

Release Date: 12-31-2018

# Franklin Founding Funds Allocation VIP Fund — Class 2

## Investment Strategy from investment's prospectus

The investment seeks capital appreciation; income is a secondary objective. The fund is a "fund of funds" meaning that it seeks to achieve its investment goals by investing its assets in a combination of Class 1 shares of the Franklin Income VIP Fund, Franklin Mutual Shares VIP Fund and Templeton Growth VIP Fund (underlying funds). It makes equal allocations to each of the underlying funds on a fixed percentage basis.

Past name: Franklin Templeton VIP Fdng Fds Allc Cl2.

## Category Description: Allocation—70% to 85% 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 70% and 85%.

## Operations

Fund Inception Date	07-02-07
Initial Share Class Inception Date	07-02-07
Advisor	Franklin Templeton Services LLC
Subadvisor	—

## Fees and Expenses as of 05-01-18

Gross Prospectus Expense Ratio	1.03%
Net Prospectus Expense Ratio	1.01%

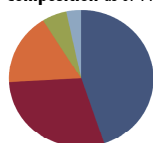
Waiver Data	Type	Exp.Date	%
Expense Ratio	Contractual	04-30-19	0.02

## Portfolio Manager(s)

T. Anthony Coffey, CFA. M.B.A., University of California Los Angeles. B.A., Harvard University. Since 2007.

## Portfolio Analysis as of 11-30-18

### Composition as of 11-30-18

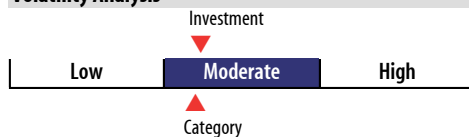


	% Assets
U.S. Stocks	45.01
Non-U.S. Stocks	29.29
Bonds	17.09
Cash	5.55
Other	3.36

### Top 3 Holdings as of 11-30-18

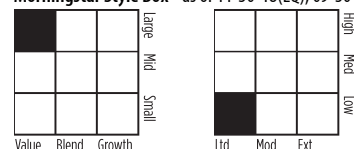
	% Assets
Franklin Mutual Shares VIP 1	33.46
Templeton Growth VIP 1	33.21
Franklin Income VIP 1	33.20
Total Number of Stock Holdings	—
Total Number of Bond Holdings	—
Annual Turnover Ratio %	1.28
Total Fund Assets (\$mil)	846.88

## Volatility Analysis



In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

## Morningstar Style Box™ as of 11-30-18(EQ); 09-30-18(F-I)



## Statistics as of 11-30-18

	Stk Port Avg	S&P 500	Category
P/E Ratio	12.45	14.35	15.67
P/B Ratio	1.43	2.73	2.32
P/C Ratio	5.78	11.79	8.54
GeoAvgCap(\$mil)	50,942.56	93,688.30	50,103.73

## Risk Measures as of 12-31-18

	Port Avg	S&P 500	Category
3 Yr Std Dev	9.44	10.95	9.22
3 Yr Sharpe Ratio	0.41	0.76	0.47
3 Yr Alpha	-2.67	—	-2.21
3 Yr Beta	1.37	—	1.34
3 Yr R-squared	84.39	—	87.24

## Morningstar Sectors as of 11-30-18

	%Fund	S&P 500 %
Cyclical	34.04	32.63
Basic Materials	3.02	2.56
Consumer Cyclical	6.67	11.82
Financial Services	23.05	15.83
Real Estate	1.30	2.42
Sensitive	37.36	40.71
Communication Services	7.78	3.58
Energy	11.58	5.32
Industrials	6.85	9.92
Technology	11.15	21.89
Defensive	28.61	26.65
Consumer Defensive	8.55	7.85
Healthcare	16.30	15.46
Utilities	3.76	3.34

## Notes

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