based on cost of Securities and Other Investments for Federal Income Tax Purposes
\$2,039,696	\$65,211,609	\$—	\$ 120,933,480

1. During the reporting period, the Fund did not utilize any capital loss carryforward.

2. During the previous reporting period, the Fund did not utilize any capital loss carryforward.

Net investment income (loss) and net realized gain (loss) may differ for financial statement and tax purposes. The character of dividends and distributions made during the fiscal year from net investment income or net realized gains are determined in accordance with federal income tax requirements, which may differ from the character of net investment income or net realized gains presented in those financial statements in accordance with U.S. GAAP. Also, due to timing of dividends and distributions, the fiscal year in which amounts are distributed may differ from the fiscal year in which the income or net realized gain was recorded by the Fund.

Accordingly, the following amounts have been reclassified for the reporting period. Net assets of the Fund were unaffected by the reclassifications.

Increase to Paid-in Capital	Reduction to Accumulated Net Earnings ³
\$11,711,569	\$11,711,569

3. \$11,717,513, including \$11,502,965 of long-term capital gain, was distributed in connection with Fund share redemptions.

The tax character of distributions paid during the reporting periods:

	Year Ended December 31, 2018	Year Ended December 31, 2017
Distributions paid from:		
Ordinary income	\$ 26,045,927	\$ 1,300,333
Long-term capital gain	33,473,272	77,088,942
Total	<u>\$ 59,519,199</u>	<u>\$ 78,389,275</u>

The aggregate cost of securities and other investments and the composition of unrealized appreciation and depreciation of securities and other investments for federal income tax purposes at period end are noted in the following table. The primary difference between book and tax appreciation or depreciation of securities and other investments, if applicable, is attributable to the tax deferral of losses or tax realization of financial statement unrealized gain or loss.

2. Significant Accounting Policies (Continued)

Federal tax cost of securities	<u>\$ 474,347,079</u>
Gross unrealized appreciation	\$ 166,573,630
Gross unrealized depreciation	(45,640,150)
Net unrealized appreciation	<u>\$ 120,933,480</u>

Use of Estimates. The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of increases and decreases in net assets from operations during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements. In March 2017, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU"), ASU 2017-08. This provides guidance related to the amortization period for certain purchased callable debt securities held at a premium. The ASU is effective for annual periods beginning after December 15, 2018, and interim periods within those annual periods. The Manager has evaluated the impacts of these changes on the financial statements and there are no material impacts.

During August 2018, the Securities and Exchange Commission (the "SEC") issued Final Rule Release No. 33-10532 (the "Rule"), Disclosure Update and Simplification. The rule amends certain financial statement disclosure requirements to conform to U.S. GAAP. The amendments to Rule 6-04.17 of Regulation S-X (balance sheet) remove the requirement to separately state the book basis components of net assets: undistributed (over-distribution of) net investment income ("UNII"), accumulated undistributed net realized gains (losses), and net unrealized appreciation (depreciation) at the balance sheet date. Instead, consistent with U.S. GAAP, funds will be required to disclose total distributable earnings. The amendments to Rule 6-09 of Regulation S-X (statement of changes in net assets) remove the requirement to separately state the sources of distributions paid. Instead, consistent with U.S. GAAP, funds will be required to disclose the total amount of distributions paid, except that any tax return of capital must be separately disclosed. The amendments also remove the requirement to parenthetically state the book basis amount of UNII on the statement of changes in net assets. The requirements of the Rule are effective November 5, 2018, and the Funds' Statement of Assets and Liabilities and Statement of Changes in Net Assets for the current reporting period have been modified accordingly. In addition, certain amounts within each Fund's Statement of Changes in Net Assets for the prior fiscal period have been modified to conform to the Rule.

3. Securities Valuation

The Fund calculates the net asset value of its shares as of 4:00 P.M. Eastern Time, on each day the New York Stock Exchange (the "Exchange" or "NYSE") is open for trading, except in the case of a scheduled early closing of the Exchange, in which case the Fund will calculate net asset value of the shares as of the scheduled early closing time of the Exchange.

The Fund's Board has adopted procedures for the valuation of the Fund's securities and has delegated the day-to-day responsibility for valuation determinations under those procedures to the Manager. The Manager has established a Valuation Committee which is responsible for determining a fair valuation for any security for which market quotations are not readily available. The Valuation Committee's fair valuation determinations are subject to review, approval and ratification by the Fund's Board at least quarterly or more frequently, if necessary.

Valuation Methods and Inputs

Securities are valued primarily using unadjusted quoted market prices, when available, as supplied by third party pricing services or broker-dealers.

The following methodologies are used to determine the market value or the fair value of the types of securities described below:

Equity securities traded on a securities exchange (including exchange-traded derivatives other than futures and futures options) are valued based on the official closing price on the principal exchange on which the security is traded, as identified by the Manager, prior to the time when the Fund's assets are valued. If the official closing price is unavailable, the security is valued at the last sale price on the principal exchange on which it is traded, or if no sales occurred, the security is valued at the mean between the quoted bid and asked prices. Over-the-counter equity securities are valued at the last published sale price, or if no sales occurred, at the mean between the quoted bid and asked prices. Events occurring after the close of trading on foreign exchanges may result in adjustments to the valuation of foreign securities to more accurately reflect their fair value as of the time when the Fund's assets are valued.

Shares of a registered investment company that are not traded on an exchange are valued at that investment company's net asset value per share.

