

SEMIANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

June 30, 2019



FRANKLIN
TEMPLETON

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Franklin Templeton Variable Insurance Products Trust Semiannual Report

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Not FDIC Insured | May Lose Value | No Bank Guarantee

Important Notes to Performance Information

Performance data is historical and cannot predict or guarantee future results. Principal value and investment return will fluctuate with market conditions, and you may have a gain or loss when you withdraw your money. Inception dates of the funds may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity,

indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

Templeton Global Bond VIP Fund

This semiannual report for Templeton Global Bond VIP Fund covers the period ended June 30, 2019.

Class 2 Performance Summary as of June 30, 2019

The Fund's Class 2 Shares posted a +3.10% total return* for the six-month period ended June 30, 2019.

*The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/20. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

*Performance reflects the Fund's Class 2 operating expenses, but does **not** include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown.

Fund Goal and Main Investments

The Fund seeks high current income, consistent with preservation of capital, with capital appreciation as a secondary consideration. Under normal market conditions, the Fund invests at least 80% of its net assets in bonds, which include debt securities of any maturity, such as bonds, notes, bills and debentures.

Fund Risks

All investments involve risks, including possible loss of principal. Foreign securities involve special risks, including currency fluctuations and economic and political uncertainties. Currency rates may fluctuate significantly over short periods of time, and can reduce returns. Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a governmental entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due. Adverse conditions in a certain region or country can adversely affect securities of issuers in other countries whose economies appear to be unrelated. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities market. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

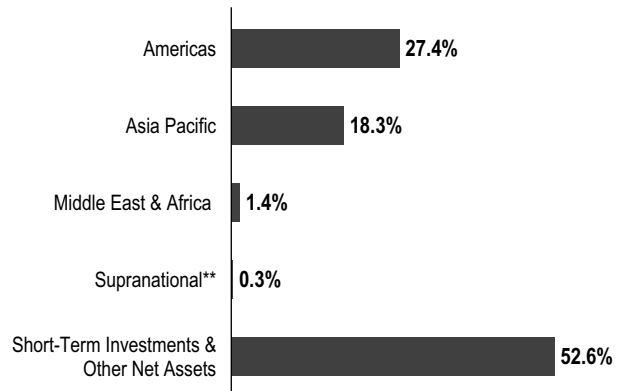
You can find the Fund's six-month total return in the Performance Summary. For comparison, the J.P. Morgan Global Government Bond Index posted a +5.37% total return and the FTSE World Government Bond Index (WGBI), posted a +5.38% total return for the same period.¹

Economic and Market Overview

Global financial markets began the six-month period on a positive note, significantly recovering from the heightened volatility in December 2018. Some of the strongest rallies in January were seen across emerging markets, notably in

Geographic Composition*

Based on Total Net Assets as of 6/30/19



*Figures represent the net Fund exposure and include certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of any derivatives or other factors.

**The Fund's supranational investment was denominated in the Mexican peso.

Latin America. Most global currencies initially strengthened against a broadly weaker U.S. dollar before the trends reversed in February, March, April and May. However, weakness in the U.S. dollar returned in June, resulting in positive appreciations for a number of currencies against the U.S. dollar over the full six-month period. Additionally, risk assets around the world largely rallied during the period as a whole despite intermittent periods of volatility, with credit spreads broadly tightening across much of the global fixed income markets.

The Federal Open Market Committee (FOMC) shifted its policy stance at its January 2019 meeting, keeping rates unchanged, but removing its prior statement that "some further gradual increases in the target range for the federal funds rate" would be warranted. By March, the U.S. Federal Reserve (Fed) dropped its projected rate hikes for 2019 to zero, from the previous projections for two. In June, the FOMC shifted forward guidance further into dovish territory, notably removing its prior statement on being "patient...on future adjustments" and replacing it with a declaration that it "will act as appropriate to sustain the expansion." Fed Chair Jay Powell indicated that several FOMC members saw a strengthening case for rate cuts.

