

Franklin VIPT Small Cap Value VIP Fund — Class 2

Investment Strategy from investment's prospectus

The investment seeks long-term total return. The fund invests at least 80% of its net assets in investments of small-capitalization (small-cap) companies. It generally invests in equity securities that the fund's investment manager believes are undervalued at the time of purchase and have the potential for capital appreciation. The fund invests predominantly in common stocks. It may invest up to 25% of its total assets in foreign securities.

Past name: Franklin Small Cap Value Securities C12.

Category Description: Small Value

Small-value funds invest in small-caps with valuations and growth rates below other small-cap peers. They tend to invest in manufacturing, financial and energy sectors.

Operations

Fund Inception Date	01-06-99
Initial Share Class Inception Date	05-01-98
Advisor	Franklin Mutual Advisers, LLC
Subadvisor	—

Fees and Expenses as of 05-01-21

Gross Prospectus Expense Ratio	0.93%
Net Prospectus Expense Ratio	0.93%

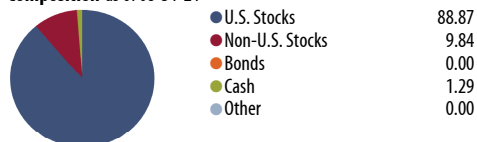
Waiver Data	Type	Exp.Date	%

Portfolio Manager(s)

Steven B. Raineri. M.B.A., Fordham University. B.B.A., Bernard Baruch College. Since 2012.
Christopher Meeker, CFA. B.A., Hobart College. Since 2015.

Portfolio Analysis as of 08-31-21

Composition as of 08-31-21



Top 20 Holdings as of 08-31-21

Company	% Assets
The Hanover Insurance Group Inc	2.92
Avient Corp	2.61
The Timken Co	2.54
Jack In The Box Inc	2.51
Summit Materials Inc A	2.44
Old Republic International Corp	2.35
Ashland Global Holdings Inc	2.29
Knowles Corp	2.27
Greenbrier Companies Inc	2.17
ACI Worldwide Inc	2.15
Hilton Grand Vacations Inc	2.12
Crescent Point Energy Corp	2.10
Horace Mann Educators Corp	2.09
WillScot Mobile Mini Holdings Corp	2.08
Rexnord Corp	1.98
NetScout Systems Inc	1.97
UFP Industries Inc	1.94
Glanbia PLC	1.91
Minerals Technologies Inc	1.88
Denny's Corp	1.85
Total Number of Stock Holdings	90
Total Number of Bond Holdings	—
Annual Turnover Ratio %	69.40
Total Fund Assets (\$mil)	1,361.45

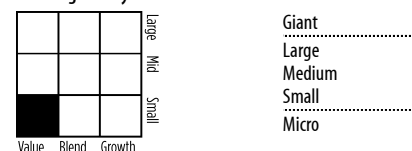
Volatility Analysis



Category

In the past, this investment has shown a wide range of price fluctuations relative to other investments. This investment may experience significant price increases in favorable markets or undergo large price declines in adverse markets. Some of this risk may be offset by owning other investments that follow different investment strategies.

Morningstar Style Box™ as of 08-31-21



Statistics as of 08-31-21

Statistic	Stk Port Avg	S&P 500
P/E Ratio	11.99	20.14
P/B Ratio	1.59	3.86
P/C Ratio	8.53	14.23
GeoAvgCap(\$mil)	3,079.39	201,739.88

Risk Measures as of 09-30-21

Metric	Port Avg	S&P 500
3 Yr Std Dev	25.36	18.81
3 Yr Sharpe Ratio	0.46	0.83
3 Yr Alpha	-7.12	—
3 Yr Beta	1.20	—
3 Yr R-squared	79.80	—

Morningstar Sectors as of 08-31-21

Sector	%Fund
Cyclical	52.63
Basic Materials	14.83
Consumer Cyclical	15.48
Financial Services	21.35
Real Estate	0.97
Sensitive	39.82
Communication Services	0.00
Energy	3.62
Industrials	27.05
Technology	9.15
Defensive	7.53
Consumer Defensive	2.51
Healthcare	2.47
Utilities	2.55

Notes

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NOT A DEPOSIT — NOT FDIC INSURED — NOT INSURED BY AI FEDERAL GOVERNMENT AGENCY — NOT GUARANTEED BY THE INSTITUTION — MAY GO DOWN IN VALUE