

Franklin VIPT Income VIP Fund — Class 2

Investment Strategy from investment's prospectus

The investment seeks to maximize income while maintaining prospects for capital appreciation. The fund invests in a diversified portfolio of debt and equity securities. It may shift its investments from one asset class to another based on the investment manager's analysis of the best opportunities for the fund's portfolio in a given market. The fund may invest up to 100% of its total assets in debt securities that are rated below investment grade (also known as "junk bonds"), including a portion in defaulted securities. It may also invest up to 25% of its assets in foreign securities, either directly or through depository receipts.

Past name: Franklin Income Securities C12.

Category Description: Allocation—30% to 50% Equity

Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 30% and 50%.

Operations

Fund Inception Date	01-06-99
Initial Share Class Inception Date	01-24-89
Advisor	Franklin Advisers, Inc.
Subadvisor	—

Fees and Expenses as of 05-01-22

Gross Prospectus Expense Ratio	0.72%
Net Prospectus Expense Ratio	0.72%

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

Edward D. Perks, CFA. B.A., Yale University. Since 2002.
Todd Brighton. Since 2017.

Portfolio Analysis as of 02-28-23

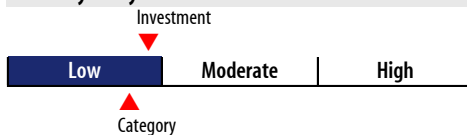
Composition as of 02-28-23



Top 20 Holdings as of 02-28-23

	% Assets
United States Treasury Notes 2.875% 05-15-32	3.76
United States Treasury Notes 2.75% 08-15-32	2.15
Texas Instruments Inc	1.96
United States Treasury Notes 4.375% 10-31-24	1.87
Franklin IFT Money Market	1.63
Lockheed Martin Corp	1.34
Chevron Corp	1.26
Community Health Systems Incorporated 8% 03-15-26	1.23
Community Health Systems Incorporated 6.875% 04-15-29	1.15
JPMorgan Chase & Co	1.08
United States Treasury Bonds 3% 08-15-52	1.06
Broadcom Inc	0.99
Royal Bk Cda Pfd 0% 05-19-23	0.96
Bank of America Corp	0.94
Morgan Stanley	0.94
Royal Bank of Canada 0% 09-22-23	0.94
United Parcel Service Inc Class B	0.91
Tenet Healthcare Corporation 6.25% 02-01-27	0.89
Exxon Mobil Corp	0.86
B.A.T. Capital Corporation 3.557% 08-15-27	0.86
Total Number of Stock Holdings	44
Total Number of Bond Holdings	182
Annual Turnover Ratio %	64.51
Total Fund Assets (\$mil)	3,169.50

Volatility Analysis



In the past, this investment has shown a relatively small range of fluctuations relative to other investments. Based on this measure, currently more than two thirds of all investments have shown higher levels of risk. Consequently, this investment may appeal to investors looking for a conservative investment strategy.

Morningstar Style Box™ as of 02-28-23(EQ); 12-31-22(F-I)



Statistics as of 02-28-23	Stk Port Avg	S&P 500	Category
P/E Ratio	12.32	18.64	16.17
P/B Ratio	2.20	3.42	2.64
P/C Ratio	7.19	11.19	9.17
GeoAvgCap(\$mil)	147,990.19	188,808.39	102,756.12

Risk Measures as of 03-31-23	Port Avg	S&P 500	Category
3 Yr Std Dev	11.05	19.23	10.07
3 Yr Sharpe Ratio	0.91	0.92	0.49
3 Yr Alpha	3.87	—	-0.97
3 Yr Beta	0.80	—	0.76
3 Yr R-squared	85.80	—	94.31

Morningstar Sectors as of 02-28-23

	%Fund	S&P 500 %
Cyclical	26.47	27.88
Basic Materials	3.19	2.38
Consumer Cyclical	3.94	10.41
Financial Services	19.34	12.45
Real Estate	0.00	2.64
Sensitive	40.13	47.81
Communication Services	1.94	8.11
Energy	13.78	4.61
Industrials	11.98	8.43
Technology	12.43	26.66
Defensive	33.41	24.31
Consumer Defensive	5.55	7.18
Healthcare	9.11	14.27
Utilities	18.75	2.86

Notes

This material is authorized for client use only when preceded or accompanied by a Disclosure Statement, a product prospectus, a fund prospectus and/or informational brochure containing more complete information. These can be obtained from your investment professional and should be read carefully before investing or sending money.

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