In Europe, the European Central Bank (ECB) kept its policy rate unchanged at its January, March, April and June meetings, but moved increasingly into dovish territory

1. Source: Morningstar. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Please see Index Descriptions following the Fund Summaries.

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI).

throughout the period. ECB President Mario Draghi indicated the central bank was prepared to “use all the instruments in its toolbox” to support economic conditions and move inflation closer to its 2.0% target, specifically including the possibility for rate cuts and quantitative easing.

Trade tensions between the U.S. and China presented risks to economic continuity and market sentiment during the period. Negotiations appeared to deteriorate throughout May, but not to a point that we believed would trigger an imminent recession or require acute monetary accommodation. The impasse appeared to thaw at the end of June, as President Trump resumed trade talks with Chinese President Xi Jinping at the G20 summit in Osaka, Japan. Our baseline view was for trade agreements to be reached in the second half of 2019, though the tail risks for “no-deal” scenarios and ongoing tariff tensions remained elevated.

Sovereign bond yields around the world declined during the six-month period, with the yield on the 10-year U.S. Treasury (UST) note finishing 0.68% lower at 2.01%, its lowest level since November 2016, and the yield on the 10-year German bund dropping 0.57% to finish at 0.33%, its lowest level on record. The UST yield curve inverted with the spread between three-month and 10-year USTs reaching a low of -0.25% in early June, its lowest level since 2007. In our view, markets were overvaluing longer-term USTs during the period and overstating the probabilities for a near-term contraction in the U.S. economy. The probability for slower growth in the second half of 2019 increased during the period, but the likelihood for a recession still remained quite low, in our assessment.

On the whole, duration and credit exposures around the world rallied during the period. Additionally, a number of global currencies appreciated against a weakened U.S. dollar, with some notable exceptions including the euro, the Australian dollar, the Argentine peso and the Ghanaian cedi. Overall, long-duration exposures and select currency exposures across global fixed income markets were key drivers of investment returns during the period.

Investment Strategy

We invest selectively in bonds around the world based upon our assessment of changing market, political and economic conditions. While seeking opportunities, we monitor various factors including changes in interest rates, currency exchange rates and credit risks. We seek to manage the Fund’s exposure to various currencies and regularly utilize currency and cross currency forward contracts and may also use currency and currency index futures contracts and other derivative instruments.

Currency Composition*

6/30/19

	% of Total Net Assets
Americas	128.4%
U.S. Dollar	93.1%
Mexican Peso	17.9%
Brazilian Real	12.1%
Argentine Peso	3.7%
Colombian Peso	1.6%
Canadian Dollar	0.0%**
Asia Pacific	10.6%
Japanese Yen	16.9%
Indonesian Rupiah	4.1%
Philippine Peso	0.7%
Indian Rupee	0.2%
South Korean Won	0.0%**
New Zealand Dollar	0.0%**
Australian Dollar	-11.3%
Middle East & Africa	1.4%
Ghanaian Cedi	1.4%
Europe	-40.4%
Polish Zloty	0.0%**
Euro	-40.4%

*Figures represent the net Fund exposure and include certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of any derivatives or other factors.

**Rounds to less than 0.1%.

What is a currency forward contract?

A currency forward contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency in exchange for another currency at a specific exchange rate on a future date. Currency forward contracts are privately traded in the interbank market, not on a centralized exchange.

What is a futures contract?

A futures contract is an agreement between the Fund and a counterparty made through a U.S. or foreign futures exchange to buy or sell an underlying instrument or asset at a specific price on a future date.