Securities for which market quotations are not readily available, or when a significant event has occurred that would materially affect the value of the security, are fair valued either (i) by a standardized fair valuation methodology applicable to the security type or the significant event as previously approved by the Valuation Committee and the Fund's Board or (ii) as determined in good faith by the Manager's Valuation Committee. The Valuation Committee considers all relevant facts that are reasonably available, through either public information or information available to the Manager, when determining the fair value of a security. Those standardized fair valuation methodologies include, but are not limited to, valuing securities at the last sale price or initially at cost and subsequently adjusting the value based on: changes in company specific fundamentals, changes in an appropriate securities index, or changes in the value of similar securities which may be further adjusted for any discounts related to security-specific resale restrictions. When possible, such methodologies use observable market inputs such as unadjusted quoted prices of similar securities, observable interest rates, currency rates and yield curves. The methodologies used for valuing securities are not necessarily an indication of the risks associated with investing in those securities nor can it be assured that the Fund can obtain the fair value assigned to a security if it were to sell the security.

3. Securities Valuation (Continued)

Classifications

Each investment asset or liability of the Fund is assigned a level at measurement date based on the significance and source of the inputs to its valuation. Various data inputs may be used in determining the value of each of the Fund's investments as of the reporting period end. These data inputs are categorized in the following hierarchy under applicable financial accounting standards:

- 1) Level 1-unadjusted quoted prices in active markets for identical assets or liabilities (including securities actively traded on a securities exchange)
- 2) Level 2-inputs other than unadjusted quoted prices that are observable for the asset or liability (such as unadjusted quoted prices for similar assets and market corroborated inputs such as interest rates, prepayment speeds, credit risks, etc.)
- 3) Level 3-significant unobservable inputs (including the Manager's own judgments about assumptions that market participants would use in pricing the asset or liability).

The inputs used for valuing securities are not necessarily an indication of the risks associated with investing in those securities.

The Fund classifies each of its investments in investment companies which are publicly offered as Level 1. Investment companies that are not publicly offered, if any, are classified as Level 2 in the fair value hierarchy.

The table below categorizes amounts that are included in the Fund's Statement of Assets and Liabilities at period end based on valuation input level:

	Level 1— Unadjusted Quoted Prices	Level 2— Other Significant Observable Inputs	Level 3— Significant Unobservable Inputs	Value
Assets Table				
Investments, at Value:				
Common Stocks				
Consumer Discretionary	\$ 190,870,889	\$ —	\$ —	190,870,889
Consumer Staples	11,482,922	4,019,313	—	15,502,235
Energy	14,372,118	—	—	14,372,118
Financials	35,692,655	—	—	35,692,655
Health Care	74,869,665	2,087,946	—	76,957,611
Industrials	65,677,226	—	—	65,677,226
Information Technology	177,486,698	—	—	177,486,698
Materials	7,816,356	—	—	7,816,356
Utilities	8,826,032	—	—	8,826,032
Investment Company	2,094,243	—	—	2,094,243
Total Assets	\$ 589,188,804	\$ 6,107,259	\$ —	\$ 595,296,063

Forward currency exchange contracts and futures contracts, if any, are reported at their unrealized appreciation/depreciation at measurement date, which represents the change in the contract's value from trade date. All additional assets and liabilities included in the above table are reported at their market value at measurement date.

For the reporting period, there were no transfers between levels.

4. Investments and Risks

Investments in Affiliated Funds. The Fund is permitted to invest in other mutual funds advised by the Manager ("Affiliated Funds"). Affiliated Funds are management investment companies registered under the 1940 Act, as amended. The Manager is the investment adviser of, and the Sub-Adviser provides investment and related advisory services to, the Affiliated Funds. When applicable, the Fund's investments in Affiliated Funds are included in the Statement of Investments. Shares of Affiliated Funds are valued at their net asset value per share. As a shareholder, the Fund is subject to its proportional share of the Affiliated Funds' expenses, including their management fee. The Manager will waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investment in the Affiliated Funds.

Each of the Affiliated Funds in which the Fund invests has its own investment risks, and those risks can affect the value of the Fund's investments and therefore the value of the Fund's shares. To the extent that the Fund invests more of its assets in one Affiliated Fund than in another, the Fund will have greater exposure to the risks of that Affiliated Fund.

Investments in Money Market Instruments. The Fund is permitted to invest its free cash balances in money market instruments to provide liquidity or for defensive purposes. The Fund may invest in money market instruments by investing in Class E shares of Oppenheimer Institutional Government Money Market Fund ("IGMMF"), which is an Affiliated Fund. IGMMF is regulated as a money market fund under the 1940 Act, as amended. The Fund may also invest in money market instruments directly or in other affiliated or unaffiliated money market funds.

Master Limited Partnerships ("MLPs"). MLPs issue common units that represent an equity ownership interest in a partnership and provide limited voting rights. MLP common units are registered with the Securities and Exchange Commission ("SEC"), and are freely tradable on securities exchanges such as the NYSE and the NASDAQ Stock Market ("NASDAQ"), or in the over-the-counter ("OTC") market. An MLP consists of one or more general partners, who conduct the business, and one or more limited partners, who contribute capital. MLP common unit holders have a limited role in the

4. Investments and Risks (Continued)

partnership's operations and management. The Fund, as a limited partner, normally would not be liable for the debts of the MLP beyond the amounts the Fund has contributed, but would not be shielded to the same extent that a shareholder of a corporation would be. In certain circumstances creditors of an MLP would have the right to seek return of capital distributed to a limited partner. This right of an MLP's creditors would continue after the Fund sold its investment in the MLP.

Equity Security Risk. Stocks and other equity securities fluctuate in price. The value of the Fund's portfolio may be affected by changes in the equity markets generally. Equity markets may experience significant short-term volatility and may fall sharply at times. Different markets may behave differently from each other and U.S. equity markets may move in the opposite direction from one or more foreign stock markets. Adverse events in any part of the equity or fixed-income markets may have unexpected negative effects on other market segments.

The prices of individual equity securities generally do not all move in the same direction at the same time and a variety of factors can affect the price of a particular company's securities. These factors may include, but are not limited to, poor earnings reports, a loss of customers, litigation against the company, general unfavorable performance of the company's sector or industry, or changes in government regulations affecting the company or its industry.

