

Release Date: 12-31-2020

Franklin VIPT Income VIP Fund — Class 2

Investment Strategy from investment's prospectus

The investment seeks to maximize income while maintaining prospects for capital appreciation. The fund invests in a diversified portfolio of debt and equity securities. It may shift its investments from one asset class to another based on the investment manager's analysis of the best opportunities for the fund's portfolio in a given market. The fund may invest up to 100% of its total assets in debt securities that are rated below investment grade (also known as "junk bonds"), including a portion in defaulted securities. It may also invest up to 25% of its assets in foreign securities, either directly or through depositary receipts.

Past name: Franklin Income Securities CI2.

Category Description: Allocation—30% to 50% 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 30% and 50%.

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 05-01-20

Gross Prospectus Expense Ratio	0.72%
Net Prospectus Expense Ratio	0.71%

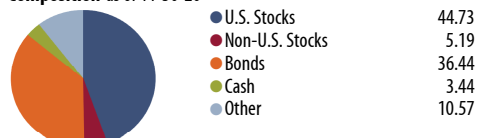
Waiver Data	Type	Exp.Date	%
Expense Ratio	Contractual	04-30-21	0.01

Portfolio Manager(s)

Edward D. Perks, CFA, B.A., Yale University. Since 2002.
 Todd Brighton. Since 2017.

Portfolio Analysis as of 11-30-20

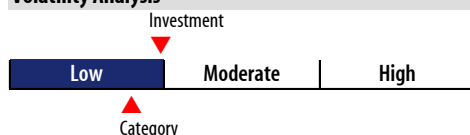
Composition as of 11-30-20



Top 20 Holdings as of 11-30-20

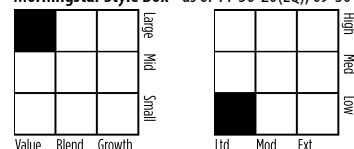
Security	% Assets
Franklin IFT Money Market	3.44
JPMorgan Chase & Co	2.61
Chevron Corp	2.08
Community Health Systems Incorporated 9.88% 06-30-23	1.81
Exxon Mobil Corp	1.74
United States Treasury Notes 2.38% 03-15-21	1.72
Verizon Communications Inc	1.65
PepsiCo Inc	1.64
Southern Co	1.63
Bank of America Corp	1.63
Dominion Energy Inc	1.62
Procter & Gamble Co	1.58
Bristol-Myers Squibb Company	1.56
Government National Mortgage Association 3.5% 06-20-50	1.56
Broadcom Inc Broadcom Inc 8 % Mandatory Convertible Preferred Stock Ser A 09-30-22	1.51
Duke Energy Corp	1.50
Texas Instruments Inc	1.47
Tenet Healthcare Corporation 6.75% 06-15-23	1.43
CVS Health Corp	1.42
MetLife Inc	1.40
Total Number of Stock Holdings	57
Total Number of Bond Holdings	93
Annual Turnover Ratio %	25.16
Total Fund Assets (\$mil)	4,391.99

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 11-30-20(EQ); 09-30-20(F-I)



Statistics as of 11-30-20

Statistic	Stk Port Avg	S&P 500	Category
P/E Ratio	14.93	22.62	19.88
P/B Ratio	1.76	3.67	2.89
P/C Ratio	9.74	15.03	11.64
GeoAvgCap(\$mil)	116,675.48	176,727.08	99,067.72

Risk Measures as of 12-31-20

Metric	Port Avg	S&P 500	Category
3 Yr Std Dev	11.99	18.80	9.89
3 Yr Sharpe Ratio	0.24	0.72	0.51
3 Yr Alpha	-4.34	—	-1.23
3 Yr Beta	0.99	—	0.82
3 Yr R-squared	91.17	—	91.36

Morningstar Sectors as of 11-30-20

Sector	%Fund	S&P 500 %
Cyclical	25.69	30.69
Basic Materials	4.35	2.27
Consumer Cyclical	1.60	12.50
Financial Services	19.10	13.50
Real Estate	0.64	2.42
Sensitive	30.33	46.03
Communication Services	5.37	10.77
Energy	9.93	2.28
Industrials	9.69	8.79
Technology	5.34	24.19
Defensive	43.98	23.28
Consumer Defensive	10.84	6.97
Healthcare	13.62	13.55
Utilities	19.52	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.

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