Manager’s Discussion

During the period, we held duration exposures in select local-currency markets, notably including Brazil, Colombia, India and Indonesia. We held short-term local-currency bonds in Mexico, Argentina and South Korea. We also continued to hold a net-negative position in the euro, through

currency forward contracts, as a macro hedge against a broadly strengthening U.S. dollar and as a directional view on the currency. We expected the euro to weaken based on rate differentials and growth divergence between Europe and the U.S. The ECB has shifted back toward ongoing stimulus with intentions to not raise rates above the 0% main refinancing rate through at least the first half of 2020. Our short euro position was also designed to hedge against eurosceptic political risks and unresolved structural risks across Europe. We also continued to hold net-negative positioning in the Australian dollar, also through currency forward contracts, based on the Reserve Bank of Australia's (RBA's) continued rate accommodation, and as a partial hedge against potential trade risks and tail risks associated with China's economy. The short Australian dollar position is intended to hedge broad-based beta risk across emerging markets. In May, we closed our net-negative position in the Japanese yen, formerly achieved through currency forward contracts, and transitioned toward a positive exposure to the yen, as our expectations shifted to a positive outlook for yen strength. We continued to hedge our exposures to the Indian rupee and South Korean won but maintained our positions in the local-currency bonds. In credit markets, we continued to see areas of value in some specific sovereign credits. However, we largely preferred the risk-adjusted returns in specific areas of the local-currency bond markets over the more fully valued credit markets. We remained positioned for rising yields by maintaining low overall portfolio duration and holding negative duration exposure to USTs through interest-rate swaps.

What is duration?

Duration is a measure of a bond's price sensitivity to interest-rate changes. In general, a portfolio of securities with a lower duration can be expected to be less sensitive to interest-rate changes than a portfolio with a higher duration.

What is an interest-rate swap?

An interest-rate swap is an agreement between two parties to exchange interest-rate payment obligations, generally one based on an interest rate fixed to maturity and the other based on an interest rate that changes in accordance with changes in a designated benchmark (for example, LIBOR, prime, commercial paper or other benchmarks).

During the period, the strategy's positive absolute performance was primarily attributable to currency positions. Interest-rate strategies detracted from absolute performance, while sovereign credit exposures had a largely neutral effect. Among currencies, the Fund's net-negative positions in the

euro and the Japanese yen contributed to absolute performance. Its position in the Mexican peso also contributed to absolute results, while its position in the Argentine peso detracted. The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Negative duration exposure to USTs detracted from absolute performance. However, duration exposure in Brazil contributed to absolute results.

The strategy's relative underperformance during the period was primarily due to interest-rate strategies. Currency positions contributed to relative results while sovereign credit exposures had a largely neutral effect. Underweighted duration exposure in the U.S. detracted from relative performance, as did select underweighted duration exposures in Europe and Japan. However, overweighted duration exposure in Brazil contributed to relative results. Among currencies, the Fund's underweighted positions in the euro and the Japanese yen contributed to relative results. Its overweighted position in the Mexican peso also contributed to relative performance, while its overweighted position in the Argentine peso detracted.

Thank you for your participation in Templeton Global Bond VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2019, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Class 2 Fund Expenses

As an investor in a variable insurance contract (Contract) that indirectly provides for investment in an underlying mutual fund, you can incur transaction and/or ongoing expenses at both the Fund level and the Contract Level: (1) transaction expenses can include sales charges (loads) on purchases, surrender fees, transfer fees and premium taxes; and (2) ongoing expenses can include management fees, distribution and service (12b-1) fees, contract fees, annual maintenance fees, mortality and expense risk fees and other fees and expenses. All mutual funds and Contracts have some types of ongoing expenses. The table below shows Fund-level ongoing expenses and can help you understand these costs and compare them with those of other mutual funds offered through the Contract. The table assumes a \$1,000 investment held for the six months indicated. Please refer to the Fund prospectus for additional information on operating expenses.

Actual Fund Expenses

The table below provides information about the actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the "Ending Account Value." You can estimate the Fund-level expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). Then multiply the result by the number under the headings "Actual" and "Fund-Level Expenses Paid During Period" (*if Fund-Level Expenses Paid During Period were \$ 7.50, then $8.6 \times \$ 7.50 = \64.50*). In this illustration, the estimated expenses paid this period at the Fund level are \$64.50.