Shareholder Concentration. At period end, one shareholder owned 20% or more of the Fund's total outstanding shares.

The shareholder is a related party of the Fund. Related parties may include, but are not limited to, the investment manager and its affiliates, affiliated broker dealers, fund of funds, and directors or employees. The related party owned 61% of the Fund's total outstanding shares at period end.

5. Market Risk Factors

The Fund's investments in securities and/or financial derivatives may expose the Fund to various market risk factors:

Commodity Risk. Commodity risk relates to the change in value of commodities or commodity indexes as they relate to increases or decreases in the commodities market. Commodities are physical assets that have tangible properties. Examples of these types of assets are crude oil, heating oil, metals, livestock, and agricultural products.

Credit Risk. Credit risk relates to the ability of the issuer of debt to meet interest and principal payments, or both, as they come due. In general, lower-grade, higher-yield debt securities are subject to credit risk to a greater extent than lower-yield, higher-quality securities.

Equity Risk. Equity risk relates to the change in value of equity securities as they relate to increases or decreases in the general market.

Foreign Exchange Rate Risk. Foreign exchange rate risk relates to the change in the U.S. dollar value of a security held that is denominated in a foreign currency. The U.S. dollar value of a foreign currency denominated security will decrease as the dollar appreciates against the currency, while the U.S. dollar value will increase as the dollar depreciates against the currency.

Interest Rate Risk. Interest rate risk refers to the fluctuations in value of fixed-income securities resulting from the inverse relationship between price and yield. For example, an increase in general interest rates will tend to reduce the market value of already issued fixed-income investments, and a decline in general interest rates will tend to increase their value. In addition, debt securities with longer maturities, which tend to have higher yields, are subject to potentially greater fluctuations in value from changes in interest rates than obligations with shorter maturities.

Volatility Risk. Volatility risk refers to the magnitude of the movement, but not the direction of the movement, in a financial instrument's price over a defined time period. Large increases or decreases in a financial instrument's price over a relative time period typically indicate greater volatility risk, while small increases or decreases in its price typically indicate lower volatility risk.

6. Shares of Beneficial Interest

The Fund has authorized an unlimited number of \$0.001 par value shares of beneficial interest of each class. Transactions in shares of beneficial interest were as follows:

	Year Ended December 31, 2018		Year Ended December 31, 2017	
	Shares	Amount	Shares	Amount
Non-Service Shares				
Sold	363,347	\$ 19,418,739	393,813	\$ 20,493,018
Dividends and/or distributions reinvested	779,254	43,131,733	978,541	49,680,512
Redeemed	(1,630,524)	(91,352,971)	(1,761,563)	(93,219,544)
Net decrease	(487,923)	\$ (28,802,499)	(389,209)	\$ (23,046,014)
Service Shares				
Sold	124,097	\$ 6,689,300	127,462	\$ 6,431,379
Dividends and/or distributions reinvested	300,192	16,387,466	573,029	28,708,763
Redeemed	(3,229,296)	(173,369,218)	(1,113,678)	(58,394,030)
Net decrease	(2,805,007)	\$ (150,292,452)	(413,187)	\$ (23,253,888)

7. Purchases and Sales of Securities

The aggregate cost of purchases and proceeds from sales of securities, other than short-term obligations and investments in IGMMF, for the reporting period were as follows:

	Purchases	Sales
Investment securities	\$205,205,793	\$447,542,853

8. Fees and Other Transactions with Affiliates

Management Fees. Under the investment advisory agreement, the Fund pays the Manager a management fee based on the daily net assets of the Fund at an annual rate as shown in the following table:

Fee Schedule	
Up to \$200 million	0.75%
Next \$200 million	0.72
Next \$200 million	0.69
Next \$200 million	0.66
Next \$200 million	0.60
Over \$1 billion	0.58

The Fund's effective management fee for the reporting period was 0.71% of average annual net assets before any applicable waivers.

Sub-Adviser Fees. The Manager has retained the Sub-Adviser to provide the day-to-day portfolio management of the Fund. Under the Sub-Advisory Agreement, the Manager pays the Sub-Adviser an annual fee in monthly installments, equal to a percentage of the investment management fee collected by the Manager from the Fund, which shall be calculated after any investment management fee waivers. The fee paid to the Sub-Adviser is paid by the Manager, not by the Fund.

Transfer Agent Fees. OFI Global (the "Transfer Agent") serves as the transfer and shareholder servicing agent for the Fund. The Fund pays the Transfer Agent a fee based on annual net assets. Fees incurred and average net assets for each class with respect to these services are detailed in the Statement of Operations and Financial Highlights, respectively.

Sub-Transfer Agent Fees. The Transfer Agent has retained Shareholder Services, Inc., a wholly-owned subsidiary of OFI (the "Sub-Transfer Agent"), to provide the day-to-day transfer agent and shareholder servicing of the Fund. Under the Sub-Transfer Agency Agreement, the Transfer Agent pays the Sub-Transfer Agent an annual fee in monthly installments, equal to a percentage of the transfer agent fee collected by the Transfer Agent from the Fund, which shall be calculated after any applicable fee waivers. The fee paid to the Sub-Transfer Agent is paid by the Transfer Agent, not by the Fund.

Trustees' Compensation. The Fund's Board of Trustees ("Board") has adopted a compensation deferral plan for Independent Trustees that enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from the Fund. For purposes of determining the amount owed to the Trustees under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of the Fund or in other Oppenheimer funds selected by the Trustees. The Fund purchases shares of the funds selected for deferral by the Trustees in amounts equal to his or her deemed investment, resulting in a Fund asset equal to the deferred compensation liability. Such assets are included as a component of "Other" within the asset section of the Statement of Assets and Liabilities. Deferral of Trustees' fees under the plan will not affect the net assets of the Fund and will not materially affect the Fund's assets, liabilities or net investment income per share. Amounts will be deferred until distributed in accordance with the compensation deferral plan.

