

Templeton Global Bond VIP Fund — Class 1

Investment Strategy from investment's prospectus

The investment seeks high current income consistent with preservation of capital; capital appreciation is a secondary objective. Under normal market conditions, the fund invests at least 80% of its net assets in "bonds." Bonds include debt securities of any maturity, such as bonds, notes, bills and debentures. The fund invests predominantly in bonds issued by governments, government-related entities and government agencies located around the world. Under normal market conditions, the Advisor expects to invest at least 40% of its net assets in foreign securities, and may invest without limit in emerging or developing markets. It is non-diversified.

Past name: Templeton Global Bond Sec C11.

Category Description: World Bond

World-bond portfolios typically invest 40% or more of their assets in foreign bonds. These portfolios invest primarily in investment-grade rated issues, but their strategies can vary. Some follow a conservative approach, sticking with high-quality bonds from developed markets and/or hedging foreign currency exposure back to the U.S. dollar. Others are more adventurous, owning some lower-quality bonds from developed or emerging markets and/or taking meaningful foreign currency risk. Some portfolios invest exclusively outside the U.S., while others regularly invest in both U.S. and non-U.S. bonds.

Operations

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

Fees and Expenses as of 05-01-18

Gross Prospectus Expense Ratio	0.60%
Net Prospectus Expense Ratio	0.53%

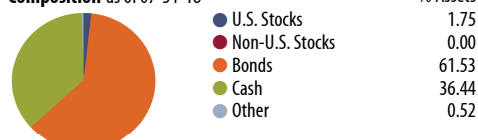
Waiver Data	Type	Exp.Date	%
Expense Ratio	Contractual	04-30-19	0.07

Portfolio Manager(s)

Michael J. Hasenstab, Ph.D., Australian National University. B.A., Carleton College. Since 2001.
 Sonal Desai, Ph.D., Northwestern University (Kellogg). B.A., Delhi University, New Delhi. Since 2011.

Portfolio Analysis as of 07-31-18

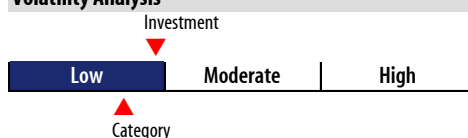
Composition as of 07-31-18



Top 20 Holdings as of 07-31-18

Security	% Assets
Mexico (United Mexican States) 0% 07-04-19	6.01
Mexico (United Mexican States) 0% 05-23-19	5.41
Brazil (Federative Republic) 9.76% 01-01-23	4.57
Mexico (United Mexican States) 5% 12-11-19	3.21
Mexico (United Mexican States) 6.5% 06-10-21	3.19
The Republic of Korea 1.75% 12-10-18	3.19
Bank of Korea 2.06% 12-02-19	2.46
Argentina (Republic of) 15.5% 10-17-26	1.80
Republic of Colombia 7.75% 09-18-30	1.72
India (Republic of) 8.83% 11-25-23	1.49
India (Republic of) 9.15% 11-14-24	1.23
Secretaria Tesouro Nacional 9.76% 01-01-27	1.11
India (Republic of) 7.8% 04-11-21	0.96
Republic of Colombia 7.5% 08-26-26	0.94
Argentina (Republic of) 16% 10-17-23	0.90
Secretaria Tesouro Nacional 0% 07-01-20	0.89
India (Republic of) 8.08% 08-02-22	0.87
United States Treasury Bills 0% 02-28-19	0.85
Secretaria Tesouro Nacional 0% 07-01-19	0.85
Indonesia Republic 12.8% 06-15-21	0.85
Total Number of Stock Holdings	13
Total Number of Bond Holdings	100
Annual Turnover Ratio %	37.97
Total Fund Assets (\$mil)	2,975.76

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 07-31-18

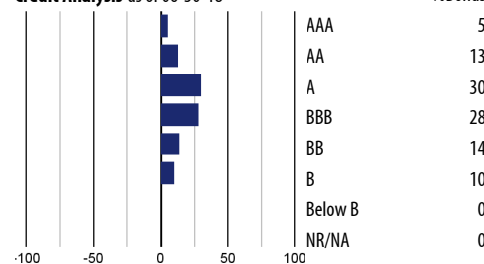
Not Available	Average Effective Duration	-1.19
	Average Effective Maturity	2.45

Risk Measures as of 09-30-18	Port Avg	BC Aggr	Category
3 Yr Std Dev	5.99	2.66	4.96
3 Yr Sharpe Ratio	0.31	0.16	0.41
3 Yr Alpha	2.07	—	1.30
3 Yr Beta	-0.45	—	0.98
3 Yr R-squared	4.12	—	38.91

Morningstar Sectors as of 07-31-18

Sector	%Fund	%Category
Government	62.80	50.78
Corporate	0.00	14.40
Securitized	0.00	6.14
Municipal	0.00	0.02
Cash and Equivalents	37.20	21.64
Other	0.00	7.03

Credit Analysis as of 06-30-18



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