Evergreen

VA DIVERSIFIED CAPITAL BUILDER FUND

Annual Report
as of December 31, 2009

Evergreen Investments℠
MUTUAL FUNDS

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This annual report must be preceded or accompanied by a prospectus of the Evergreen fund contained herein. The prospectus contains more complete information, including fees and expenses, and should be read carefully before investing or sending money.

The fund will file its complete schedule of portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. The fund's Form N-Q will be available on the SEC's Web site at http://www.sec.gov. In addition, the fund's Form N-Q may be reviewed and copied at the SEC's Public Reference Room in Washington, D.C. Information on the operation of the Public Reference Room may be obtained by calling 800.SEC.0330.

A description of the fund's proxy voting policies and procedures, as well as information regarding how the fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, is available by visiting our Web site at EvergreenInvestments.com or by visiting the SEC's Web site at http://www.sec.gov. The fund's proxy voting policies and procedures are also available without charge, upon request, by calling 800.343.2898.

Mutual Funds:

NOT FDIC INSURED	MAY LOSE VALUE	NOT BANK GUARANTEED

Evergreen Investment Management Company, LLC is a subsidiary of Wells Fargo & Company and is an affiliate of Wells Fargo & Company's other Broker Dealer subsidiaries.

February 2010

Dear Shareholder:

W. Douglas Munn
President and Chief Executive Officer

We are pleased to provide the Annual Report for Evergreen VA Diversified Capital Builder Fund for the twelve-month period ended December 31, 2009 (the "period").

After a tumultuous 2008, U.S. stocks enjoyed an impressive, though sometimes volatile, recovery over the 2009 fiscal year. The bond market also recovered some of its normalcy; the best-performing fixed income markets at the end of the period were those that were the most depressed and distorted as it began. A variety of concerns, including recession, the dollar, employment, and the banking system, weighed heavily on both equity and fixed income investors throughout the fiscal year. Key issues for many investors included the pace of the economic recovery, and whether or not the market's impressive comeback would be sustainable.

Early in 2009, the fixed income markets were dogged by worries about deflation, as evidenced by investors' willingness to accept virtually nothing for short-term loans to the government. Concerns about federal spending also increased with the $787 billion American Recovery and Reinvestment Act of 2009, signed into law in February. Yields climbed for longer-term U.S. Treasuries during the first quarter of 2009, and international markets were hit hard, as economies in both developed and emerging countries struggled. Equity markets, which were affected by the weakness in economic data and corporate profits, rallied off their March 9th lows, with international and small cap stocks leading the gains. Signs of stability emerged in the corporate credit markets, as both issuance and performance improved. Stocks finished a banner third-quarter 2009, with all major market indexes climbing by approximately 15%, as investor sentiment was buoyed by signs of improvement in the economy and corporate earnings. In October 2009, stocks closed lower for the first time in seven months, as investors questioned whether the huge rally had exceeded the economy's ability to generate growth in output and profits. The weakness in U.S. markets in October failed to extend beyond our borders, as developed markets, which had also rallied off the lows of last year, experienced just a fractional loss, and emerging markets managed to rise by 1%, adding to impressive fiscal-year-end returns.

The market's technicals appeared much stronger than its fundamentals throughout most of the period. Fortunately, however, the fundamental picture began to brighten, as better-than-expected economic data during the last months of the period suggested the possibility of improvements in corporate performance. Interest rates and inflation remained low, providing a healthy backdrop for corporations that have been aggressively cutting costs from their expense structures. Yet challenges remain, particularly in the form of housing, the dollar, employment, and credit availability. In addition to these domestic challenges, other global issues surfaced, such as the debt crisis in the Persian Gulf emirate of Dubai at the end of November, which caused a global sell-off in the last few trading days of the month and raised fears of other global issues surfacing.

During a period that swung from recession to recovery, portfolio managers of Evergreen's Variable Annuity Funds continued to maintain strategies consistent with each fund's goal and the asset class in which the fund invests. Managers of equity-oriented portfolios tended to focus on long-term growth opportunities, while the professionals supervising fixed income portfolios attempted to seek total return and current income.

We believe the changing conditions in the investment environment over the period have underscored the value of a well-diversified, long-term investment strategy to help soften the effects of volatility in any one market or asset class. As always, we encourage investors to maintain diversified investment portfolios in pursuit of their long-term investment goals.

Please visit us at **EvergreenInvestments.com** for more information about our funds and other investment products available to you. Thank you for your continued support of Evergreen Investments.

Sincerely,

W. Douglas Munn

W. Douglas Munn
President and Chief Executive Officer
Evergreen Funds

Notice to Shareholders:

The Evergreen Funds' Board of Trustees has unanimously approved the reorganizations of the Evergreen Funds, including the Fund in this report, into *Wells Fargo Advantage Funds®*. Each reorganization is subject to the satisfaction of a number of conditions, including approval by the Evergreen Fund's shareholders at a meeting expected to be held in June 2010. It is anticipated that the reorganizations, if they are approved by shareholders and all conditions to the closing are satisfied, will occur in July 2010. Additional information, including a description of the applicable reorganization and information about fees, expenses, and risk factors, will be provided to shareholders of each Evergreen Fund in a Prospectus/Proxy Statement that is expected to be mailed in April, 2010.

The foregoing is not an offer to sell, nor is it a solicitation of an offer to buy, shares of any Wells Fargo Advantage Fund, nor is it a solicitation of any proxy. For more information, or to receive a free copy of the Prospectus/Proxy Statement once a registration statement relating to a proposed reorganization has been filed with the Securities and Exchange Commission and becomes effective, please call 1.800.343.2898 or visit Evergreeninvestments.com. The Prospectus/Proxy Statement will also be available for free on the Securities and Exchange Commission's website (www.sec.gov). Please read the Prospectus/Proxy Statement carefully before making any investment decisions.

FUND AT A GLANCE

as of December 31, 2009

MANAGEMENT TEAM

Investment Advisor:
Evergreen Investment Management Company, LLC

Portfolio Manager:
Margaret D. Patel

PERFORMANCE AND RETURNS

Portfolio inception date: 3/1/1996

Class inception date	Class 1 3/1/1996	Class 2 7/31/2002
Average annual return		
1-year	40.40%	39.94%
5-year	-1.15%	-1.40%
10-year	-0.91%	-1.10%

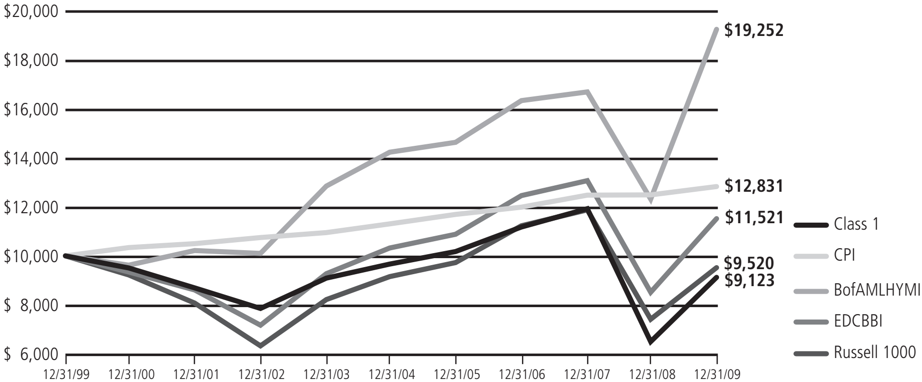
Past performance is no guarantee of future results. The performance quoted represents past performance and current performance may be lower or higher. The investment return and principal value of an investment will fluctuate so that investors' shares, when redeemed, may be worth more or less than their original cost. To obtain performance information current to the most recent month-end, please call 1.800.321.9332. The performance of each class may vary based on differences in fees and expenses paid by the shareholders investing in each class. Performance includes the reinvestment of income dividends and capital gain distributions, but does not reflect contract, policy, or separate account charges assessed by participating insurance companies.

Please keep in mind that high double-digit returns were primarily achieved during favorable market conditions. You should not expect that such favorable returns can be consistently achieved. A Fund's performance, especially for very short time periods, should not be the sole factor in making your investment decision.

Historical performance shown for Class 2 prior to its inception is based on the performance of Class 1, the original class offered. The historical returns for Class 2 have not been adjusted to reflect the effect of the class' 12b-1 fee. The fund incurs a 12b-1 fee of 0.25% for Class 2. Class 1 does not pay a 12b-1 fee. If the fee had been reflected, returns for Class 2 would have been lower.

Returns reflect expense limits previously in effect, without which returns would have been lower.

LONG-TERM GROWTH



Comparison of a $10,000 investment in the Evergreen VA Diversified Capital Builder Fund Class 1 shares versus a similar investment in the BofA Merrill Lynch High Yield Master Index† (BofAMLHYMI), the Evergreen Diversified Capital Builder Blended Index (EDCBBI), the Russell 1000 Index (Russell 1000) and the Consumer Price Index (CPI).