Distribution and Service Plan for Service Shares. The Fund has adopted a Distribution and Service Plan (the "Plan") pursuant to Rule 12b-1 under the 1940 Act for Service shares to pay OppenheimerFunds Distributor, Inc. (the "Distributor"), for distribution related services, personal service and account maintenance for the Fund's Service shares. Under the Plan, payments are made periodically at an annual rate of 0.25% of the daily net assets of Service shares of the Fund. The Distributor currently uses all of those fees to compensate sponsors of the insurance product that offers Fund shares, for providing personal service and maintenance of accounts of their variable contract owners that hold Service shares. These fees are paid out of the Fund's assets on an on-going basis and increase operating expenses of the Service shares, which results in lower performance compared to the Fund's shares that are not subject to a service fee. Fees incurred by the Fund under the Plan are detailed in the Statement of Operations.

Waivers and Reimbursements of Expenses. The Manager has contractually agreed to limit the Fund's expenses after payments, waivers and/or reimbursements and reduction to custodian expenses, excluding any applicable dividend expense, taxes, interest and fees from borrowing, any subsidiary expenses, Acquired Fund Fees and Expenses, brokerage commissions, unusual and infrequent expenses and certain other Fund expenses; so that those expenses, as percentages of daily net assets, will not exceed the annual rate of 0.80% for Non-Service shares and 1.05% for Service shares.

During the reporting period, the Manager waived fees and/or reimbursed the Fund as follows:

Non-Service Shares	\$273,233
Service Shares	107,498

This fee waiver and/or expense reimbursement may not be amended or withdrawn for one year from the date of the Fund's prospectus, unless approved

8. Fees and Other Transactions with Affiliates (Continued)

by the Board.

The Manager will waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investment in IGMMF. During the reporting period, the Manager waived fees and/or reimbursed the Fund \$2,817 for IGMMF management fees.

9. Borrowings and Other Financing

Joint Credit Facility. A number of mutual funds managed by the Manager participate in a \$1.95 billion revolving credit facility (the "Facility") intended to provide short-term financing, if necessary, subject to certain restrictions in connection with atypical redemption activity. Expenses and fees related to the Facility are paid by the participating funds and are disclosed separately or as other expenses on the Statement of Operations. The Fund did not utilize the Facility during the reporting period.

10. Pending Acquisition

On October 18, 2018, Massachusetts Mutual Life Insurance Company, an indirect corporate parent of the Sub-Adviser and the Manager, announced that it has entered into an agreement whereby Invesco Ltd. ("Invesco"), a global investment management company, will acquire the Sub-Adviser (the "Transaction"). In connection with the Transaction, on January 11, 2019, the Fund's Board unanimously approved an Agreement and Plan of Reorganization (the "Agreement"), which provides for the transfer of the assets and liabilities of the Fund to a corresponding, newly formed fund (the "Acquiring Fund") in the Invesco family of funds (the "Reorganization") in exchange for shares of the corresponding Acquiring Fund of equal value to the value of the shares of the Fund as of the close of business on the closing date. Although the Acquiring Fund will be managed by Invesco Advisers, Inc., the Acquiring Fund will, as of the closing date, have the same investment objective and substantially similar principal investment strategies and risks as the Fund. After the Reorganization, Invesco Advisers, Inc. will be the investment adviser to the Acquiring Fund, and the Fund will be liquidated and dissolved under applicable law and terminate its registration under the Investment Company Act of 1940, as amended. The Reorganization is expected to be a tax-free reorganization for U.S. federal income tax purposes.

The Reorganization is subject to the approval of shareholders of the Fund. Shareholders of record of the Fund on January 14, 2019 will be entitled to vote on the Reorganization and will receive a combined prospectus and proxy statement describing the Reorganization, the shareholder meeting, and a discussion of the factors the Fund's Board considered in approving the Agreement. The combined prospectus and proxy statement is expected to be distributed to shareholders of record on or about February 28, 2019. The anticipated date of the shareholder meeting is on or about April 12, 2019.

If shareholders approve the Agreement and certain other closing conditions are satisfied or waived, the Reorganization is expected to close during the second quarter of 2019, or as soon as practicable thereafter. This is subject to change.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Trustees
Oppenheimer Variable Account Funds:

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities of Oppenheimer Capital Appreciation Fund/VA, a separate series of Oppenheimer Variable Account Funds, (the "Fund"), including the statement of investments, as of December 31, 2018, the related statement of operations for the year then ended, the statements of changes in net assets for each of the years in the two year period then ended, and the related notes (collectively, the "financial statements") and the financial highlights for each of the years in the five year period then ended. In our opinion, the financial statements and financial highlights present fairly, in all material respects, the financial position of the Fund as of December 31, 2018, the results of its operations for the year then ended, the changes in its net assets for each of the years in the two year period then ended, and the financial highlights for each of the years in the five year period then ended, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements and financial highlights, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements and financial highlights. Such procedures also included confirmation of securities owned as of December 31, 2018, by correspondence with the custodian, brokers and the transfer agent, or by other appropriate auditing procedures. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements and financial highlights. We believe that our audits provide a reasonable basis for our opinion.

KPMG LLP

We have not been able to determine the specific year that we began serving as the auditor of one or more Oppenheimer Funds investment companies, however we are aware that we have served as the auditor of one or more Oppenheimer Funds investment companies since at least 1969.

Denver, Colorado
February 14, 2019

FEDERAL INCOME TAX INFORMATION Unaudited

In early 2019, if applicable, shareholders of record received information regarding all dividends and distributions paid to them by the Fund during calendar year 2018.

Capital gain distributions of \$2.54341 per share were paid to Non-Service and Service shareholders, respectively, on June 19, 2018. Whether received in stock or in cash, the capital gain distribution should be treated by shareholders as a gain from the sale of the capital assets held for more than one year (long-term capital gains).

