# Franklin DynaTech VIP Fund

Class 2

Annual Shareholder Report | December 31, 2025

This annual shareholder report contains important information about Franklin DynaTech VIP Fund for the period January 1, 2025, to December 31, 2025.
You can find additional information about the Fund at https://www.franklintempleton.com/regulatory-fund-documents. You can also request this information by contacting us at (800) 362-6243.

## WHAT WERE THE FUND COSTS FOR THE LAST YEAR? (based on a hypothetical $10,000 investment)

| Class Name | Costs of a $10,000 investment | Costs paid as a percentage of a $10,000 investment* |
|---|---|---|
| Class 2[1] | $96 | 0.88% |

* Reflects fee waivers and/or expense reimbursements, without which expenses would have been higher.
[1] Does not reflect expenses incurred from investing through variable annuity or variable life insurance products.

## HOW DID THE FUND PERFORM LAST YEAR AND WHAT AFFECTED ITS PERFORMANCE?

For the twelve months ended December 31, 2025, Class 2 shares of Franklin DynaTech VIP Fund returned 18.13%. The Fund compares its performance to the Russell 1000 Growth Index and the S&P 500 Index, which returned 18.56% and 17.88, respectively, for the same period.

### PERFORMANCE HIGHLIGHTS

**Top contributors to performance:**

- ↑ The information technology (IT) sector was a top contributor to relative returns for the annual period. Within the sector, shares of electronic manufacturing services company Celestica outperformed in 2025, due to rising artificial intelligence (AI) data-center hardware demand and consistent earnings upgrades.
- ↑ Also in the IT sector, AppLovin's strong performance was driven by rapid AI-powered ad-tech growth, consistent earnings beats and significant profitability gains. The mobile marketing platform operator was included in the S&P 500 in September 2025.
- ↑ Elsewhere in IT sector, an off-benchmark position in e-commerce platform Shopify added to relative performance. The company saw increased revenue growth by capturing a larger share of the U.S. e-commerce and retail markets and expanding internationally. Additionally, its business received a boost from the announcement of a new partnership with OpenAI.

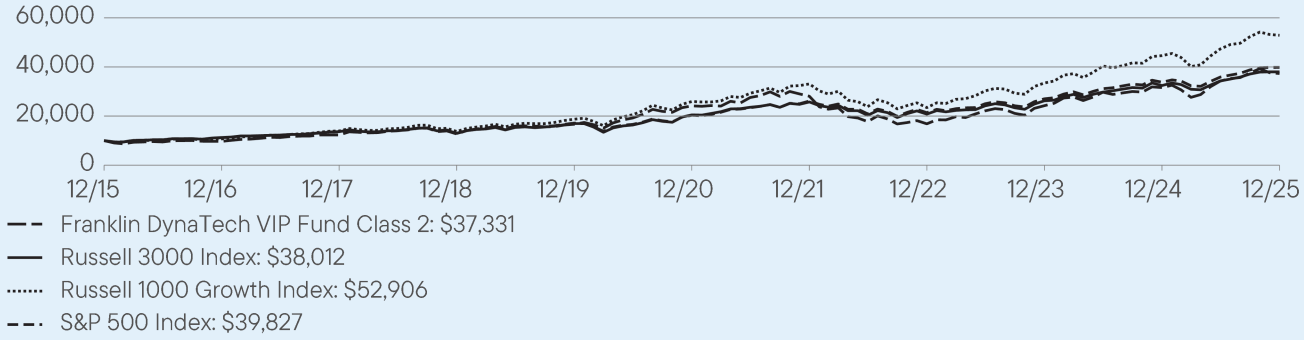
**Top detractors from performance:**

- ↓ While IT was an overall contributor at the sector level, performance was held back by a position in ServiceNow. The cloud-based digital workflow services provider underperformed due to rising infrastructure costs from scaling AI products, margin pressure on subscriptions and investor concerns about significant capital investments in 2025.
- ↓ An underweight in the strong-performing shares of NVIDIA limited our exposure to the stock's gains and weighed on relative returns. The AI chipmaker continued to benefit from strong demand, particularly from major cloud providers that rely on NVIDIA chips for their AI services.
- ↓ In the industrials sector, shares of public safety technology company Axon Enterprise reached an all-time high in August but the stock experienced several sell-offs due to margin pressure, earnings misses, weaker guidance, valuation concerns and broader tech-sector volatility.