The **BofAMLHYMI**, the **EDCBBI** and the **Russell 1000** are unmanaged market indexes and do not include transaction costs associated with buying and selling securities, any mutual fund fees or expenses or any taxes. The **CPI** is a commonly used measure of inflation and does not represent an investment return. It is not possible to invest directly in an index.

The fund's investment objective may be changed without a vote of the fund's shareholders.

Foreign investments may contain more risk due to the inherent risks associated with changing political climates, foreign market instability and foreign currency fluctuations.

Small and mid cap securities may be subject to special risks associated with narrower product lines and limited financial resources compared to their large cap counterparts, and, as a result, small and mid cap securities may decline significantly in market downturns and may be more volatile than those of larger companies due to the higher risk of failure.

Asset-backed and mortgage-backed securities are generally subject to higher prepayment risks than other types of debt securities, which can limit the potential for gain in a declining interest rate environment and increase the potential for loss in a rising interest rate environment. Mortgage-backed securities may also be structured so that they are particularly sensitive to interest rates.

Derivatives involve additional risks including interest rate risk, credit risk, the risk of improper valuation and the risk of non-correlation to the relevant instruments they are designed to hedge or to closely track.

High yield, lower-rated bonds may contain more risk due to the increased possibility of default.

The return of principal is not guaranteed due to fluctuation in the fund's NAV caused by changes in the price of individual bonds held by the fund and the buying and selling of bonds by the fund. Bond funds have the same inflation, interest rate and credit risks as individual bonds. Generally, the value of bond funds rises when prevailing interest rates fall, and falls when interest rates rise.

U.S. government guarantees apply only to certain securities held in the fund's portfolio and not to the fund's shares.

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The Evergreen Diversified Capital Builder Blended Index is composed of the following indexes: Russell 1000 (75%) and BofAMLHYMI (25%).

All data is as of December 31, 2009, and subject to change.

The fund's Class 1 shares returned 40.40% for the twelve-month period ended December 31, 2009. During the same period, the BofAMLHYMI returned 56.28%, the EDCBBI returned 35.31% and the Russell 1000 returned 28.43%.

The fund's objective is to seek capital growth and current income.

Investment process

Values of most stocks and corporate bonds were down in the first quarter of 2009, with securities in those industries most sensitive to the weakening economy—including stocks in the energy, materials, and industrials sectors—typically experiencing the greatest relative declines. However, as the economy improved in the second quarter, these stocks tended to outperform and continued to gain for the remainder of the period. Similarly, the very distressed levels in the most speculative rated portion of the high yield fixed income market at the start of the fiscal year experienced substantial price bounce-backs in the second quarter and continued to gain throughout the period. Relatively higher-rated below investment grade bonds had marked appreciation followed by moderate appreciation from investment grade issues. Almost all corporate bond sectors outperformed Treasuries, as investors showed a preference for lower-quality issues to take advantage of the relatively wide yield advantage that the corporate bond market offered.

In this environment, we increased our equity allocation from approximately 61% of the portfolio at the end of March to approximately 87% at the end of December, reflecting our optimism that even a modest recovery continuing into 2010 would offer the prospect of higher valuations for equities. In addition, with yields for corporate bonds having declined, and with further advances in bond prices becoming more muted as prices rose above face value, we lowered our allocation to fixed income from approximately 35% at the end of March to approximately 13% at fiscal year end.

In equities, we added to holdings in heath care on the belief that this sector should benefit from growing demand for high-quality care, improved techniques for disease treatment, and drug research. We also increased our weightings to financials, industrials, utilities, and telecommunications over the period on the belief that these sectors would benefit from economic growth, and we emphasized energy and materials which, in our opinion, should continue to benefit from limited global supply at a time of continuing long-term demand, in spite of short-term swings, both positive and negative, in prices. In fixed income our investments were concentrated in the upper tier of high yield corporate bonds, generally rated BB or higher.[1] These holdings emphasized issues of industrial companies with publicly traded common stock that we believe should have attractive long-term investment characteristics, despite occasional periods of economic slowdowns.

Contributors to performance

During the first three months of the year, when most equities continued to decline in price, the stocks of Freeport-McMoRan Copper & Gold and Peabody Energy appreciated and continued to gain throughout the fiscal year. Issues in the cyclical energy, materials, and industrials gained over the remaining nine months of the period, with names such as materials stocks Cliffs Natural Resources and industrial company Joy Global also finishing the period with gains. In addition, financial sector holding PNC Financial Services, technology holding Amphenol, and telecommunication services company American Tower contributed to performance.

The majority of our fixed income holdings increased in price as the year progressed. Convertible bond holdings for Patriot Coal and General Cable had moderate appreciation at fiscal year end, reflecting not only price increases from narrower yield spreads but also from appreciation of the underlying common stock.

Detractors from performance

In the first quarter, the values of many of our energy and industrial equity holdings fell noticeably, though most moved up over the remainder of the period. In the health care sector, many holdings had modest upward or downward moves, reflecting investors' preference for more economically sensitive issues as well as concern about any negative effects from possible changes in national health care policies. Northern Trust, a diversified financial company, saw its stock decline in the final quarter of the period due to concerns about future earnings growth during a period of still uncertain financial market conditions. Bank of America's stock also dropped due concerns about the company's future profitability.

[1] The ratings indicated are from Standard & Poor's and/or Moody's Investors Service.

Credit Quality Ratings: Credit quality ratings apply to corporate and municipal bond issues. Standard and Poor's rates the creditworthiness of bonds, ranging from AAA (highest) to D (lowest). Ratings from A to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the rating categories. Moody's rates the creditworthiness of bonds, ranging from Aaa (highest) to CC (lowest). Ratings Aa to B may be modified by the addition of a number 1 (highest) to 3 (lowest) to show relative standing within the ratings categories.

ABOUT YOUR FUND'S EXPENSES

The Example below is intended to describe the fees and expenses borne by shareholders and the impact of those costs on your investment.

Example
As a shareholder of the fund, you incur two types of costs: (1) transaction costs, including sales charges (loads), redemption fees and exchange fees; and (2) ongoing costs, including management fees, distribution (12b-1) fees and other fund expenses. This Example is 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 Example is based on an investment of $1,000 invested at the beginning of the period and held for the entire period from July 1, 2009 to December 31, 2009.

The example illustrates your fund's costs in two ways:

- **Actual expenses**
  The section in the table under the heading "Actual" provides information about actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by $1,000 (for example, an $8,600 account value divided by $1,000 = 8.6), then multiply the result by the number in the appropriate column for your share class, in the column entitled "Expenses Paid During Period" to estimate the expenses you paid on your account during this period.

- **Hypothetical example for comparison purposes**
  The section in the table under the heading "Hypothetical (5% return before expenses)" provides information about hypothetical account values and hypothetical expenses based on the fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the fund's 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 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 transactional costs, such as sales charges (loads), redemption fees, exchange fees or separate account charges assessed by participating insurance companies. Therefore, the section in the table under the heading "Hypothetical (5% return before expenses)" is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if these transactional costs were included, your costs would have been higher.

	Beginning Account Value 7/1/2009	Ending Account Value 12/31/2009	Expenses Paid During Period*
Actual			
Class 1	$1,000.00	$1,192.27	$ 4.14
Class 2	$1,000.00	$1,191.22	$ 5.52
Hypothetical (5% return before expenses)			
Class 1	$1,000.00	$1,021.42	$ 3.82
Class 2	$1,000.00	$1,020.16	$ 5.09

* For each class of the fund, expenses are equal to the annualized expense ratio of each class (0.75% for Class 1 and 1.00% for Class 2), multiplied by the average account value over the period, multiplied by 184 / 365 days.

FINANCIAL HIGHLIGHTS

(For a share outstanding throughout each period)

CLASS 1	Year Ended December 31, 2009	2008	2007	2006	2005
Net asset value, beginning of period	$ 8.44	$ 15.49	$ 15.15	$ 14.13	$ 13.74
Income from investment operations					
Net investment income	0.19	0.25[1]	0.38[1]	0.36[1]	0.31[1]
Net realized and unrealized gains or losses on investments	3.09	(7.30)	0.62	1.02	0.41
Total from investment operations	3.28	(7.05)	1.00	1.38	0.72
Distributions to shareholders from					
Net investment income	(0.31)	0	(0.66)	(0.36)	(0.33)
Net asset value, end of period	$ 11.41	$ 8.44	$ 15.49	$ 15.15	$ 14.13
Total return[2]	40.40%	(45.51)%	6.68%	9.85%	5.29%
Ratios and supplemental data					
Net assets, end of period (thousands)	$ 26,150	$ 21,932	$ 61,438	$ 76,093	$ 84,060
Ratios to average net assets					
Expenses including waivers/reimbursements but excluding expense reductions	0.77%	0.61%	0.52%	0.50%	0.53%
Expenses excluding waivers/reimbursements and expense reductions	0.77%	0.61%	0.52%	0.50%	0.53%
Net investment income	1.69%	1.88%	2.46%	2.50%	2.22%
Portfolio turnover rate	65%	56%	105%	52%	78%

[1] Per share amount is based on average shares outstanding during the period.

