

Release Date: 12-31-2018

Templeton Global Bond VIP Fund — Class Z

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 Cl2.

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%

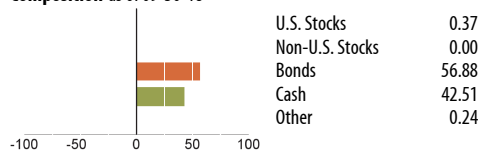
Waiver Data	Type	Exp.Date	%
Expense Ratio	Contractual	04-30-19	0.07

Portfolio Manager(s)

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

Portfolio Analysis as of 09-30-18

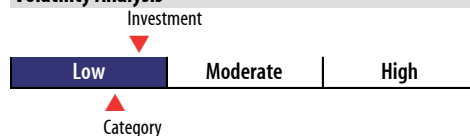
Composition as of 09-30-18



Top 20 Holdings as of 09-30-18

Security	% Assets
Mexico (United Mexican States) 0% 07-04-19	6.18
Mexico (United Mexican States) 0% 05-23-19	5.57
Brazil (Federative Republic) 9.76% 01-01-23	4.23
Mexico (United Mexican States) 5% 12-11-19	3.27
Mexico (United Mexican States) 6.5% 06-10-21	3.25
Bank of Korea 2.06% 12-02-19	2.52
Republic of Colombia 7.75% 09-18-30	1.70
India (Republic of) 8.83% 11-25-23	1.43
India (Republic of) 9.15% 11-14-24	1.17
Secretaria Tesouro Nacional 9.76% 01-01-27	1.09
Argentina (Republic of) 15.5% 10-17-26	1.00
Republic of Colombia 7.5% 08-26-26	0.93
India (Republic of) 7.8% 04-11-21	0.92
United States Treasury Bills 0% 02-28-19	0.87
Secretaria Tesouro Nacional 0% 07-01-20	0.85
India (Republic of) 8.08% 08-02-22	0.83
Indonesia (Republic of) 12.8% 06-15-21	0.82
Secretaria Tesouro Nacional 0% 07-01-19	0.81
India (Republic of) 8.15% 06-11-22	0.76
Mexico (United Mexican States) 8% 06-11-20	0.69
Total Number of Stock Holdings	5
Total Number of Bond Holdings	105
Annual Turnover Ratio %	37.97
Total Fund Assets (\$mil)	3,007.11

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 09-30-18

Not Available

Average Effective Duration	-1.24
Average Effective Maturity	2.27

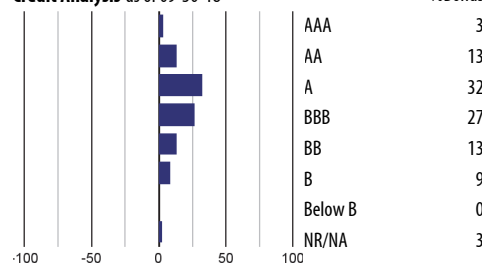
Risk Measures as of 12-31-18

Metric	Port Avg	BC Aggr	Category
3 Yr Std Dev	5.59	2.88	4.90
3 Yr Sharpe Ratio	0.23	0.34	0.43
3 Yr Alpha	1.80	—	0.84
3 Yr Beta	-0.53	—	0.92
3 Yr R-squared	7.43	—	40.42

Morningstar Sectors as of 09-30-18

Sector	%Fund	%Category
Government	55.46	69.93
Corporate	1.53	13.78
Securitized	0.00	6.01
Municipal	0.00	0.03
Cash and Equivalents	43.01	3.90
Other	0.00	6.35

Credit Analysis as of 09-30-18



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.

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