Dividends, if any, paid by the Fund during the reporting period which are not designated as capital gain distributions should be multiplied by the maximum amount allowable but not less than 100.00% to arrive at the amount eligible for the corporate dividend-received deduction.

Dividends, if any, paid by the Fund during the reporting period which are not designated as capital gain distributions, may be eligible for lower individual income tax rates to the extent that the Fund has received qualified dividend income as stipulated by recent tax legislation. In early 2019, shareholders of record received information regarding the percentage of distributions that are eligible for lower individual income tax rates. The amount will be the maximum amount allowed.

The foregoing information is presented to assist shareholders in reporting distributions received from the Fund to the Internal Revenue Service. Because of the complexity of the federal regulations which may affect your individual tax return and the many variations in state and local tax regulations, we recommend that you consult your tax advisor for specific guidance.

The Fund has entered into an investment advisory agreement with OFI Global Asset Management, Inc. ("OFI Global" or the "Adviser"), a wholly-owned subsidiary of OppenheimerFunds, Inc. ("OFI" or the "Sub-Adviser") ("OFI Global" and "OFI" together the "Managers") and OFI Global has entered into a sub-advisory agreement with OFI whereby OFI provides investment sub-advisory services to the Fund (collectively, the "Agreements"). Each year, the Board of Trustees (the "Board"), including a majority of the independent Trustees, is required to determine whether to approve the terms of the Agreements and the renewal thereof. The Investment Company Act of 1940, as amended, requires that the Board request and evaluate, and that the Managers provide, such information as may be reasonably necessary to evaluate the terms of the Agreements. The Board employs an independent consultant to prepare a report that provides information, including comparative information that the Board requests for that purpose. In addition to in-person meetings focused on this evaluation, the Board receives information throughout the year regarding Fund services, fees, expenses and performance.

The Managers and the independent consultant provided information to the Board on the following factors: (i) the nature, quality and extent of the Managers' services, (ii) the comparative investment performance of the Fund and the Managers, (iii) the fees and expenses of the Fund, including comparative fee and expense information, (iv) the profitability of the Managers and their affiliates, including an analysis of the cost of providing services, (v) whether economies of scale are realized as the Fund grows and whether fee levels reflect these economies of scale for Fund investors and (vi) other benefits to the Managers from their relationship with the Fund. The Board was aware that there are alternatives to retaining the Managers.

Outlined below is a summary of the principal information considered by the Board as well as the Board's conclusions.

Nature, Quality and Extent of Services. The Board considered information about the nature, quality and extent of the services provided to the Fund and information regarding the Managers' key personnel who provide such services. The Managers' duties include providing the Fund with the services of the Sub-Adviser's portfolio manager and investment team, who provide research, analysis and other advisory services in regard to the Fund's investments; and securities trading services. OFI Global is responsible for oversight of third-party service providers; monitoring compliance with applicable Fund policies and procedures and adherence to the Fund's investment restrictions; risk management; and oversight of the Sub-Adviser. OFI Global is also responsible for providing certain administrative services to the Fund. Those services include providing and supervising all administrative and clerical personnel who are necessary in order to provide effective corporate administration for the Fund; compiling and maintaining records with respect to the Fund's operations; preparing and filing reports required by the U.S. Securities and Exchange Commission; preparing periodic reports regarding the operations of the Fund for its shareholders; preparing proxy materials for shareholder meetings; and preparing the registration statements required by federal and state securities laws for the sale of the Fund's shares. OFI Global also provides the Fund with office space, facilities and equipment.

The Board also considered the quality of the services provided and the quality of the Managers' resources that are available to the Fund. The Board took account of the fact that the Sub-Adviser has over fifty years of experience as an investment adviser and that its assets under management rank it among the top mutual fund managers in the United States. The Board evaluated the Managers' advisory, administrative, accounting, legal, compliance and risk management services, among other services, and information the Board has received regarding the experience and professional qualifications of the Managers' key personnel and the size and functions of their staff. In its evaluation of the quality of the portfolio management services provided, the Board considered the experience of Paul Larson, the portfolio manager for the Fund, and the Sub-Adviser's investment team and analysts. The Board members also considered the totality of their experiences with the Managers as directors or trustees of the Fund and other funds advised by the Managers. The Board considered information regarding the quality of services provided by affiliates of the Managers, which the Board members have become knowledgeable about through their experiences with the Managers and in connection with the review or renewal of the Fund's service agreements or service providers. The Board concluded, in light of the Managers' experience, reputation, personnel, operations and resources that the Fund benefits from the services provided under the Agreements.

Investment Performance of the Managers and the Fund. Throughout the year, the Managers provided information on the investment performance of the Fund, the Adviser and the Sub-Adviser, including comparative performance information. The Board also reviewed information, prepared by the Managers and by the independent consultant, comparing the Fund's historical performance to relevant market indices and to the performance of other large growth funds underlying variable insurance products. The Board noted that the Fund underperformed its category median during all periods. The Board also considered, however, that Paul Larson took over sole portfolio management responsibilities in October 2016 and that the Fund was repositioned to an "all-weather orientation" from a growth orientation by December 31, 2016. In this regard, the Board considered that the Fund's performance in 2017, the first full year with the Fund's new portfolio manager and repositioned strategy, was an improvement over the prior year and that it was reasonable to allow the new portfolio manager more time to develop his performance record.