[2] Total return does not reflect charges attributable to your insurance company's separate account.

See Notes to Financial Statements

FINANCIAL HIGHLIGHTS

(For a share outstanding throughout each period)

	Year Ended December 31,				
CLASS 2	2009	2008	2007	2006	2005
Net asset value, beginning of period	$ 8.42	$ 15.49	$ 15.13	$ 14.09	$ 13.70
Income from investment operations					
Net investment income	0.14[1]	0.21[1]	0.35	0.33	0.27[1]
Net realized and unrealized gains or losses on investments	3.11	(7.28)	0.61	1.01	0.41
Total from investment operations	3.25	(7.07)	0.96	1.34	0.68
Distributions to shareholders from					
Net investment income	(0.27)	0	(0.60)	(0.30)	(0.29)
Net asset value, end of period	$ 11.40	$ 8.42	$ 15.49	$ 15.13	$ 14.09
Total return[2]	39.94%	(45.64)%	6.43%	9.62%	5.03%
Ratios and supplemental data					
Net assets, end of period (thousands)	$ 1,217	$ 1,229	$ 2,908	$ 2,750	$ 2,606
Ratios to average net assets					
Expenses including waivers/reimbursements but excluding expense reductions	1.02%	0.86%	0.77%	0.75%	0.78%
Expenses excluding waivers/reimbursements and expense reductions	1.02%	0.86%	0.77%	0.75%	0.78%
Net investment income	1.45%	1.62%	2.19%	2.26%	1.98%
Portfolio turnover rate	65%	56%	105%	52%	78%

[1] Per share amount is based on average shares outstanding during the period.

[2] Total return does not reflect charges attributable to your insurance company's separate account.

See Notes to Financial Statements

SCHEDULE OF INVESTMENTS

December 31, 2009

	Principal Amount	Value
CORPORATE BONDS 11.6%		
ENERGY 1.4%		
Energy Equipment & Services 1.4%		
Bristow Group, Inc., 7.50%, 09/15/2017	$ 400,000	$ 398,000
INDUSTRIALS 4.8%		
Electrical Equipment 1.9%		
Baldor Electric Co., 8.625%, 02/15/2017	500,000	513,750
Machinery 2.9%		
Actuant Corp., 6.875%, 06/15/2017	400,000	382,500
SPX Corp., 7.625%, 12/15/2014	400,000	414,000
		796,500
MATERIALS 1.1%		
Chemicals 0.7%		
Koppers Holdings, Inc., 7.875%, 12/01/2019 144A	200,000	203,000
Metals & Mining 0.4%		
Steel Dynamics, Inc., 8.25%, 04/15/2016	100,000	104,625
UTILITIES 4.3%		
Electric Utilities 2.6%		
NRG Energy, Inc.:		
7.375%, 02/01/2016	500,000	501,875
7.375%, 01/15/2017	200,000	201,000
		702,875
Gas Utilities 1.7%		
National Fuel Gas Co., 8.75%, 05/01/2019	400,000	467,686
Total Corporate Bonds (cost $3,043,683)		3,186,436

	Shares	Value
COMMON STOCKS 86.5%		
CONSUMER STAPLES 2.3%		
Food Products 0.1%		
Bunge, Ltd.	500	31,915
Household Products 1.8%		
Church & Dwight Co.	8,000	483,600
Personal Products 0.4%		
Estee Lauder Cos., Class A	2,500	120,900
ENERGY 16.7%		
Energy Equipment & Services 3.4%		
Cameron International Corp. *	5,000	209,000
National Oilwell Varco, Inc.	4,500	198,405
Noble Corp.	6,500	264,550

See Notes to Financial Statements

	Shares	Value
COMMON STOCKS continued		
ENERGY continued		
Energy Equipment & Services continued		
Pride International, Inc. *	5,000	$ 159,550
Transocean, Ltd. *	1,000	82,800
		914,305
Oil, Gas & Consumable Fuels 13.3%		
Alpha Natural Resources, Inc. *	3,000	130,140
Anadarko Petroleum Corp.	5,000	312,100
Apache Corp.	700	72,219
Cenovus Energy, Inc.	20,000	504,000
Consol Energy, Inc.	3,000	149,400
EnCana Corp., ADR	20,000	647,800
Massey Energy Co.	1,500	63,015
Occidental Petroleum Corp.	10,000	813,500
Patriot Coal Corp. *	13,000	200,980
Peabody Energy Corp.	8,000	361,680
Suncor Energy, Inc.	9,000	317,790
XTO Energy, Inc.	1,500	69,795
		3,642,419
FINANCIALS 12.4%		
Capital Markets 4.1%		
Bank of New York Mellon Corp.	25,000	699,250
Northern Trust Corp.	8,000	419,200
		1,118,450
Commercial Banks 5.8%		
PNC Financial Services Group, Inc.	9,000	475,110
U.S. Bancorp	50,000	1,125,500
		1,600,610
Diversified Financial Services 2.0%		
Bank of America Corp.	36,000	542,160
Real Estate Investment Trusts (REITs) 0.5%		
Washington Real Estate Investment Trust	5,000	137,750
HEALTH CARE 17.8%		
Biotechnology 1.1%		
Gen-Probe, Inc. *	7,000	300,300
Health Care Equipment & Supplies 7.4%		
Baxter International, Inc.	22,000	1,290,960
St. Jude Medical, Inc. *	20,000	735,600
		2,026,560
Health Care Providers & Services 1.6%		
Owens & Minor, Inc.	10,000	429,300

See Notes to Financial Statements

December 31, 2009

	Shares		Value
COMMON STOCKS continued			
HEALTH CARE continued			
Life Sciences Tools & Services 7.7%			
Bio-Rad Laboratories, Inc., Class A *	3,500	$	337,610
Covance, Inc. *	5,000		272,850
Illumina, Inc. *	6,000		183,900
Life Technologies Corp. *	1,000		52,230
Thermo Fisher Scientific, Inc. *	26,500		1,263,785
			2,110,375
INDUSTRIALS 9.8%			
Aerospace & Defense 1.6%			
Esterline Technologies Corp. *	2,000		81,540
United Technologies Corp.	5,000		347,050
			428,590
Electrical Equipment 2.3%			
Ametek, Inc.	3,000		114,720
Emerson Electric Co.	11,000		468,600
Roper Industries, Inc.	1,000		52,370
			635,690
Machinery 5.9%			
Bucyrus International, Inc.	2,000		112,740
Donaldson Co., Inc.	6,000		255,240
Flowserve Corp.	10,200		964,206
IDEX Corp.	2,000		62,300
Joy Global, Inc.	3,000		154,770
SPX Corp.	1,000		54,700
			1,603,956
INFORMATION TECHNOLOGY 3.7%			
Electronic Equipment, Instruments & Components 3.7%			
Amphenol Corp., Class A	22,000		1,015,960
MATERIALS 14.7%			
Chemicals 6.5%			
FMC Corp.	9,000		501,840
Koppers Holdings, Inc.	3,000		91,320
Monsanto Co.	10,000		817,500
Praxair, Inc.	4,000		321,240
Sigma-Aldrich Corp.	1,000		50,530
			1,782,430
Containers & Packaging 0.7%			
Greif, Inc., Class A	3,300		178,134
Metals & Mining 7.5%			
Barrick Gold Corp.	5,000		196,900
Cliffs Natural Resources, Inc.	12,000		553,080

See Notes to Financial Statements

December 31, 2009

		Shares	Value
COMMON STOCKS continued			
MATERIALS continued			
Metals & Mining continued			
Freeport-McMoRan Copper & Gold, Inc.		10,000	$ 802,900
Nucor Corp.		4,000	186,600
Steel Dynamics, Inc.		7,300	129,356
United States Steel Corp.		3,500	192,920
			2,061,756
TELECOMMUNICATION SERVICES 3.6%			
Diversified Telecommunication Services 1.1%			
Global Crossing, Ltd. *		21,000	299,250
Wireless Telecommunication Services 2.5%			
American Tower Corp., Class A *		16,000	691,360
UTILITIES 5.5%			
Electric Utilities 3.4%			
FPL Group, Inc.		3,000	158,460
NRG Energy, Inc. *		22,000	519,420
Southern Co.		8,000	266,560
			944,440
Gas Utilities 2.1%			
National Fuel Gas Co.		3,000	150,000
Questar Corp.		10,000	415,700
			565,700
Total Common Stocks (cost $24,372,247)			23,665,910

		Principal Amount	Value
CONVERTIBLE DEBENTURES 1.4%			
ENERGY 0.8%			
Oil, Gas & Consumable Fuels 0.8%			
Patriot Coal Corp., 3.25%, 05/31/2013	$	250,000	201,875
INDUSTRIALS 0.6%			
Electrical Equipment 0.6%			
General Cable Corp., 1.00%, 10/15/2012		200,000	172,750
Total Convertible Debentures (cost $373,192)			374,625

	Shares	Value
SHORT-TERM INVESTMENTS 0.5%		
MUTUAL FUND SHARES 0.5%		
Evergreen Institutional U.S. Government Money Market Fund, Class I, 0.08% q ø *(cost $130,376)*	130,376	130,376

See Notes to Financial Statements

December 31, 2009

		Value
Total Investments (cost $27,919,498) 100.0%	$	27,357,347
Other Assets and Liabilities 0.0%		9,950
Net Assets 100.0%	$	27,367,297

144A Security that may be sold to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended. This security has been determined to be liquid under guidelines established by the Board of Trustees, unless otherwise noted.