Hypothetical Example for Comparison with Other Mutual Funds

Under the heading "Hypothetical" in the table, information is provided about hypothetical account values and hypothetical expenses based on the Fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the Fund's actual return. This information may not be used to estimate the actual ending account balance or expenses you paid for the period, but it can help you compare ongoing costs of investing in the Fund with those of other mutual funds offered through the Contract. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of other funds offered through the Contract.

Please note that expenses shown in the table are meant to highlight ongoing costs at the Fund level only and do not reflect any ongoing expenses at the Contract level, or transaction expenses at either the Fund or Contract levels. In addition, while the Fund does not have transaction expenses, if the transaction and ongoing expenses at the Contract level were included, the expenses shown below would be higher. You should consult your Contract prospectus or disclosure document for more information.

Share Class	Beginning Account Value 1/1/19	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 6/30/19	Fund-Level Expenses Paid During Period 1/1/19–6/30/19 ^{1, 2}	Ending Account Value 6/30/19	Fund-Level Expenses Paid During Period 1/1/19–6/30/19 ^{1, 2}	
Class 2	\$1,000	\$1,031.00	\$3.53	\$1,021.32	\$3.51	0.70%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Templeton Global Bond VIP Fund

	Six Months Ended	Year Ended December 31,				
	June 30, 2019 (unaudited)	2018	2017	2016	2015	2014
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$17.54	\$17.17	\$16.85	\$16.34	\$18.56	\$19.15
Income from investment operations ^a :						
Net investment income ^b	0.52	0.88	0.83	0.62	0.52	0.58
Net realized and unrealized gains (losses)	0.05	(0.51)	(0.46)	(0.10)	(1.22)	(0.16)
Total from investment operations	0.57	0.37	0.37	0.52	(0.70)	0.42
Less distributions from:						
Net investment income and net foreign currency gains	(1.26)	—	—	—	(1.43)	(1.01)
Net realized gains	—	—	(0.05)	(0.01)	(0.09)	—
Total distributions	(1.26)	—	(0.05)	(0.01)	(1.52)	(1.01)
Redemption fees	—	—	—	—	—	— ^c
Net asset value, end of period	\$16.85	\$17.54	\$17.17	\$16.85	\$16.34	\$18.56
Total return ^d	3.24%	2.15%	2.15%	3.21%	(4.10)%	2.12%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates and expense reduction	0.53%	0.56%	0.53%	0.53%	0.52%	0.51%
Expenses net of waiver and payments by affiliates	0.45%	0.47%	0.46%	0.48%	0.52% ^f	0.51%
Expenses net of waiver and payments by affiliates and expense reduction	0.45% ^g	0.45%	0.46% ^g	0.48% ^g	0.52% ^{f,g}	0.51% ^g
Net investment income	5.81%	5.09%	4.81%	3.88%	2.99%	3.08%
Supplemental data						
Net assets, end of period (000's)	\$322,895	\$285,046	\$286,502	\$241,792	\$292,802	\$323,491
Portfolio turnover rate	12.95%	18.22%	37.97%	59.00%	51.58%	39.14%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cAmount rounds to less than \$0.01 per share.

^dTotal return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^gBenefit of expense reduction rounds to less than 0.01%.

Templeton Global Bond VIP Fund (continued)