Fees and Expenses of the Fund. The Board reviewed the fees paid to the Adviser and the other expenses borne by the Fund. The Board noted that the Adviser, not the Fund, pays the Sub-Adviser's fee under the sub-advisory agreement. The independent consultant provided comparative data in regard to the fees and expenses of the Fund and other large growth funds underlying variable insurance products. In reviewing the fees and expenses charged to the VA funds, the Board considered the Adviser's assertion that, because there is much greater disparity in the fees and services that may be provided by a manager to a VA fund as opposed to a retail fund, when comparing the expenses of the various VA funds to those of retail funds, it is most appropriate to focus on total expenses (rather than on the management fees). The Board considered that while the Fund's total expenses were higher than its peer group median and its category median, its contractual management fee was lower than its peer group median and one basis point higher than its category median. The Board noted that the Adviser has contractually agreed to limit the Fund's total annual operating expenses so that those expenses, as percentages of daily net assets, will not exceed the annual rate of 0.80% for Non-Service Shares and 1.05% for Service Shares. This waiver and/or reimbursement may not be amended or withdrawn for one year from the date of the Fund's prospectus, unless approved by the Board. The Board further considered that the Adviser has agreed to waive fees and/or reimburse Fund expenses in an amount equal to the indirect management fees incurred through the Fund's investments in funds managed by the Adviser or its affiliates.

Economies of Scale and Profits Realized by the Managers. The Board considered information regarding the Managers' costs in serving as the Fund's investment adviser and sub-adviser, including the costs associated with the personnel and systems necessary to manage the Fund, and

information regarding the Managers' profitability from their relationship with the Fund. The Board also considered that the Managers must be able to pay and retain experienced professional personnel at competitive rates to provide quality services to the Fund. The Board reviewed whether the Managers may realize economies of scale in managing and supporting the Fund. The Board noted that the Fund currently has management fee breakpoints, which are intended to share with Fund shareholders economies of scale that may exist as the Fund's assets grow.

Other Benefits to the Managers. In addition to considering the profits realized by the Managers, the Board considered information that was provided regarding the direct and indirect benefits the Managers receive as a result of their relationship with the Fund, including compensation paid to the Managers' affiliates and research provided to the Adviser in connection with permissible brokerage arrangements (soft dollar arrangements).

Conclusions. These factors were also considered by the independent Trustees meeting separately from the full Board, assisted by experienced counsel to the Fund and to the independent Trustees. Fund counsel and the independent Trustees' counsel are independent of the Managers within the meaning and intent of the Securities and Exchange Commission Rules.

Based on its review of the information it received and its evaluations described above, the Board, including a majority of the independent Trustees, decided to continue the Agreements through August 31, 2019. In arriving at its decision, the Board did not identify any factor or factors as being more important than others, but considered all of the above information, and considered the terms and conditions of the Agreements, including the management fees, in light of all the surrounding circumstances.

The Fund has adopted Portfolio Proxy Voting Policies and Guidelines under which the Fund votes proxies relating to securities ("portfolio proxies") held by the Fund. A description of the Fund's Portfolio Proxy Voting Policies and Guidelines is available (i) without charge, upon request, by calling the Fund toll-free at 1.800.CALL OPP (225.5677), (ii) on the Fund's website at www.oppenheimerfunds.com, and (iii) on the SEC's website at www.sec.gov. In addition, the Fund is required to file Form N-PX, with its complete proxy voting record for the 12 months ended June 30th, no later than August 31st of each year. The Fund's voting record is available (i) without charge, upon request, by calling the Fund toll-free at 1.800.CALL OPP (225.5677), and (ii) in the Form N-PX filing on the SEC's website at www.sec.gov.

The Fund files its complete schedule of portfolio holdings with the SEC for the first quarter and the third quarter of each fiscal year on Form N-Q. The Fund's Form N-Q filings are available on the SEC's website at www.sec.gov.

TRUSTEES AND OFFICERS Unaudited

Name, Position(s) Held with the Fund, Length of Service, Year of Birth

Principal Occupation(s) During the Past 5 Years; Other Trusteeships/Directorships Held; Number of Portfolios in the Fund Complex Currently Overseen

INDEPENDENT TRUSTEES

The address of each Trustee in the chart below is 6803 S. Tucson Way, Centennial, Colorado 80112-3924. Each Trustee serves for an indefinite term, or until his or her resignation, retirement, death or removal. Each of the Trustees in the chart below oversees 58 portfolios in the OppenheimerFunds complex.

Robert J. Malone,

Chairman of the Board of Trustees (since 2016),
Trustee (since 2002)
Year of Birth: 1944

Chairman - Colorado Market of MidFirst Bank (since January 2015); Chairman of the Board (2012-2016) and Director (August 2005-January 2016) of Jones International University (educational organization); Trustee of the Gallagher Family Foundation (non-profit organization) (2000-2016); Chairman, Chief Executive Officer and Director of Steele Street Bank Trust (commercial banking) (August 2003-January 2015); Director of Opera Colorado Foundation (non-profit organization) (2008-2012); Director of Colorado UplIFT (charitable organization) (1986-2010); Director of Jones Knowledge, Inc. (2006-2010); Former Chairman of U.S. Bank-Colorado (subsidiary of U.S. Bancorp and formerly Colorado National Bank) (July 1996-April 1999); Director of Commercial Assets, Inc. (real estate investment trust) (1993-2000); Director of U.S. Exploration, Inc. (oil and gas exploration) (1997-February 2004); Chairman of the Board (1991-1994) and Trustee (1985-1994) of Regis University; and Chairman of the Board (1990-1991) and Member (1984-1999) of Young Presidents Organization. Mr. Malone has served on the Boards of certain Oppenheimer funds since 2002, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.

Andrew J. Donohue,

Trustee (since 2017)
Year of Birth: 1950

Director, Mutual Fund Directors Forum (since February 2018); Of Counsel, Shearman & Sterling LLP (since September 2017); Chief of Staff of the U.S. Securities and Exchange Commission (regulator) (June 2015-February 2017); Managing Director and Investment Company General Counsel of Goldman Sachs (investment bank) (November 2012-May 2015); Partner at Morgan Lewis & Bockius, LLP (law firm) (March 2011-October 2012); Director of the Division of Investment Management of U.S. Securities and Exchange Commission (regulator) (May 2006-November 2010); Global General Counsel of Merrill Lynch Investment Managers (investment firm) (May 2003-May 2006); General Counsel (October 1991-November 2001) and Executive Vice President (January 1993-November 2001) of OppenheimerFunds, Inc. (investment firm) (June 1991-November 2001). Mr. Donohue has served on the Boards of certain Oppenheimer funds since 2017, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.