* Non-income producing security

q Rate shown is the 7-day annualized yield at period end.

ø Evergreen Investment Management Company, LLC is the investment advisor to both the Fund and the money market fund.

Summary of Abbreviations

ADR American Depository Receipt

The following table shows portfolio composition as a percent of total investments as of December 31, 2009:

Energy	18.9%
Health Care	17.8%
Materials	15.8%
Industrials	15.2%
Financials	12.4%
Utilities	9.8%
Information Technology	3.7%
Telecommunication Services	3.6%
Consumer Staples	2.3%
Mutual Fund Shares	0.5%
	100.0%

The following table shows the percent of total bonds by credit quality based on Moody’s and Standard & Poor’s ratings as of December 31, 2009 (unaudited):

AAA	1.5%
BBB	12.9%
BB	55.4%
B	24.7%
NR	5.5%
	100.0%

The following table shows the percent of total bonds based on effective maturity as of December 31, 2009 (unaudited):

Less than 1 year	4.4%
1 to 3 year(s)	4.7%
3 to 5 years	16.8%
5 to 10 years	74.1%
	100.0%

See Notes to Financial Statements

STATEMENT OF ASSETS AND LIABILITIES

December 31, 2009

Assets		
Investments in unaffiliated issuers, at value (cost $27,789,122)	$	27,226,971
Investments in affiliated issuers, at value (cost $130,376)		130,376
Total investments		27,357,347
Cash		197
Dividends and interest receivable		85,847
Total assets		27,443,391
Liabilities		
Payable for Fund shares redeemed		56,989
Advisory fee payable		1,134
Distribution Plan expenses payable		34
Due to other related parties		377
Trustees' fees and expenses payable		6,669
Printing and postage expenses payable		8,628
Accrued expenses and other liabilities		2,263
Total liabilities		76,094
Net assets	$	27,367,297
Net assets represented by		
Paid-in capital	$	49,674,012
Undistributed net investment income		417,502
Accumulated net realized losses on investments		(22,162,066)
Net unrealized losses on investments		(562,151)
Total net assets	$	27,367,297
Net assets consists of		
Class 1	$	26,150,436
Class 2		1,216,861
Total net assets	$	27,367,297
Shares outstanding (unlimited number of shares authorized)		
Class 1		2,292,284
Class 2		106,727
Net asset value per share		
Class 1	$	11.41
Class 2	$	11.40

See Notes to Financial Statements

STATEMENT OF OPERATIONS

Year Ended December 31, 2009

Investment income	
Interest	$ 429,346
Dividends (net of foreign withholding taxes of $4,039)	190,799
Securities lending	2,641
Income from affiliated issuers	1,462
Total investment income	624,248
Expenses	
Advisory fee	98,230
Distribution Plan expenses	3,287
Administrative services fee	25,377
Transfer agent fees	360
Trustees' fees and expenses	570
Printing and postage expenses	28,105
Custodian and accounting fees	11,921
Professional fees	28,787
Other	1,075
Total expenses	197,712
Less: Expense reductions	(7)
Net expenses	197,705
Net investment income	426,543
Net realized and unrealized gains or losses on investments	
Net realized losses on securities in unaffiliated issuers	(8,101,657)
Net change in unrealized gains or losses on securities in unaffiliated issuers	16,077,517
Net realized and unrealized gains or losses on investments	7,975,860
Net increase in net assets resulting from operations	$ 8,402,403

See Notes to Financial Statements

STATEMENTS OF CHANGES IN NET ASSETS

	Year Ended December 31,			
	2009		2008	
	Shares		Shares	
Operations				
Net investment income		$ 426,543		$ 829,264
Net realized gains or losses on investments		(8,101,657)		472,033
Net change in unrealized gains or losses on investments		16,077,517		(23,670,076)
Net increase (decrease) in net assets resulting from operations		8,402,403		(22,368,779)
Distributions to shareholders from				
Net investment income				
Class 1		(769,408)		0
Class 2		(38,296)		0
Total distributions to shareholders		(807,704)		0
Capital share transactions				
Proceeds from shares sold				
Class 1	227,371	2,186,264	109,581	1,370,957
Class 2	4,261	43,020	10,840	117,451
		2,229,284		1,488,408
Net asset value of shares issued in reinvestment of distributions				
Class 1	95,460	769,408	0	0
Class 2	4,740	38,296	0	0
		807,704		0
Payment for shares redeemed				
Class 1	(627,722)	(5,930,187)	(1,477,818)	(19,651,851)
Class 2	(48,269)	(495,901)	(52,646)	(652,553)
		(6,426,088)		(20,304,404)
Net decrease in net assets resulting from capital share transactions		(3,389,100)		(18,815,996)
Total increase (decrease) in net assets		4,205,599		(41,184,775)
Net assets				
Beginning of period		23,161,698		64,346,473
End of period		$ 27,367,297		$ 23,161,698
Undistributed net investment income		$ 417,502		$ 801,061

See Notes to Financial Statements

1. ORGANIZATION

Evergreen VA Diversified Capital Builder Fund (the "Fund") is a diversified series of Evergreen Variable Annuity Trust (the "Trust"), a Delaware statutory trust organized on December 23, 1997. The Trust is an open-end management investment company registered under the Investment Company Act of 1940, as amended (the "1940 Act"). Shares of the Fund may only be purchased by insurance companies for the purpose of funding variable annuity contracts or variable life insurance policies.

The Fund offers Class 1 and Class 2 shares at net asset value without a front-end sales charge or contingent deferred sales charge. Class 2 shares pay an ongoing distribution fee.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles in the United States of America, which require management to make estimates and assumptions that affect amounts reported herein. Actual results could differ from these estimates. Management has considered the circumstances under which the Fund should recognize or make disclosures regarding events or transactions occurring subsequent to the balance sheet date through February 12, 2010 which represents the date the financial statements are issued. Adjustments or additional disclosures, if any, have been included in these financial statements.

a. Valuation of investments

Listed equity securities are usually valued at the last sales price or official closing price on the national securities exchange where the securities are principally traded. If there has been no sale, the securities are valued at the mean between bid and asked prices.

Foreign securities traded on an established exchange are valued at the last sales price on the exchange where the security is primarily traded. If there has been no sale, the securities are valued at the mean between bid and asked prices. Foreign securities may be valued at fair value according to procedures approved by the Board of Trustees if the closing price is not reflective of current market values due to trading or events occurring in the foreign markets between the close of the established exchange and the valuation time of the Fund. In addition, substantial changes in values in the U.S. markets subsequent to the close of a foreign market may also affect the values of securities traded in the foreign market. The value of foreign securities may be adjusted if such movements in the U.S. market exceed a specified threshold.

Portfolio debt securities acquired with more than 60 days to maturity are fair valued using matrix pricing methods determined by an independent pricing service which takes into consideration such factors as similar security prices, yields, maturities, liquidity and ratings. Securities for which valuations are not readily available from an independent pricing service may be valued by brokers which use prices provided by market makers or estimates of fair market value obtained from yield data relating to investments or securities with similar characteristics.

Short-term securities of sufficient credit quality with remaining maturities of 60 days or less at the time of purchase are valued at amortized cost, which approximates fair value.

Investments in open-end mutual funds are valued at net asset value. Securities for which market quotations are not readily available or not reflective of current fair value are valued at fair value as determined by the investment advisor in good faith, according to procedures approved by the Board of Trustees.