	Six Months Ended June 30, 2019 (unaudited)	Year Ended December 31,				
		2018	2017	2016	2015	2014
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$16.83	\$16.51	\$16.25	\$15.80	\$17.99	\$18.60
Income from investment operations ^a :						
Net investment income ^b	0.47	0.81	0.76	0.56	0.46	0.52
Net realized and unrealized gains (losses)	0.05	(0.49)	(0.45)	(0.10)	(1.17)	(0.17)
Total from investment operations	0.52	0.32	0.31	0.46	(0.71)	0.35
Less distributions from:						
Net investment income and net foreign currency gains	(1.21)	—	—	—	(1.39)	(0.96)
Net realized gains	—	—	(0.05)	(0.01)	(0.09)	—
Total distributions	(1.21)	—	(0.05)	(0.01)	(1.48)	(0.96)
Redemption fees	—	—	—	—	—	— ^c
Net asset value, end of period	\$16.14	\$16.83	\$16.51	\$16.25	\$15.80	\$17.99
Total return ^d	3.10%	1.94%	1.93%	2.94%	(4.30)%	1.83%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates and expense reduction	0.78%	0.81%	0.78%	0.78%	0.77%	0.76%
Expenses net of waiver and payments by affiliates	0.70%	0.72%	0.71%	0.73%	0.77% ^f	0.76%
Expenses net of waiver and payments by affiliates and expense reduction	0.70% ^g	0.70%	0.71% ^g	0.73% ^g	0.77% ^{f,g}	0.76% ^g
Net investment income	5.56%	4.84%	4.56%	3.63%	2.74%	2.83%
Supplemental data						
Net assets, end of period (000's)	\$2,506,399	\$2,544,900	\$2,730,081	\$2,812,535	\$2,971,667	\$3,177,638
Portfolio turnover rate	12.95%	18.22%	37.97%	59.00%	51.58%	39.14%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cAmount rounds to less than \$0.01 per share.

^dTotal return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^gBenefit of expense reduction rounds to less than 0.01%.

Templeton Global Bond VIP Fund (continued)

	Six Months Ended June 30, 2019 (unaudited)	Year Ended December 31,				
		2018	2017	2016	2015	2014
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$17.19	\$16.88	\$16.62	\$16.18	\$18.38	\$18.97
Income from investment operations ^a :						
Net investment income ^b	0.47	0.81	0.76	0.56	0.46	0.51
Net realized and unrealized gains (losses)	0.05	(0.50)	(0.45)	(0.11)	(1.21)	(0.18)
Total from investment operations	0.52	0.31	0.31	0.45	(0.75)	0.33
Less distributions from:						
Net investment income and net foreign currency gains	(1.19)	—	—	—	(1.36)	(0.92)
Net realized gains	—	—	(0.05)	(0.01)	(0.09)	—
Total distributions	(1.19)	—	(0.05)	(0.01)	(1.45)	(0.92)
Redemption fees	—	—	—	—	—	— ^c
Net asset value, end of period	\$16.52	\$17.19	\$16.88	\$16.62	\$16.18	\$18.38
Total return ^d	3.04%	1.84%	1.76%	2.87%	(4.39)%	1.69%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates and expense reduction	0.88%	0.91%	0.88%	0.88%	0.87%	0.86%
Expenses net of waiver and payments by affiliates	0.80%	0.82%	0.81%	0.83%	0.87% ^f	0.86%
Expenses net of waiver and payments by affiliates and expense reduction	0.80% ^g	0.80%	0.81% ^g	0.83% ^g	0.87% ^{f,g}	0.86% ^g
Net investment income	5.46%	4.74%	4.46%	3.53%	2.64%	2.73%
Supplemental data						
Net assets, end of period (000's)	\$92,416	\$94,312	\$98,934	\$96,798	\$103,045	\$111,199
Portfolio turnover rate	12.95%	18.22%	37.97%	59.00%	51.58%	39.14%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned, adjustments to interest income for the inflation-indexed bonds, and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

^cAmount rounds to less than \$0.01 per share.

^dTotal return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.

^eRatios are annualized for periods less than one year.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

^gBenefit of expense reduction rounds to less than 0.01%.

Statement of Investments, June 30, 2019 (unaudited)