Richard F. Grabish,

Trustee (since 2012)
Year of Birth: 1948

Formerly Senior Vice President and Assistant Director of Sales and Marketing (March 1997-December 2007), Director (March 1987-December 2007) and Manager of Private Client Services (June 1985-June 2005) of A.G. Edwards & Sons, Inc. (broker/dealer and investment firm); Chairman and Chief Executive Officer of A.G. Edwards Trust Company, FSB (March 2001-December 2007); President and Vice Chairman of A.G. Edwards Trust Company, FSB (investment adviser) (April 1987-March 2001); President of A.G. Edwards Trust Company, FSB (investment adviser) (June 2005-December 2007). Mr. Grabish has served on the Boards of certain Oppenheimer funds since 2001, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.

Beverly L. Hamilton,

Trustee (since 2002)
Year of Birth: 1946

Trustee of Monterey Institute for International Studies (educational organization) (2000-2014); Board Member of Middlebury College (educational organization) (December 2005-June 2011); Director of the Board (1991-2016), Vice Chairman of the Board (2006-2009) and Chairman of the Board (2010-2013) of American Funds' Emerging Markets Growth Fund, Inc. (mutual fund); Director of The California Endowment (philanthropic organization) (April 2002-April 2008); Director (February 2002-2005) and Chairman of Trustees (2006-2007) of the Community Hospital of Monterey Peninsula; President of ARCO Investment Management Company (February 1991-April 2000); Member of the investment committees of The Rockefeller Foundation (2001-2006) and The University of Michigan (since 2000); Advisor at Credit Suisse First Boston's Sprout venture capital unit (venture capital fund) (1994-January 2005); Trustee of MassMutual Institutional Funds (investment company) (1996-June 2004); Trustee of MML Series Investment Fund (investment company) (April 1989-June 2004); Member of the investment committee of Hartford Hospital (2000-2003); and Advisor to Unilever (Holland) pension fund (2000-2003). Ms. Hamilton has served on the Boards of certain Oppenheimer funds since 2002, during which time she has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.

Victoria J. Herget,

Trustee (since 2012)
Year of Birth: 1951

Board Chair (2008-2015) and Director (2004-Present) of United Educators (insurance company); Trustee (since 2000) and Chair (2010-2017) of Newberry Library (independent research library); Trustee, Mather LifeWays (senior living organization) (since 2001); Independent Director of the First American Funds (mutual fund family) (2003-2011); former Managing Director (1993-2001), Principal (1985-1993), Vice President (1978-1985) and Assistant Vice President (1973-1978) of Zurich Scudder Investments (investment adviser) (and its predecessor firms); Trustee (1992-2007), Chair of the Board of Trustees (1999-2007), Investment Committee Chair (1994-1999) and Investment Committee member (2007-2010) of Wellesley College; Trustee, BoardSource (non-profit organization) (2006-2009) and Chicago City Day School (K-8 School) (1994-2005). Ms. Herget has served on the Boards of certain Oppenheimer funds since 2012, during which time she has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.

Karen L. Stuckey,

Trustee (since 2012)
Year of Birth: 1953

Member (since May 2015) of Desert Mountain Community Foundation Advisory Board (non-profit organization); Partner (1990-2012) of PricewaterhouseCoopers LLP (professional services firm) (held various positions 1975-1990); Trustee (1992-2006); member of Executive, Nominating and Audit Committees and Chair of Finance Committee (1992-2006), and Emeritus Trustee (since 2006) of Lehigh University; member, Women's Investment Management Forum (professional organization) (since inception) and Trustee of Jennies School for Little Children (non-profit) (2011-2014). Ms. Stuckey has served on the Boards of certain Oppenheimer funds since 2012, during which time she has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.

TRUSTEES AND OFFICERS Unaudited / Continued

James D. Vaughn,

Trustee (since 2012)
Year of Birth: 1945

Retired; former managing partner (1994-2001) of Denver office of Deloitte & Touche LLP, (held various positions in Denver and New York offices from 1969-1993); Trustee and Chairman of the Audit Committee of Schroder Funds (2003-2012); Board member and Chairman of Audit Committee of AMG National Trust Bank (since 2005); Trustee and Investment Committee member, University of South Dakota Foundation (since 1996); Board member, Audit Committee Member and past Board Chair, Junior Achievement (since 1993); former Board member, Mile High United Way, Boys and Girls Clubs, Boy Scouts, Colorado Business Committee for the Arts, Economic Club of Colorado and Metro Denver Network. Mr. Vaughn has served on the Boards of certain Oppenheimer funds since 2012, during which time he has become familiar with the Fund's (and other Oppenheimer funds') financial, accounting, regulatory and investment matters and has contributed to the Board's deliberations.

INTERESTED TRUSTEE AND OFFICER

Mr. Steinmetz is an "Interested Trustee" because he is affiliated with the Manager and the Sub-Adviser by virtue of his positions as Chairman and director of the Sub-Adviser and officer and director of the Manager. Both as a Trustee and as an officer, Mr. Steinmetz serves for an indefinite term, or until his resignation, retirement, death or removal. Mr. Steinmetz's address is 225 Liberty Street, New York, New York 10281-1008. Mr. Steinmetz is an officer of 104 portfolios in the OppenheimerFunds complex.