The valuation techniques used by the Fund to measure fair value are consistent with the market approach, income approach and/or cost approach, where applicable, for each security type.

b. Repurchase agreements

Securities pledged as collateral for repurchase agreements are held by the custodian bank or in a segregated account in the Fund's name until the agreements mature. Collateral for certain tri-party repurchase agreements is held at the counterparty's custodian in a segregated account for the benefit of the Fund and the counterparty. Each agreement requires that the market value of the collateral be sufficient to cover payments of interest and principal. However, in the event of default or bankruptcy by the other party to the agreement, retention of the collateral may be subject to legal proceedings. The Fund will enter into repurchase agreements with banks and other financial institutions, which are deemed by the investment advisor to be creditworthy pursuant to guidelines established by the Board of Trustees. In certain instances, the Fund's securities lending agent may provide collateral in the form of repurchase agreements.

c. Foreign currency translation

All assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts at the date of valuation. Purchases and sales of portfolio securities and income items denominated in foreign currencies are translated into U.S. dollar amounts on the respective dates of such transactions. The Fund does not separately account for that portion of the results of operations resulting from changes in foreign exchange rates on investments and the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gains or losses on investments.

d. Securities lending

The Fund may lend its securities to certain qualified brokers in order to earn additional income. The Fund receives compensation in the form of fees or interest earned on the investment of any cash collateral received. The Fund also continues to receive interest and dividends on the securities loaned. The Fund receives collateral in the form of cash or securities with a market value at least equal to the market value of the securities on loan, including accrued interest. In the event of default or bankruptcy by the borrower, the Fund could experience delays and costs in recovering the loaned securities or in gaining access to the collateral. In addition, the investment of any cash collateral received may lose all or part of its value. The Fund has the right under the lending agreement to recover the securities from the borrower on demand.

e. Security transactions and investment income

Security transactions are recorded on trade date. Realized gains and losses are computed using the specific cost of the security sold. Interest income is recorded on the accrual basis and includes accretion of discounts and amortization of premiums. To the extent debt obligations are placed on non-accrual status, any related interest income may be reduced by writing off interest receivables when the collection of all or a portion of interest has become doubtful based on consistently applied procedures. If the issuer subsequently resumes interest payments or when the collectibility of interest is reasonably assured, the debt obligation is removed from non-accrual status. Dividend income is recorded on the ex-dividend date or in the case of some foreign securities, on the date when the Fund is made aware of the dividend. Foreign income and capital gains realized on some securities may be subject to foreign taxes, which are accrued as applicable.

f. Federal and other taxes

The Fund intends to continue to qualify as a regulated investment company and distribute all of its taxable income, including any net capital gains (which have already been offset by available capital loss carryovers). Accordingly, no provision for federal taxes is required. The Fund's income and excise tax returns and all financial records supporting those returns for the prior three fiscal years are subject to examination by the federal, Massachusetts and Delaware revenue authorities.

g. Distributions

Distributions to shareholders from net investment income and net realized gains, if any, are recorded on the ex-dividend date. Such distributions are determined in conformity with income tax regulations, which may differ from generally accepted accounting principles.

Reclassifications have been made to the Fund's components of net assets to reflect income and gains available for distribution (or available capital loss carryovers, as applicable) under income tax regulations. During the year ended December 31, 2009, the following amounts were reclassified:

Paid-in capital	$ 152
Undistributed net investment income	(2,398)
Accumulated net realized losses on investments	2,246

h. Class allocations

Income, common expenses and realized and unrealized gains and losses are allocated to the classes based on the relative net assets of each class. Distribution fees, if any, are calculated daily at the class level based on the appropriate net assets of each class and the specific expense rates applicable to each class.

3. ADVISORY FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Evergreen Investment Management Company, LLC ("EIMC"), a subsidiary of Wells Fargo & Company ("Wells Fargo"), is the investment advisor to the Fund and is paid an annual fee starting at 0.41% and declining to 0.21% as the aggregate average daily net assets of the Fund and its retail counterpart, Evergreen Diversified Capital Builder Fund, increase. For the year ended December 31, 2009, the advisory fee was equivalent to an annual rate of 0.39% of the Fund's average daily net assets.

The Fund may invest in money market funds which are advised by EIMC. Income earned on these investments is included in income from affiliated issuers on the Statement of Operations.

EIMC also serves as the administrator to the Fund providing the Fund with facilities, equipment and personnel. EIMC is paid an annual rate determined by applying percentage rates to the aggregate average daily net assets of the Evergreen funds (excluding money market funds) starting at 0.10% and declining to 0.05% as the aggregate average daily net assets of the Evergreen funds (excluding money market funds) increase. For the year ended December 31, 2009, the administrative services fee was equivalent to an annual rate of 0.10% of the Fund's average daily net assets.

Evergreen Service Company, LLC ("ESC"), an affiliate of EIMC and a subsidiary of Wells Fargo, is the transfer and dividend disbursing agent for the Fund. ESC receives account fees that vary based on the type of account held by the shareholders in the Fund.

Wachovia Bank NA, a subsidiary of Wells Fargo and an affiliate of EIMC, through its securities lending division, Wachovia Global Securities Lending, acts as the securities lending agent for the Fund (see Note 5).

The Fund has placed a portion of its portfolio transactions with brokerage firms that are affiliates of Wells Fargo. During the year ended December 31, 2009, the Fund paid brokerage commissions of $2,608 to broker-dealers affiliated with Wells Fargo.

4. DISTRIBUTION PLAN

Evergreen Investment Services, Inc. ("EIS"), an affiliate of EIMC and a subsidiary of Wells Fargo, serves as distributor of the Fund's shares. The Fund has adopted a Distribution Plan, as allowed by Rule 12b-1 of the 1940 Act, for Class 2 shares. Under the Distribution Plan, distribution fees are paid at an annual rate of 0.25% of the average daily net assets for Class 2 shares.

5. INVESTMENT TRANSACTIONS

Cost of purchases and proceeds from sales of investment securities (excluding short-term securities) were $15,940,666 and $19,498,226, respectively, for the year ended December 31, 2009.

Fair value measurements of investments are determined within a framework that has established a fair value hierarchy based upon the various data inputs utilized in determining the value of the Fund's investments. These inputs are summarized into three broad levels as follows:

Level 1 – quoted prices in active markets for identical securities
Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

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

As of December 31, 2009, the inputs used in valuing the Fund's assets, which are carried at fair value, were as follows:

Investments in Securities	Quoted Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Equity securities				
Common stocks	$23,665,910	$ 0	$0	$23,665,910
Corporate debt securities	0	3,561,061	0	3,561,061
Short-term investments	130,376	0	0	130,376
	$23,796,286	$3,561,061	$0	$27,357,347

Further details on the major security types listed above can be found in the Schedule of Investments.

During the year ended December 31, 2009, the Fund loaned securities to certain brokers and earned $2,641, net of $179 paid to Wachovia Global Securities Lending as the securities lending agent.

On December 31, 2009, the aggregate cost of securities for federal income tax purposes was $27,919,121. The gross unrealized appreciation and depreciation on securities based on tax cost was $2,071,190 and $2,632,964, respectively, with a net unrealized depreciation of $561,774.

As of December 31, 2009, the Fund had $21,598,836 in capital loss carryovers for federal income tax purposes with $7,309,274 expiring in 2010, $6,300,620 expiring in 2011 and $7,988,942 expiring in 2017.

For income tax purposes, capital losses incurred after October 31within the Fund's fiscal year are deemed to arise on the first business day of the following fiscal year. As of December 31, 2009, the Fund incurred and will elect to defer post-October losses of $563,607.

6. INTERFUND LENDING

Pursuant to an Exemptive Order issued by the SEC, the Fund may participate in an interfund lending program with certain funds in the Evergreen fund family. This program allows the Fund to borrow from other participating funds. During the year ended December 31, 2009, the Fund did not participate in the interfund lending program.

7. DISTRIBUTIONS TO SHAREHOLDERS

As of December 31, 2009, the components of distributable earnings on a tax basis were as follows:

Undistributed Ordinary Income	Unrealized Depreciation	Capital Loss Carryovers and Post-October Losses	Temporary Book/ Tax Differences
$424,508	$561,774	$22,162,443	$(7,006)

The temporary book/tax differences are a result of timing differences between book and tax recognition of income and/or expenses.

The tax character distributions paid for the year ended December 31, 2009 was $807,704 of ordinary income. No distributions were paid for the year ended December 31, 2008.

8. EXPENSE REDUCTIONS

Through expense offset arrangements with ESC and the Fund's custodian, a portion of fund expenses has been reduced.

9. DEFERRED TRUSTEES' FEES

Each Trustee of the Fund may defer any or all compensation related to performance of his or her duties as a Trustee. The Trustees' deferred balances are allocated to deferral accounts, which are included in the accrued expenses for the Fund. The investment performance of the deferral accounts is based on the investment performance of certain Evergreen funds. Any gains earned or losses incurred in the deferral accounts are reported in the Fund's Trustees' fees and expenses. At the election of the Trustees, the deferral account will be paid either in one lump sum or in quarterly installments for up to ten years.