## HOW DID THE FUND PERFORM OVER THE LAST 10 YEARS?

**The Fund's past performance is not necessarily an indication of how the Fund will perform in the future.** The graph and table do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or redemption of Fund shares.

### VALUE OF A $10,000 INVESTMENT – CLASS 2 12/31/2015 — 12/31/2025




### AVERAGE ANNUAL TOTAL RETURNS (%) Period Ended December 31, 2025

| | 1 Year | 5 Year | 10 Year |
|---|---|---|---|
| **Class 2** | 18.13 | 9.09 | 14.08 |
| **Russell 3000 Index** | 17.15 | 13.15 | 14.28 |
| **Russell 1000 Growth Index** | 18.56 | 15.32 | 18.12 |
| **S&P 500 Index** | 17.88 | 14.43 | 14.82 |

Performance does not reflect expenses incurred from investing through variable annuity or variable life insurance products, which if reflected, would reduce performance of the Fund.

Fund performance figures may reflect fee waivers and/or expense reimbursements, without which the performance would have been lower.

Effective May 1, 2021, the Fund adopted its current investment strategy.

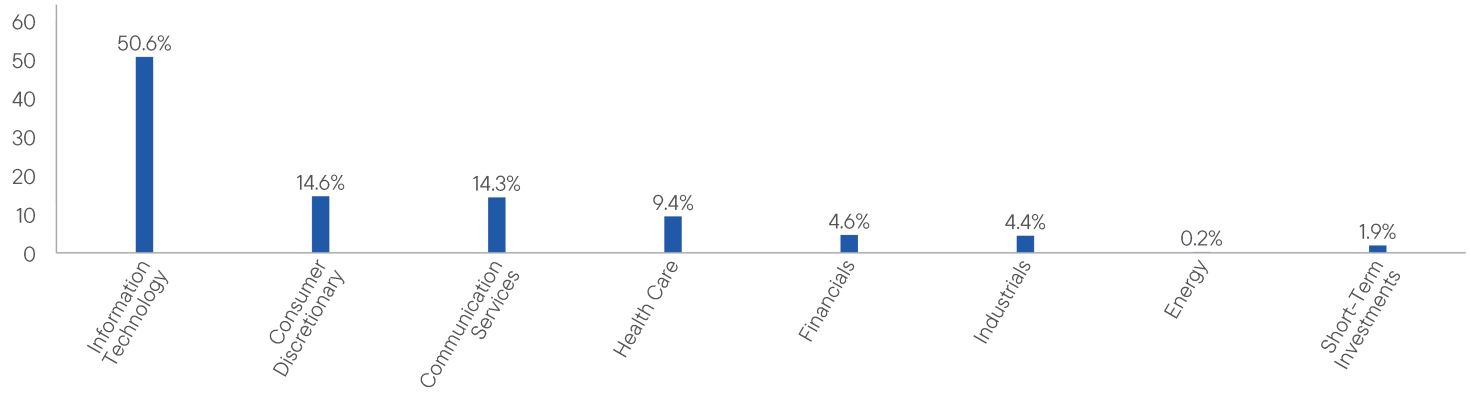
Important data provider notices and terms available at www.franklintempletondatasources.com.

### KEY FUND STATISTICS (as of December 31, 2025)

| | |
|---|---|
| **Total Net Assets** | $190,548,752 |
| **Total Number of Portfolio Holdings** | 112 |
| **Total Management Fee Paid** | $1,013,586 |
| **Portfolio Turnover Rate** | 36.55% |

## WHAT DID THE FUND INVEST IN? (as of December 31, 2025)

**Portfolio Composition* (% of Total Investments)**




* Does not include derivatives, except purchased options, if any.

## WHERE CAN I FIND ADDITIONAL INFORMATION ABOUT THE FUND?

Additional information is available on https://www.franklintempleton.com/regulatory-fund-documents, including its:

• prospectus • proxy voting information • financial information • holdings • tax information