Franklin VIPT Strategic Income VIP Fund — Class 2

Investment Strategy from investment's prospectus

The investment seeks a high level of current income; long-term capital appreciation is the secondary objective. The fund invests its assets primarily to predominantly in U.S. and foreign debt securities, including those in emerging markets. It may in

Past name: Franklin Strategic Income Securities Cl2.

Category Description: Multisector Bond

Multisector-bond portfolios seek income by diversifying their assets among several fixed-income sectors, usually U.S. government obligations, U.S. corporate bonds, foreign bonds, and high-yield U.S. debt securities. These portfolios typically hold 35% to 65% of bond assets in securities that are not rated or are rated by a major agency such as Standard & Poor's or Moody's at the level of BB (considered speculative for taxable bonds) and below.

Operations

Fund Inception Date		05-15-01
Initial Share Class Inception Date		07-01-99
Advisor	Franklin Advisers, Inc.	
Subadvisor	—	

Fees and Expenses as of 08-16-23

Gross Prospectus Expense Ratio	1.1200%
Net Prospectus Expense Ratio	1.0600%

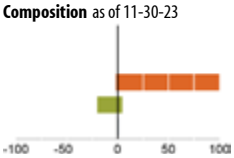
Waiver Data	Type	Exp.Date	%
Management Fee	Contractual		0.06

Portfolio Manager(s)

Patricia O'Connor, CPA. M.B.A., University of Chicago. B.S., Lehigh University. Since 2016.
Sonal Desai. Ph.D., Northwestern University (Kellogg). B.A., Delhi University, New Delhi. Since 2018.

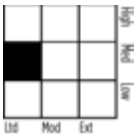
Portfolio Analysis as of 11-30-23

Composition as of 11-30-23



	% Net
U.S. Stocks	0.02
Non-U.S. Stocks	0.00
Bonds	114.44
Cash	-15.40
Other	0.94

Morningstar Style Box™ as of 11-30-23



Average Effective Duration	4.16
Average Effective Maturity	5.31

Top 0 Holdings as of 11-30-23	% Assets
2 Year Treasury Note Future Mar 24 03-28-24	7.83
United States Treasury Notes 4% 02-15-26	3.91
United States Treasury Notes 1.5% 02-15-25	3.30
Franklin Floating Rate A Usd Acc	3.29
Franklin IFT Money Market	2.53
Federal Home Loan Mortgage Corp. 4.5% 08-01-52	1.95
Federal National Mortgage Association 5.5% 12-01-53	1.82
10 Year Treasury Note Future Mar 24 03-19-24	1.69
Ultra 10 Year US Treasury Note Future Mar 24 03-19-24	1.63
5 Year Treasury Note Future Mar 24 03-28-24	1.40
United States Treasury Notes 3.875% 11-30-27	1.37
United States Treasury Notes 2.75% 07-31-27	1.28
United States Treasury Notes 0.625% 01-15-26	1.22
United States Treasury Notes 3.875% 01-15-26	1.19
United States Treasury Notes 4.125% 01-31-25	1.14
United States Treasury Notes 4.375% 10-31-24	1.04
Federal Home Loan Mortgage Corp. 2% 03-01-52	1.02
Federal Home Loan Mortgage Corp. 5.5% 11-01-52	1.01
Federal National Mortgage Association 6% 08-01-53	1.00
United States Treasury Notes 1.75% 12-31-24	0.98

Total Number of Stock Holdings	2
Total Number of Bond Holdings	445
Annual Turnover Ratio %	63.64
Total Fund Assets ($mil)	292.05

Risk Measures as of 12-31-23	Port Avg	BC Aggr	Category
3 Yr Std Dev	6.12	7.24	6.10
3 Yr Sharpe Ratio	-0.46	-0.78	-0.34
3 Yr Alpha	1.48	—	1.70
3 Yr Beta	0.76	—	0.70
3 Yr R-squared	82.11	—	67.29

Morningstar Sectors as of 11-30-23	%Fund	%Category
Government	28.62	31.42
Corporate	47.93	34.42
Securitized	14.47	25.60
Municipal	0.00	0.32
Cash and Equivalents	2.77	7.91
Other	6.21	0.33

Credit Analysis as of 09-30-23

	%Bonds
AAA	5
AA	33
A	10
BBB	17
BB	15
B	12
Below B	2
NR/NA	6

Volatility Analysis

Investment

Low	Moderate	High

Category

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.

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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