10. FINANCING AGREEMENT

The Fund and certain other Evergreen funds share in a $100 million unsecured revolving credit commitment for temporary and emergency purposes, including the funding of redemptions, as permitted by each participating fund's borrowing restrictions. Borrowings under this facility bear interest at the higher of the Federal Funds rate plus 1.25% or LIBOR plus 1.25%. Prior to June 26, 2009, the interest rate was 0.50% per annum above the Federal Funds rate. All of the participating funds are charged an annual commitment fee of 0.145% on the unused balance, which is allocated pro rata. Prior to June 26, 2009, the annual commitment fee was 0.09%. During the year ended December 31, 2009, the Fund had no borrowings.

11. REGULATORY MATTERS AND LEGAL PROCEEDINGS

The Evergreen funds, EIMC and certain of EIMC's affiliates are involved in various legal actions, including private litigation and class action lawsuits, and are and may in the future be subject to regulatory inquiries and investigations.

EIMC and EIS have reached final settlements with the Securities and Exchange Commission ("SEC") and the Securities Division of the Secretary of the Commonwealth of Massachusetts ("Commonwealth") primarily relating to the liquidation of Evergreen Ultra Short Opportunities Fund ("Ultra Short Fund"). The claims settled include the following: first, that during the period February 2007 through Ultra Short Fund's liquidation on June 18, 2008, Ultra Short Fund's former portfolio management team failed to properly take into account readily-available information in valuing certain non-agency residential mortgage-backed securities held by the Ultra Short Fund, resulting in the Ultra Short Fund's net asset value ("NAV") being overstated during the period; second, that EIMC and EIS acted inappropriately when, in an effort to explain the decline in Ultra Short Fund's NAV, certain information regarding the decline was communicated to some, but not all, shareholders and financial intermediaries; third, that the Ultra Short Fund portfolio management team did not adhere to regulatory requirements for affiliated cross trades in executing trades with other Evergreen funds; and finally, that from at least September 2007 to August 2008, EIS did not preserve certain text and instant messages transmitted via personal digital assistant devices. In settling these matters, EIMC and EIS have agreed to payments totaling $41,125,000, up to $40,125,000 of which will be distributed to eligible shareholders of Ultra Short Fund pursuant to a methodology and plan approved by the regulators. EIMC and EIS neither admitted nor denied the regulators' conclusions.

Three purported class actions have also been filed in the U.S. District Court for the District of Massachusetts relating to the same events; defendants include various Evergreen entities, including EIMC and EIS, and Evergreen Fixed Income Trust and its Trustees. The cases generally allege that investors in the Ultra Short Fund suffered losses as a result of (i) misleading statements in Ultra Short Fund's registration statement and prospectus, (ii) the failure to accurately price securities in the Ultra Short Fund at different points in time and (iii) the failure of the Ultra Short Fund's risk disclosures and description of its investment strategy to inform investors adequately of the actual risks of the fund.

EIMC does not expect that any of the legal actions, inquiries or settlement of regulatory matters will have a material adverse impact on the financial position or operations of the Fund to which these financial statements relate. Any publicity surrounding or resulting from any legal actions or regulatory inquiries involving EIMC or its affiliates or any of the Evergreen Funds could result in reduced sales or increased redemptions of Evergreen fund shares, which could increase Evergreen fund transaction costs or operating expenses or have other adverse consequences on the Evergreen funds, including the Fund.

12. SUBSEQUENT EVENTS

On December 30, 2009, the Fund's Board of Trustees approved the liquidation of the Fund, which is expected to take place on or about April 30, 2010. Effective after the close of business on January 29, 2010, shares of the Fund are no longer available for purchase by new shareholders.

Effective January 4, 2010, Wells Fargo Funds Distributor, LLC ("WFFD"), a wholly-owned subsidiary of Wells Fargo & Company, replaced EIS as the distributor for the Fund.

In January 2010, the Fund changed its pricing for all evaluated prices for taxable fixed income securities and non-listed preferred stocks from mean to bid prices. The change was the result of EIMC's analysis of which price estimate (mean or bid) provided the better estimate of value. The impact to the net asset value (NAV) per share of the Fund on the day of the change was less than $0.01.

In January 2010, the Financial Accounting Standards Board ("FASB") issued an Accounting Standards Update on "*Improving Disclosures about Fair Value Measurements*" which will require reporting entities to make new disclosures about the amount and reasons for significant transfers into and out of Level 1 and Level 2 fair value measurements, the input and valuation techniques used to measure fair value for both recurring and nonrecurring fair value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair value measurements. Except for the detailed Level 3 roll forward disclosures, the disclosures are effective for annual and interim reporting periods beginning after December 15, 2009. The new disclosures about purchases, sales, issuances, and settlements in the roll forward activity for Level 3 fair value measurements are effective for interim and annual reporting periods beginning after December 15, 2010. Management of the Fund is currently evaluating the implications of this Accounting Standards Update and any impacts on the financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Trustees and Shareholders
Evergreen Variable Annuity Trust

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of the Evergreen VA Diversified Capital Builder Fund (the Fund), a series of the Evergreen Variable Annuity Trust, as of December 31, 2009 and the related statement of operations for the year then ended, statements of changes in 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. 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 conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of December 31, 2009 by correspondence with the custodian. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Evergreen VA Diversified Capital Builder Fund as of December 31, 2009, the results of its operations, changes in its net assets and financial highlights for each of the years described above, in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Fund will continue as a going concern. As discussed in note 12 to the financial statements, the Fund's Board of Trustees has decided to cease operations and liquidate the Fund. The financial statements do not include any adjustments that might result from the decision to cease operations and liquidate the Fund.

KPMG LLP

Boston, Massachusetts
February 12, 2010

FEDERAL TAX DISTRIBUTIONS

For corporate shareholders, 43.94% of ordinary income dividends paid during the fiscal year ended December 31, 2009 qualified for the dividends received deduction.

With respect to dividends paid from investment company taxable income during the fiscal year ended December 31, 2009, the Fund designates 22.33% of ordinary income and any short-term capital gain distributions as Qualified Dividend Income in accordance with the Internal Revenue Code. Complete 2009 year-end tax information will be reported on your 2009 Form 1099-DIV, which shall be provided to you in early 2010.

INFORMATION ABOUT THE REVIEW AND APPROVAL OF THE FUND'S INVESTMENT ADVISORY AGREEMENT

Each year, as required by law, the Fund's Board of Trustees determines whether to approve the continuation of the Fund's investment advisory agreements. At an in person meeting on September 23-24, 2009, the Trustees, including a majority of the Trustees who are not "interested persons" (as that term is defined in the 1940 Act) of the Fund or EIMC (the "independent Trustees"), approved the continuation of the Fund's investment advisory agreements. (References below to the "Fund" are to Evergreen VA Diversified Capital Builder Fund; references to the "funds" are to the Evergreen funds generally.)

At the same time, the Trustees considered the continuation of the investment advisory agreements for all of the Evergreen funds. The description below refers in many cases to the Trustees' process for considering, and conclusions regarding, all of the funds' agreements. In all of their deliberations, the Board of Trustees and the independent Trustees were advised by independent counsel to the independent Trustees and counsel to the funds.

The review process. In connection with its review of the funds' investment advisory agreements, the Board of Trustees requests and evaluates, and EIMC and any sub-advisors are required to furnish, such information as the Trustees consider to be reasonably necessary in the circumstances. Over the course of the year preceding their September 2009 meeting, the Trustees regularly reviewed information regarding the investment performance of all of the funds. As part of their ongoing review of investment performance, the Trustees monitored for changes in performance and for the results of any changes in a fund's investment process or investment team. The Trustees paid particular attention to funds whose performance since September 2008 (when the Trustees completed their 2008 review of the funds' investment advisory agreements) indicated short-term or longer-term performance issues and to funds that they had identified during their 2008 review process as having short- or longer-term performance issues.

In spring 2009, a committee of the Board of Trustees (the "Committee"), working with EIMC management, determined generally the types of information the Trustees would review as part of the 2009 review process and set a timeline detailing the information required and the dates for its delivery to the Trustees. The Board engaged the independent data provider Keil Fiduciary Strategies LLC ("Keil") to provide fund-specific and industry-wide data containing information of a nature and in a format generally prescribed by the Committee, and the Committee worked with Keil and EIMC to develop appropriate groups of peer funds for each fund. The Committee also identified a number of expense, performance, and other areas of review and requested specific information as to those areas of review.

The Trustees formed small groups to review individual funds in greater detail. They reviewed, with the assistance of an independent industry consultant that they retained, the information that EIMC and Keil provided. In addition, the Trustees considered information regarding, among other things, the funds' brokerage practices, the funds' use of derivatives, analyst and research support available to the portfolio management teams, risk management practices, and certain fall-out benefits received directly and indirectly by EIMC and its affiliates from the funds. The Trustees requested and received additional information following that review.

