

Franklin VIPT US Government Securities VIP Fund — Class 2

Investment Strategy from investment's prospectus

The investment seeks income. The fund normally invests at least 80% of its net assets in U.S. government securities. It invests primarily to predominantly in fixed rate and variable rate mortgage-backed securities, a significant to substantial amount

Past name: Franklin US Government C12.

Category Description: Intermediate Government

Intermediate-government funds concentrate on bonds backed by the U.S. government or by government-linked agencies. This backing minimizes the credit risk of these funds, as the U.S. government is unlikely to default on its debt. These funds have durations typically between 3.5 and six years. Consequently, the group's performance—and its level of volatility—tends to fall between that of the short government and long government bond categories.

Operations

Fund Inception Date	01-06-99
Initial Share Class Inception Date	03-14-89
Advisor	Franklin Advisers, Inc.
Subadvisor	—

Fees and Expenses as of 08-16-23

Gross Prospectus Expense Ratio	.7600%
Net Prospectus Expense Ratio	.7600%

Waiver Data	Type	Exp.Date	%
—	—	—	—

Portfolio Manager(s)

Paul Varunok. Since 2004.
Neil Dhruv. Since 2019.

Portfolio Analysis as of 02-29-24

Composition as of 02-29-24

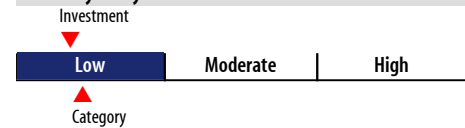


Top 0 Holdings as of 02-29-24

Security	% Assets
United States Treasury Notes 2.25%	5.83
Government National Mortgage Association 2.5%	4.67
United States Treasury Notes 2.375%	3.99
Federal National Mortgage Association 2.5%	2.96
Government National Mortgage Association 3%	2.95
Federal Home Loan Mortgage Corp. 4.5%	2.52
Government National Mortgage Association 3%	2.52
Federal Home Loan Mortgage Corp. 5%	2.50
Federal Home Loan Mortgage Corp. 5.5%	2.50
Federal National Mortgage Association 4%	2.48
Government National Mortgage Association 3.5%	2.48
Government National Mortgage Association 3%	2.40
Government National Mortgage Association 3%	2.30
Federal National Mortgage Association 6%	2.12
Federal National Mortgage Association 3%	1.92
Israel (State Of) 5.5%	1.87
Federal Home Loan Banks 2.625%	1.80
Government National Mortgage Association 2.5%	1.65
Government National Mortgage Association 2%	1.60
Government National Mortgage Association 2.5%	1.53

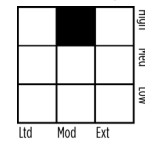
Total Number of Stock Holdings	—
Total Number of Bond Holdings	703
Annual Turnover Ratio %	12.86
Total Fund Assets (\$mil)	544.39

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 02-29-24



Average Effective Duration	4.53
Average Effective Maturity	5.90

Risk Measures as of 03-31-24

Metric	Port Avg	BC Aggr	Category
3 Yr Std Dev	5.93	7.24	6.63
3 Yr Sharpe Ratio	-0.88	-0.72	-0.87
3 Yr Alpha	-1.02	—	-0.97
3 Yr Beta	0.80	—	0.90
3 Yr R-squared	97.04	—	95.22

Morningstar Sectors as of 02-29-24

Sector	%Fund	%Category
Government	14.92	54.34
Corporate	1.04	0.78
Securitized	75.23	41.62
Municipal	0.00	0.00
Cash and Equivalents	8.81	3.16
Other	0.00	0.09

Credit Analysis as of 12-31-23

Rating	%Bonds
AAA	0
AA	93
A	0
BBB	0
BB	0
B	0
Below B	0
NR/NA	7

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