

Release Date: 12-31-2020

Franklin VIPT Allocation VIP Fund — Class 2

Investment Strategy from investment's prospectus

The investment seeks capital appreciation; income is a secondary objective. The fund seeks to achieve its investment goals by allocating its assets among the broad asset classes of equity and fixed income investments through a variety of investment strategies or "sleeves" managed by the investment manager or its affiliates. Under normal market conditions, it allocates approximately 60% of its assets to the equity asset class and 40% of its assets to the fixed income asset class by allocating the fund's assets among the various sleeves.

Past name: Franklin Founding Funds Allocation VIP 2.

Category Description: Allocation—50% to 70% Equity

Funds in allocation categories seek to provide both income and capital appreciation by investing in multiple asset classes, including stocks, bonds, and cash. These portfolios are dominated by domestic holdings and have equity exposures between 50% and 70%.

Operations

Fund Inception Date	07-02-07
Initial Share Class Inception Date	07-02-07
Advisor	Franklin Advisers, Inc.
Subadvisor	Franklin Templeton Institutional, LLC Templeton Global Advisors Limited

Fees and Expenses as of 05-01-20

Gross Prospectus Expense Ratio	0.87%
Net Prospectus Expense Ratio	0.82%

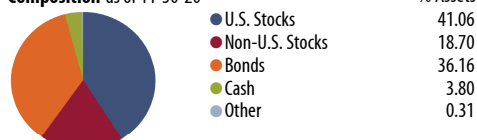
Waiver Data	Type	Exp.Date	%
Expense Ratio	Contractual	04-30-21	0.05

Portfolio Manager(s)

May Tong, CFA. B.S., Boston College, Carrol School of Management. Since 2019.
 Thomas A. Nelson, CFA. B.S., University of Delaware, 1986. Since 2019.

Portfolio Analysis as of 11-30-20

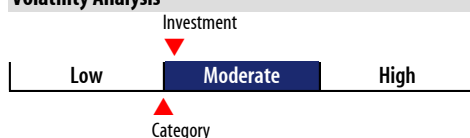
Composition as of 11-30-20



Top 20 Holdings as of 11-30-20

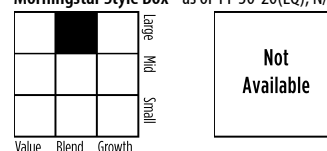
Security	% Assets
United States Treasury Notes 2.12% 03-31-24	3.51
Franklin IFT Money Market	2.83
Microsoft Corp	1.99
Schwab US TIPS ETF	1.93
Apple Inc	1.39
Amazon.com Inc	1.22
Templeton Global Bond VIP 1	0.98
Government National Mortgage Association 2.5% 11-20-50	0.82
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Texas Instruments Inc	0.81
Federal Home Loan Mortgage Corporation 3% 03-01-50	0.75
Alphabet Inc A	0.68
United States Treasury Bonds 2.25% 08-15-46	0.67
Facebook Inc A	0.57
United States Treasury Bonds 2.5% 05-15-46	0.52
Government National Mortgage Association 3.5% 06-20-50	0.52
United States Treasury Notes 1.5% 10-31-24	0.51
Federal Home Loan Mortgage Corporation 3.5% 02-01-47	0.49
Accenture PLC Class A	0.48
Government National Mortgage Association 2.5% 07-20-50	0.47
Total Number of Stock Holdings	650
Total Number of Bond Holdings	300
Annual Turnover Ratio %	170.79
Total Fund Assets (\$mil)	792.93

Volatility Analysis



In the past, this investment has shown a relatively moderate range of price fluctuations relative to other investments. This investment may experience larger or smaller price declines or price increases depending on market conditions. Some of this risk may be offset by owning other investments with different portfolio makeups or investment strategies.

Morningstar Style Box™ as of 11-30-20(EQ); N/A(F-I)



Statistics as of 11-30-20

Statistic	Stk Port Avg	S&P 500	Category
P/E Ratio	21.29	22.62	19.91
P/B Ratio	3.11	3.67	2.75
P/C Ratio	14.10	15.03	13.20
GeoAvgCap(\$mil)	66,690.21	176,727.08	94,861.07

Risk Measures as of 12-31-20

Metric	Port Avg	S&P 500	Category
3 Yr Std Dev	13.15	18.80	13.04
3 Yr Sharpe Ratio	0.43	0.72	0.54
3 Yr Alpha	-2.37	—	-1.16
3 Yr Beta	1.10	—	1.08
3 Yr R-squared	93.06	—	93.64

Morningstar Sectors as of 11-30-20

Sector	%Fund	S&P 500 %
Cyclical	27.18	30.69
Basic Materials	5.06	2.27
Consumer Cyclical	9.39	12.50
Financial Services	10.61	13.50
Real Estate	2.12	2.42
Sensitive	47.32	46.03
Communication Services	7.57	10.77
Energy	1.92	2.28
Industrials	16.23	8.79
Technology	21.60	24.19
Defensive	25.50	23.28
Consumer Defensive	7.16	6.97
Healthcare	16.59	13.55
Utilities	1.75	2.76

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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