In December 2008 Wells Fargo & Company ("Wells Fargo") acquired Wachovia Corporation ("Wachovia"), EIMC's parent company. Wells Fargo and EIMC have taken steps to combine the operations of Wells Fargo's investment management affiliates and EIMC during the past year and have proposed to the Trustees the combination of the mutual fund families managed by them. During the course of the year, and during their review, the Trustees requested and received information about Wells Fargo and its advisory and broker-dealer operations, the status of efforts to combine the Wells Fargo and Evergreen investment management operations, and the effects on the funds and on the services provided by EIMC and its affiliates to the funds. In their deliberations, the Trustees were mindful that it was possible that the proposed combination of the two fund families might be effected during the coming 12-month period.

The Committee met several times by telephone during the 2009 review process to consider the information provided to it. The Committee then met with representatives of EIMC and its affiliates, including Wells Fargo. In addition, during the course of their review, the Trustees discussed the continuation of the funds' advisory agreements with representatives of EIMC, and in meetings with independent legal counsel in multiple private sessions at which no personnel of EIMC were present. At a meeting of the full Board of Trustees held on September 23-24, 2009, the Committee reported the results of its discussions with EIMC. The full Board met with representatives of EIMC and its affiliates and engaged in further review of the materials provided to it, after which the independent Trustees and the full Board approved the continuation of each of the advisory and sub-advisory agreements.

The Trustees' determination to approve the continuation of the advisory and sub-advisory agreements was based on a comprehensive evaluation of all of the information provided to them. In considering the continuation of the agreements, the Trustees did not identify any particular information or consideration that was all-important or controlling, and each Trustee attributed different weights to various factors. The Trustees evaluated information provided to them both in terms of the funds generally and with respect to each fund, including the Fund, specifically as they considered appropriate. Although the Trustees considered the continuation of the agreements for each of the funds as part of the larger process of considering the continuation of the advisory contracts for all of the funds, their determination to continue the advisory agreements for each of the funds was ultimately made on a fund-by-fund basis.

This summary describes a number of the most important, but not necessarily all, of the factors considered by the Board and the independent Trustees.

Information reviewed. The Board of Trustees and committees of the Board of Trustees met periodically during the course of the year. EIMC presented a wide variety of information at those meetings regarding the services it provides for the funds, the investment performance of the funds, and other aspects of the business and operations of the funds. At those meetings, and in the process of considering the continuation of the agreements, the Trustees considered information regarding, for example, the funds' investment results; the portfolio management teams for the funds and the experience of the members of the teams, and any recent changes in the membership of the teams; portfolio trading practices; compliance by the funds and EIMC with applicable laws and regulations and with the funds' and EIMC's compliance policies and procedures; risk evaluation and oversight procedures at EIMC; services provided by affiliates of EIMC to the funds and shareholders of the funds; and other information relating to the nature, extent, and quality of services provided by EIMC. The Trustees considered a number of changes in portfolio management personnel at EIMC and its advisory affiliates in the year since September 2008. The Trustees also considered changes in personnel at the funds and EIMC, including the appointment of a new President of the funds, who also serves as President and Chief Operating Officer of EIMC, and a new Chief Investment Officer of EIMC in August of 2008.

The Trustees considered the rates at which the funds pay investment advisory fees, and the efforts generally by EIMC and its affiliates as sponsors of the funds. The data provided by Keil showed the management fees paid by each fund in comparison to the management fees of other peer mutual funds, in addition to data regarding the investment performance of the funds in comparison to other peer mutual funds. The Trustees were assisted by an independent industry consultant in reviewing the information presented to them.

The Trustees noted that, in certain cases, EIMC and/or its affiliates provide advisory services to other clients that are comparable to the advisory services they provide to certain funds. The Trustees considered the information EIMC provided regarding the rates at which those other clients pay advisory fees to EIMC. Fees charged to those other clients were generally lower than those charged to the respective funds. In respect of these other accounts, EIMC noted that the compliance, reporting, and other legal burdens of providing investment advice to mutual funds generally exceed those required to provide advisory services to non-mutual fund clients such as retirement or pension plans.

The Trustees considered the transfer agency fees paid by the funds to an affiliate of EIMC. They reviewed information presented to them showing that the transfer agency fees charged to the funds were generally consistent with industry norms.

The Trustees also considered that EIMC serves as administrator to the funds and receives a fee for its services as administrator. In their comparison of fees paid by the funds with those paid by other mutual funds, the Trustees considered administrative fees paid by the funds and those other mutual funds. They considered that EIS, an affiliate of EIMC, would serve as distributor to the funds until January 3, 2010, and that Wells Fargo Funds Distributor, LLC, also an affiliate of EIMC, would serve as distributor to the funds beginning on January 4, 2010, and noted that the distributor receives fees from the funds for those services. The Trustees also considered other so-called "fall-out" benefits to EIMC and its affiliates due to their other relationships with the funds, including, for example, soft-dollar services received by EIMC attributable to transactions entered into by EIMC on behalf of the funds and brokerage commissions received by Wells Fargo Advisors, LLC ("Wells Fargo Advisors") (formerly Wachovia Securities, LLC), an affiliate of EIMC, from transactions effected by it for the funds. The Trustees noted that the funds pay sub-transfer agency fees to various financial institutions, including Wells Fargo Advisors and its affiliates, that hold fund shares in omnibus accounts, and that an affiliate of EIMC receives fees for administering the sub-transfer agency payment program. In reviewing the services provided by an affiliate of EIMC, the Trustees noted that the affiliate of EIMC that provides transfer agency services to the funds had won recognition from Dalbar for customer service each year since 1998, and also won recognition from National Quality Review for customer service and for accuracy in processing transactions in 2008. They also considered that Wells Fargo Advisors and its affiliates receive distribution-related fees and shareholder servicing payments (including amounts derived from payments under the funds' Rule 12b-1 plans) in respect of shares sold or held through them and that an affiliate of EIMC receives compensation for serving as a securities lending agent for a number of the funds.

The Trustees considered regulatory actions taken against EIMC or its affiliates in the past year, and on-going reviews of the operations of EIMC and its affiliates as they might affect the funds. They considered the findings of the regulators, the cooperation of EIMC and its affiliates with those regulators and with the Trustees in respect of those actions and reviews, and the remedial steps EIMC and its affiliates have taken in response. They also considered the scope and nature of on-going reviews being conducted by EIMC and its affiliates, and communications to the Trustees relating to those reviews.

Nature and quality of the services provided. The Trustees considered that EIMC and its affiliates generally provide a comprehensive investment management service to the funds. They noted that EIMC formulates and implements an investment program for the Fund. They noted that EIMC makes its personnel available to serve as officers of the funds, and concluded that the reporting and management functions provided by EIMC with respect to the funds were generally satisfactory. The Trustees considered the investment philosophy of the Fund's portfolio management team and the in-house research capabilities of EIMC and its affiliates, as well as other resources available to EIMC, including research services available to it from third parties.

The Trustees considered the managerial and financial resources available to EIMC and its affiliates and the commitment that the Evergreen/Wells Fargo organization has made to the funds generally. They considered assurances from representatives of Wells Fargo that the merger of Wells Fargo and Wachovia and the integration of those firms' advisory and broker-dealer operations was not expected to result in any adverse effect on the funds, on the quality and level of services that EIMC provides to the funds, or on the resources available to the funds and to EIMC, and that Wells Fargo is committed to continue providing the funds with high-quality services.

The Trustees noted the resources EIMC and its affiliates have committed to the regulatory, compliance, accounting, tax and oversight of tax reporting, and shareholder servicing functions, and the number and quality of staff committed to those functions, which they concluded were appropriate and generally in line with EIMC's responsibilities to the Fund and to the funds generally. The Board and the independent Trustees concluded, within the context of their overall conclusions regarding the funds' advisory agreements, that they were generally satisfied with the nature, extent, and quality of the services provided by EIMC, including services provided by EIMC under its administrative services agreements with the funds. They determined that the nature and scope of the services provided by EIMC were consistent with EIMC's duties under the investment advisory agreements and appropriate and consistent with the investment programs and best interests of the funds.

Investment performance. The Trustees considered the investment performance of each fund, both by comparison to other comparable mutual funds and to broad market indices. Although the Trustees considered the performance of all share classes, the Trustees noted that, for the one-, three-, five-, and ten-year periods ended December 31, 2008, the Fund's Class 1 shares had underperformed the broad-based securities index against which the Trustees compared the Fund's performance (a 60%/40% blend of the Russell 1000 Index and the Barclays Capital Aggregate Bond Index), and performed in the fifth quintile of the mutual funds against which the Trustees compared the Fund's performance. The Trustees noted that the Fund's portfolio manager had changed in 2007 and that the new portfolio manager had not yet managed the Fund for a sufficiently long period to allow for definitive conclusions about the new portfolio manager's performance. The Trustees concluded that the remedial measures being undertaken by EIMC in light of the Fund's relative underperformance were at least sufficient to allow the Trustees to continue the Fund's advisory agreement.

