

Franklin VolSmart Allocation VIP Fund



Class 5

Annual Shareholder Report | December 31, 2024

This annual shareholder report contains important information about Franklin VolSmart Allocation VIP Fund for the period January 1, 2024, to December 31, 2024.

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.

This report describes changes to the Fund that occurred during the reporting period.

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 5 ¹	\$85	0.80%

* 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, 2024, Class 5 shares of Franklin VolSmart Allocation VIP Fund returned 11.68%. The Fund compares its performance to the S&P 500 Index, the Bloomberg U.S. Aggregate Index and the Blended Benchmark[†], which returned 25.02%, 1.25% and 15.53%, respectively, for the same period.

PERFORMANCE HIGHLIGHTS

Top contributors to performance:

- ↑ Cross-asset allocation positioning, in aggregate, contributed to relative performance with an overweight allocation to equities and underweight to fixed income.
- ↑ Selection in fixed income supported performance. Franklin Core Bond strategy was a contributor, driven by its duration positioning.

Top detractors from performance:

- ↓ Selection in equities hindered performance. Franklin Rising Dividends strategy was a relative detractor as its focus on dividend-paying stocks fell out of favor for much of the period.
- ↓ Franklin Income Fund detracted primarily due to its equity exposure, while its fixed income allocation limited the decline.
- ↓ In equities, Franklin U.S. Smart Beta strategy detracted due in part to sector positioning.

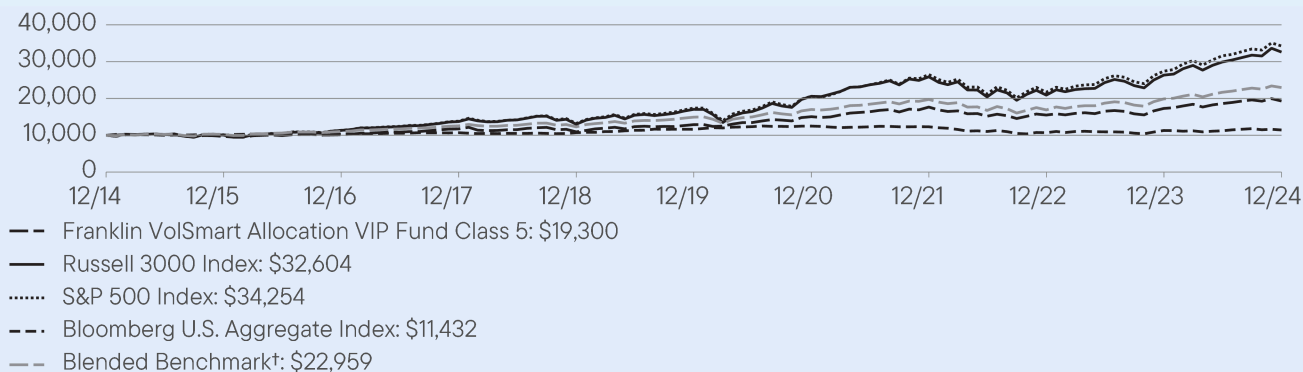
Use of derivatives and the impact on performance:

The Fund utilized future contracts and swap contracts to hedge against currency risk. In aggregate, these derivatives detracted from performance.

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 5 12/31/2014 – 12/31/2024



AVERAGE ANNUAL TOTAL RETURNS (%) Period Ended December 31, 2024

	1 Year	5 Year	10 Year
Class 5	11.68	8.42	6.80
Russell 3000 Index	23.81	13.86	12.54
S&P 500 Index	25.02	14.52	13.10
Bloomberg U.S. Aggregate Index	1.25	-0.33	1.35
Blended Benchmark†	15.53	9.01	8.67

† The Fund's Blended Benchmark is comprised of 60% S&P 500 Index; 30% Bloomberg U.S. Aggregate Index; and 10% Bloomberg 1-3 Month U.S. Treasury Bill Index.

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 July 26, 2016, the Fund adopted its current investment strategy.

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

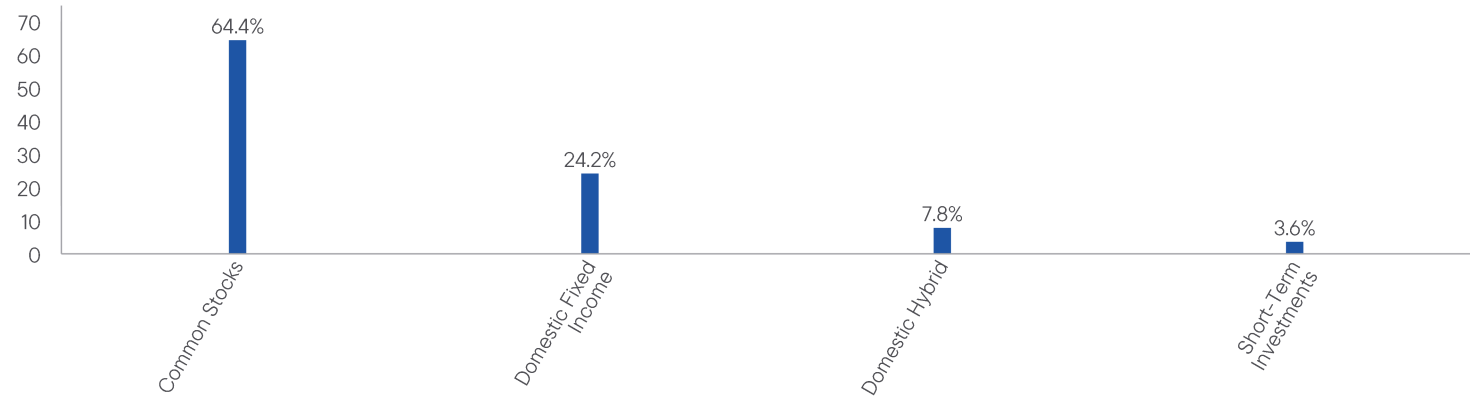
KEY FUND STATISTICS (as of December 31, 2024)

Total Net Assets	\$140,570,401
Total Number of Portfolio Holdings*	254
Total Management Fee Paid	\$903,058
Portfolio Turnover Rate	34.51%

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

WHAT DID THE FUND INVEST IN? (as of December 31, 2024)

Portfolio Composition* (% of Total Investments)



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

HOW HAS THE FUND CHANGED?

Effective September 30, 2024, Amritha Kasturirangan and Nayan Sheth were added as portfolio managers of the rising dividends strategy of the Fund and Nicholas P. B. Getaz stepped down as portfolio manager of the rising dividends strategy of the Fund.

This is a summary of certain changes to the Fund since January 1, 2024. For more complete information, you may review the Fund’s current prospectus and any applicable supplements and the Fund’s next prospectus, which we expect to be available by May 1, 2025, at <https://www.franklintempleton.com/regulatory-fund-documents> or upon request at (800) 362-6243 or prospectus@franklintempleton.com.



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