

# 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 invest up to 100% of its assets in high yield, lower-quality debt securities (also known as "junk bonds"). The fund may invest in many different securities issued or guaranteed by the U.S. government or by non-U.S. governments, or their respective agencies or instrumentalities, including mortgage-backed securities and inflation-indexed securities issued by the U.S. Treasury.

Past name: Franklin Strategic Income Securities CI2.

## 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 05-01-21

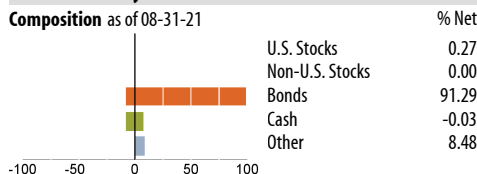
Gross Prospectus Expense Ratio	1.02%
Net Prospectus Expense Ratio	1.00%

Waiver Data	Type	Exp.Date	%
Expense Ratio	Contractual		0.02

## 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 08-31-21



**Top 20 Holdings as of 08-31-21**

	% Assets
FFRMT- FRANKLIN FLOATING RATE INCOME FUND OEMF USD	6.95
NPV TIS A/C# 20794	
2 Year Treasury Note Future Dec 21 12-31-21	4.02
US Treasury Bond Future Dec 21 12-21-21	3.62
10 Year Treasury Note Future Dec 21 12-21-21	3.22
Franklin IFT Money Market	3.17

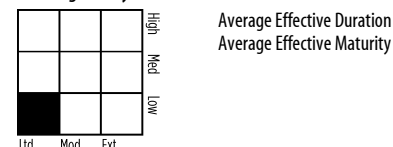
5 Year Treasury Note Future Dec 21 12-31-21	2.90
United States Treasury Notes 1.125% 02-28-27	1.39
Ultra 10 Year US Treasury Note Future Dec 21 12-21-21	1.15
SPDR Blackstone Senior Loan ETF	0.74
Federal Home Loan Mortgage Corporation 2.58438% 03-25-30	0.74
Angola (Republic of) 8.25% 05-09-28	0.73
Electricite de France SA 5.25%	0.63
Central Bank of Tunisia 5.625% 02-17-24	0.62
Indonesia (Republic of) 3.85% 07-18-27	0.62
Federal National Mortgage Association 3.08438% 10-25-29	0.61
Mexico (United Mexican States) 4.15% 03-28-27	0.61
Uruguay (Republic of) 3.7% 06-26-37	0.60
Kazakhstan (Republic Of) 4.875% 10-14-44	0.58
Federal National Mortgage Association 2.5% 09-01-51	0.57
Fnma Pass-Thru I 4.5% 05-01-48	0.57
Total Number of Stock Holdings	12
Total Number of Bond Holdings	526
Annual Turnover Ratio %	114.19
Total Fund Assets (\$mil)	402.71

## 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 08-31-21



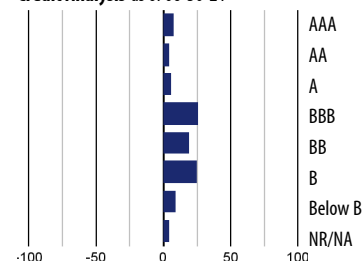
**Risk Measures as of 09-30-21**

	Port Avg	BC Aggr
3 Yr Std Dev	7.17	3.54
3 Yr Sharpe Ratio	0.42	1.23
3 Yr Alpha	0.27	—
3 Yr Beta	0.65	—
3 Yr R-squared	9.63	—

**Morningstar Sectors as of 08-31-21**

	%Fund
Government	20.69
Corporate	52.21
Securitized	15.95
Municipal	0.78
Cash and Equivalents	4.09
Other	6.29

## Credit Analysis as of 06-30-21



## Notes

This material is authorized for client use only when preceded by a Disclosure Statement, a product prospectus, a 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