The Trustees discussed each fund's performance with representatives of EIMC. In each instance where a fund experienced a substantial period of underperformance relative to its benchmark index and/or the non-Evergreen fund peers against which the Trustees compared the fund's performance, the Trustees considered EIMC's explanation of the reasons for the relative underperformance and the steps being taken to address the relative underperformance. The Trustees emphasized that the continuation of the investment advisory agreement for a fund should not be taken as any indication that the Trustees did not believe investment performance for any specific fund might not be improved, and they noted that they would continue to monitor closely the investment performance of the funds going forward.

Advisory and administrative fees. The Trustees recognized that EIMC does not seek to provide the lowest cost investment advisory service, but to provide a high quality, full-service investment management product at a reasonable price. They also noted that EIMC has in many cases sought to set its investment advisory fees at levels consistent with industry norms. The Trustees noted that, in certain cases, a fund's management fees were higher than many or most other mutual funds in the same Keil peer group. However, in each case, the Trustees determined on the basis of the information presented that the level of management fees was not excessive. The Trustees noted that the management fee paid by the Fund was lower than the management fees paid by all of the mutual funds against which the Trustees compared the Fund's management fee, and that the level of profitability realized by EIMC in respect of the fee did not appear excessive.

Economies of scale. The Trustees noted the possibility that economies of scale would be achieved by EIMC in managing the funds as the funds grow. They reviewed the breakpoints in the Fund's advisory fee structure, which operate generally to reduce the effective management fee rate of the Fund (as a percentage of Fund assets) as the Fund grows in size. They considered that, as a fund shrinks in size, breakpoints result in increasing fee levels. The Trustees noted that they would continue to review the appropriate levels of breakpoints in the future, and concluded that the breakpoints as implemented appeared to be a reasonable step toward the realization of economies of scale by the Fund.

Profitability. The Trustees considered information provided to them regarding the profitability to the EIMC organization of the investment advisory, administration, and transfer agency (with respect to the open-end funds only) fees paid to EIMC and its affiliates by each of the funds. They considered that the information provided to them was necessarily estimated, and that the profitability information provided to them, especially on a fund-by-fund basis, did not necessarily provide a definitive tool for evaluating the appropriateness of each fund's advisory fee. They noted that the levels of profitability of the funds to EIMC varied widely, depending on, among other things, the size and type of fund. They considered the profitability of the funds in light of such factors as, for example, the information they had received regarding the relation of the fees paid by the funds to those paid by other mutual funds, the investment performance of the funds, and the amount of revenues involved. In light of these factors, the Trustees concluded that the profitability to EIMC of the services provided to any of the funds, individually or in the aggregate, should not prevent the Trustees from approving the continuation of the agreements.

TRUSTEES[1]

K. Dun Gifford Trustee DOB: 10/23/1938 Term of office since: 1974 Other directorships: None	Chairman and President, Oldways Preservation and Exchange Trust (education); Trustee, Member of the Executive Committee, Former Chairman of the Finance Committee, and Former Treasurer, Cambridge College
Dr. Leroy Keith, Jr. Trustee DOB: 2/14/1939 Term of office since: 1983 Other directorships: Trustee, Phoenix Fund Complex (consisting of 46 portfolios as of 12/31/2009)	Chairman, Bloc Global Services (development and construction); Former Managing Director, Almanac Capital Management (commodities firm); Trustee, Phoenix Fund Complex; Director, Diversapack Co. (packaging company); Former Partner, Stonington Partners, Inc. (private equity fund); Former Director, Obagi Medical Products Co.
Carol A. Kosel Trustee DOB: 12/25/1963 Term of office since: 2008 Other directorships: None	Former Consultant to the Evergreen Boards of Trustees; Former Vice President and Senior Vice President, Evergreen Investments, Inc.; Former Treasurer, Evergreen Funds; Former Treasurer, Vestaur Securities Fund
Gerald M. McDonnell Trustee DOB: 7/14/1939 Term of office since: 1988 Other directorships: None	Consultant, Rock Hill Metals Consultants LLC (Metals Consultant to steel industry); Former Manager of Commercial Operations, CMC Steel (steel producer)
Patricia B. Norris Trustee DOB: 4/9/1948 Term of office since: 2006 Other directorships: None	President and Director of Buckleys of Kezar Lake, Inc. (real estate company); Former President and Director of Phillips Pond Homes Association (home community); Former Partner, PricewaterhouseCoopers, LLP (independent registered public accounting firm)
William Walt Pettit[2] Trustee DOB: 8/26/1955 Term of office since: 1988 Other directorships: None	Director, Rogers, Townsend & Thomas, PC (law firm); Director, Superior Packaging Corp. (packaging company); Member, Superior Land, LLC (real estate holding company), Member, K&P Development, LLC (real estate development); Former Vice President, Kellam & Pettit, P.A. (law firm); Former Director, National Kidney Foundation of North Carolina, Inc. (non-profit organization)
David M. Richardson Trustee DOB: 9/19/1941 Term of office since: 1982 Other directorships: None	President, Richardson, Runden LLC (executive recruitment advisory services); Director, J&M Cumming Paper Co. (paper merchandising); Former Trustee, NDI Technologies, LLP (communications); Former Consultant, AESC (The Association of Executive Search Consultants)
Russell A. Salton III, MD Trustee DOB: 6/2/1947 Term of office since: 1984 Other directorships: None	President/CEO, AccessOne MedCard, Inc.
Michael S. Scofield Trustee DOB: 2/20/1943 Term of office since: 1984 Other directorships: None	Retired Attorney, Law Offices of Michael S. Scofield; Former Director and Chairman, Branded Media Corporation (multi-media branding company)

Richard J. Shima Trustee DOB: 8/11/1939 Term of office since: 1993 Other directorships: None	Independent Consultant; Director, Hartford Hospital; Trustee, Greater Hartford YMCA; Former Director, Trust Company of CT; Former Trustee, Saint Joseph College (CT)
Richard K. Wagoner, CFA[3] Trustee DOB: 12/12/1937 Term of office since: 1999 Other directorships: None	Member and Former President, North Carolina Securities Traders Association; Member, Financial Analysts Society

OFFICERS

W. Douglas Munn[4] President DOB: 4/21/1963 Term of office since: 2009	Principal occupations: President and Chief Executive Officer, Evergreen Investment Company, Inc.; Chief Operating Officer, Wells Fargo Funds Management, LLC; Former Chief Operating Officer, Evergreen Investment Company, Inc.
Jeremy DePalma[4] Treasurer DOB: 2/5/1974 Term of office since: 2005	Principal occupations: Senior Vice President, Evergreen Investment Management Company, LLC; Assistant Treasurer, Wells Fargo Advantage Funds; Former Vice President, Evergreen Investment Services, Inc.; Former Assistant Vice President, Evergreen Investment Services, Inc.
Michael H. Koonce[4] Secretary DOB: 4/20/1960 Term of office since: 2000	Principal occupations: Managing Counsel, Wells Fargo & Company; Secretary and Senior Vice President, Alternative Strategies Brokerage Services, Inc.; Evergreen Investment Services, Inc.; Secretary and Senior Vice President, Evergreen Investment Management Company, LLC and Evergreen Service Company, LLC
Robert Guerin[4] Chief Compliance Officer DOB: 9/20/1965 Term of office since: 2007	Principal occupations: Chief Compliance Officer, Evergreen Funds and Senior Vice President of Evergreen Investment Company, Inc.; Compliance Manager, Wells Fargo Funds Management Group; Former Managing Director and Senior Compliance Officer, Babson Capital Management LLC; Former Principal and Director, Compliance and Risk Management, State Street Global Advisors; Former Vice President and Manager, Sales Practice Compliance, Deutsche Asset Management

1 Each Trustee serves until a successor is duly elected or qualified or until his or her death, resignation, retirement or removal from office. Each Trustee oversaw 74 Evergreen funds as of December 31, 2009. Correspondence for each Trustee may be sent to Evergreen Board of Trustees, P.O. Box 20083, Charlotte, NC 28202.

2 It is possible that Mr. Pettit may be viewed as an "interested person" of the Evergreen funds, as defined in the 1940 Act, because of his law firm's previous representation of affiliates of Wells Fargo & Company ("Wells Fargo"), the parent to the Evergreen funds' investment advisor, EIMC. The Trustees are treating Mr. Pettit as an interested trustee for the time being.

3 Mr. Wagoner is an "interested person" of the Evergreen funds because of his ownership of shares in Wells Fargo & Company, the parent to the Evergreen funds' investment advisor.

4 The address of the Officer is 200 Berkeley Street, Boston, MA 02116.

Additional information about the Fund's Board of Trustees and Officers can be found in the Statement of Additional Information (SAI) and is available upon request without charge by calling 800.343.2898.

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- **Excellence** — Our investments are built for long-term performance, through strategies designed in an effort to outperform their benchmarks and peers over a full market cycle.
- **Experience** — Our investment teams operate independently, performing their own original research, across a full range of investment disciplines.
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MUTUAL FUNDS

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