

Release Date: 03-31-2019

Templeton Global Bond VIP Fund — Class 2

Investment Strategy from investment's prospectus

The investment seeks high current income consistent with preservation of capital; capital appreciation is a secondary objective. For purposes of pursuing its investment goals, the fund regularly enters into various currency related transactions involving derivative instruments, principally currency and cross currency forwards, but it may also use currency and currency index futures contracts and currency options. The fund maintains extensive positions in currency related derivative instruments as a hedging technique or to implement a currency investment strategy. It is non-diversified.

Past name: Templeton Global Bond Sec C12.

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	01-06-99
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	0.85%
Net Prospectus Expense Ratio	0.78%

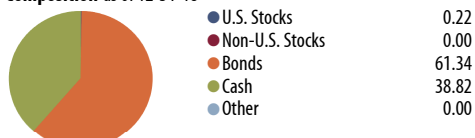
Waiver Data	Type	Exp.Date	%
Expense Ratio	Contractual	04-30-19	0.07

Portfolio Manager(s)

Michael J. Hasenstab, Ph.D., Australian National University. B.A., Carleton College. Since 2001.
 Calvin Ho, Ph.D., University of California Berkeley. B.A., University of California Berkeley. Since 2018.

Portfolio Analysis as of 12-31-18

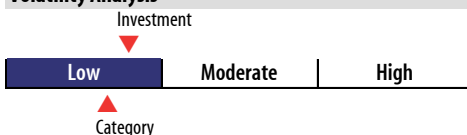
Composition as of 12-31-18



Top 20 Holdings as of 12-31-18

Security	% Assets
Mexico (United Mexican States) 0% 07-04-19	6.11
Mexico (United Mexican States) 0% 05-23-19	5.54
Brazil (Federative Republic) 9.76% 01-01-23	4.83
Mexico (United Mexican States) 5% 12-11-19	3.16
Mexico (United Mexican States) 6.5% 06-10-21	3.09
Bank of Korea 2.06% 12-02-19	2.82
Bank of Korea 1.85% 10-02-19	1.85
Republic of Colombia 7.75% 09-18-30	1.59
India (Republic of) 8.83% 11-25-23	1.56
Secretaria Tesouro Nacional 9.76% 01-01-27	1.41
Korea Monetary Stabilization B 11-09-19	1.40
India (Republic of) 9.15% 11-14-24	1.29
Argentina (Republic of) 15.5% 10-17-26	1.14
India (Republic of) 7.8% 04-11-21	0.99
Bank of Korea 2.05% 10-05-20	0.97
Secretaria Tesouro Nacional 0% 07-01-20	0.94
India (Republic of) 8.08% 08-02-22	0.90
Secretaria Tesouro Nacional 0% 07-01-19	0.88
Indonesia (Republic of) 12.8% 06-15-21	0.87
Republic of Colombia 7.5% 08-26-26	0.86
Total Number of Stock Holdings	2
Total Number of Bond Holdings	102
Annual Turnover Ratio %	18.22
Total Fund Assets (\$mil)	2,948.37

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 12-31-18

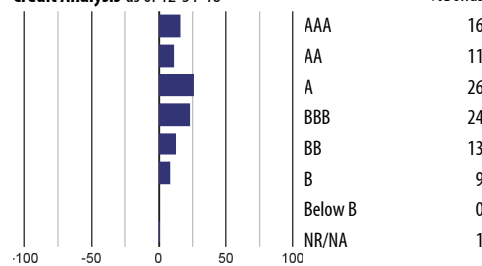
Not Available	Average Effective Duration	-1.41
	Average Effective Maturity	2.08

Risk Measures as of 03-31-19	Port Avg	BC Aggr	Category
3 Yr Std Dev	5.29	2.97	4.62
3 Yr Sharpe Ratio	0.37	0.26	0.32
3 Yr Alpha	2.40	—	0.32
3 Yr Beta	-0.54	—	0.85
3 Yr R-squared	9.03	—	41.57

Morningstar Sectors as of 12-31-18

	%Fund	%Category
Government	60.34	60.34
Corporate	0.90	12.23
Securitized	0.00	6.20
Municipal	0.00	0.02
Cash and Equivalents	38.76	13.88
Other	0.00	7.34

Credit Analysis as of 12-31-18



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.

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