Arthur P. Steinmetz,

Trustee (since 2015), President and
Principal Executive Officer (since 2014)
Year of Birth: 1958

Chairman of OppenheimerFunds, Inc. (since January 2015); CEO and Chairman of OFI Global Asset Management, Inc. (since July 2014), President of OFI Global Asset Management, Inc. (since May 2013), a Director of OFI Global Asset Management, Inc. (since January 2013), Director of OppenheimerFunds, Inc. (since July 2014), President, Management Director and CEO of Oppenheimer Acquisition Corp. (OppenheimerFunds, Inc.'s parent holding company) (since July 2014), and President and Director of OFI SteelPath, Inc. (since January 2013). Chief Investment Officer of the OppenheimerFunds advisory entities (January 2013-December 2013); Executive Vice President of OFI Global Asset Management, Inc. (January 2013-May 2013); Chief Investment Officer of OppenheimerFunds, Inc. (October 2010-December 2012); Chief Investment Officer, Fixed-Income, of OppenheimerFunds, Inc. (April 2009-October 2010); Executive Vice President of OppenheimerFunds, Inc. (October 2009-December 2012); Director of Fixed Income of OppenheimerFunds, Inc. (January 2009-April 2009); and a Senior Vice President of OppenheimerFunds, Inc. (March 1993-September 2009).

OTHER OFFICERS OF THE FUND

The addresses of the Officers in the chart below are as follows: for Mr. Larson, Mss. Lo Bessette, Foxson and Picciotto, 225 Liberty Street, New York, New York 10281-1008, for Mr. Petersen, 6803 S. Tucson Way, Centennial, Colorado 80112-3924. Each Officer serves for an indefinite term or until his or her resignation, retirement, death or removal.

Paul Larson,

Vice President (since 2016)
Year of Birth: 1971

Vice President of the Sub-Adviser and Portfolio Manager of the Main Street Team (since January 2013). Prior to joining the Sub-Adviser, he was a portfolio manager and Chief Equity Strategist at Morningstar. He was previously an analyst at Morningstar covering the energy sector and oversaw the firm's natural resources analysts. Prior to joining Morningstar in 2002, Mr. Larson was an analyst with The Motley Fool.

Cynthia Lo Bessette,

Secretary and Chief Legal Officer (since 2016)
Year of Birth: 1969

Executive Vice President, General Counsel and Secretary of OFI Global Asset Management, Inc. (since February 2016); Senior Vice President and Deputy General Counsel of OFI Global Asset Management, Inc. (March 2015-February 2016); Chief Legal Officer of OppenheimerFunds, Inc. and OppenheimerFunds Distributor, Inc. (since February 2016); Vice President, General Counsel and Secretary of Oppenheimer Acquisition Corp. (since February 2016); General Counsel of OFI SteelPath, Inc., OFI Advisors, LLC and Index Management Solutions, LLC (since February 2016); Chief Legal Officer of OFI Global Institutional, Inc., HarbourView Asset Management Corporation, OFI Global Trust Company, Oppenheimer Real Asset Management, Inc., OFI Private Investments Inc., Shareholder Services, Inc. and Trinity Investment Management Corporation (since February 2016); Corporate Counsel (February 2012-March 2015) and Deputy Chief Legal Officer (April 2013-March 2015) of Jennison Associates LLC; Assistant General Counsel (April 2008-September 2009) and Deputy General Counsel (October 2009-February 2012) of Lord Abbett & Co. LLC.

Jennifer Foxson,

Vice President and Chief Business
Officer (since 2014)
Year of Birth: 1969

Senior Vice President of OppenheimerFunds Distributor, Inc. (since June 2014); Vice President of OppenheimerFunds Distributor, Inc. (April 2006-June 2014); Vice President of OppenheimerFunds, Inc. (January 1998-March 2006); Assistant Vice President of OppenheimerFunds, Inc. (October 1991-December 1998).

Mary Ann Picciotto,

Chief Compliance Officer and Chief
Anti-Money Laundering Officer (since 2014)
Year of Birth: 1973

Senior Vice President and Chief Compliance Officer of OFI Global Asset Management, Inc. (since March 2014); Chief Compliance Officer of OppenheimerFunds, Inc., OFI SteelPath, Inc., OFI Global Institutional, Inc., Oppenheimer Real Asset Management, Inc., OFI Private Investments Inc., Harborview Asset Management Corporation, Trinity Investment Management Corporation, and Shareholder Services, Inc. (since March 2014); Managing Director of Morgan Stanley Investment Management Inc. and certain of its various affiliated entities; Chief Compliance Officer of various Morgan Stanley Funds (May 2010-January 2014); Chief Compliance Officer of Morgan Stanley Investment Management Inc. (April 2007-January 2014).

Brian S. Petersen,

Treasurer and Principal Financial &
Accounting Officer (since 2016)
Year of Birth: 1970

Senior Vice President of OFI Global Asset Management, Inc. (since January 2017); Vice President of OFI Global Asset Management, Inc. (January 2013-January 2017); Vice President of OppenheimerFunds, Inc. (February 2007-December 2012); Assistant Vice President of OppenheimerFunds, Inc. (August 2002-2007).

The Fund's Statement of Additional Information contains additional information about the Fund's Trustees and Officers and is available without charge, upon request, by calling 1.800. 988.8287.

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OPPENHEIMER CAPITAL APPRECIATION FUND/VA

A Series of Oppenheimer Variable Account Funds

Manager	OFI Global Asset Management, Inc.
Sub-Adviser	OppenheimerFunds, Inc.
Distributor	OppenheimerFunds Distributor, Inc.
Transfer and Shareholder Servicing Agent	OFI Global Asset Management, Inc.
Sub-Transfer Agent	Shareholder Services, Inc. DBA OppenheimerFunds Services
Independent Registered Public Accounting Firm	KPMG LLP
Legal Counsel	Ropes & Gray LLP

Before investing in any of the Oppenheimer funds, investors should carefully consider a fund's investment objectives, risks, charges and expenses. Fund prospectuses and summary prospectuses contain this and other information about the funds, and may be obtained by asking your financial advisor, visiting oppenheimerfunds.com or calling us at 1.800.988.8287. Read prospectuses and summary prospectuses carefully before investing.

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