Templeton Global Bond VIP Fund

	Principal Amount*		Value
Foreign Government and Agency Securities 47.3%			
Argentina 2.4%			
Argentina Treasury Bill,			
Strip, 4/30/20	207,735,000	ARS \$	5,558,300
Strip, 7/31/20	48,339,000	ARS	1,101,897
Argentine Bonos del Tesoro,			
18.20%, 10/03/21	820,823,000	ARS	13,129,701
16.00%, 10/17/23	844,288,000	ARS	14,301,850
senior note, 15.50%, 10/17/26	1,668,306,000	ARS	27,487,318
Government of Argentina,			
^a FRN, 68.466%, (ARPP7DRR), 6/21/20	10,990,000	ARS	252,144
^a FRN, 52.006%, (ARS Badlar + 2.00%), 4/03/22	24,036,000	ARS	486,090
^b Index Linked, 4.00%, 3/06/20	4,138,000	ARS	133,534
senior note, 4.50%, 2/13/20	9,351,000		8,088,615
			<u>70,539,449</u>
Brazil 10.3%			
Letra Tesouro Nacional,			
Strip, 7/01/19	102,840 ^c	BRL	26,746,771
Strip, 7/01/20	118,041 ^c	BRL	29,011,063
Strip, 7/01/21	24,360 ^c	BRL	5,631,006
Nota do Tesouro Nacional,			
10.00%, 1/01/21	38,520 ^c	BRL	10,576,145
10.00%, 1/01/23	522,145 ^c	BRL	149,421,694
10.00%, 1/01/25	69,029 ^c	BRL	20,277,628
10.00%, 1/01/27	194,573 ^c	BRL	58,114,855
			<u>299,779,162</u>
Colombia 1.6%			
Government of Colombia,			
senior bond, 7.75%, 4/14/21	2,386,000,000	COP	777,177
senior bond, 4.375%, 3/21/23	362,000,000	COP	109,464
senior bond, 9.85%, 6/28/27	576,000,000	COP	226,226
Titulos de Tesoreria,			
senior bond, B, 11.00%, 7/24/20	9,167,000,000	COP	3,048,135
senior bond, B, 7.00%, 5/04/22	10,237,000,000	COP	3,361,594
senior bond, B, 10.00%, 7/24/24	40,977,000,000	COP	15,439,515
senior bond, B, 7.50%, 8/26/26	35,134,200,000	COP	12,115,832
senior bond, B, 6.00%, 4/28/28	29,113,600,000	COP	9,100,649
senior note, B, 7.00%, 9/11/19	4,056,000,000	COP	1,268,860
			<u>45,447,452</u>
Ghana 1.4%			
Government of Ghana,			
24.75%, 3/01/21	690,000	GHS	136,680
16.25%, 5/17/21	7,250,000	GHS	1,275,199
24.50%, 6/21/21	80,000	GHS	15,977
24.75%, 7/19/21	1,190,000	GHS	239,092
18.75%, 1/24/22	26,840,000	GHS	4,872,819
17.60%, 11/28/22	370,000	GHS	66,255

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Ghana (continued)			
Government of Ghana, (continued)			
19.75%, 3/25/24	26,840,000	GHS \$	5,012,541
19.00%, 11/02/26	80,510,000	GHS	14,589,657
senior bond, 19.75%, 3/15/32	80,510,000	GHS	14,670,390
senior note, 21.50%, 3/09/20	1,270,000	GHS	238,727
senior note, 18.50%, 6/01/20	500,000	GHS	91,843
senior note, 18.25%, 9/21/20	480,000	GHS	87,844
senior note, 16.50%, 3/22/21	1,730,000	GHS	306,376
			<u>41,603,400</u>
India 8.4%			
Government of India,			
senior bond, 8.20%, 2/15/22	500,000,000	INR	7,549,021
senior bond, 8.35%, 5/14/22	212,700,000	INR	3,233,626
senior bond, 8.08%, 8/02/22	1,783,000,000	INR	26,951,616
senior bond, 8.13%, 9/21/22	28,000,000	INR	424,824
senior bond, 9.15%, 11/14/24	2,409,000,000	INR	38,356,381
senior note, 8.27%, 6/09/20	1,222,000,000	INR	18,064,244
senior note, 7.80%, 4/11/21	1,980,300,000	INR	29,430,934
senior note, 8.79%, 11/08/21	653,000,000	INR	9,950,508
senior note, 8.15%, 6/11/22	1,621,000,000	INR	24,542,810
senior note, 6.84%, 12/19/22	98,000,000	INR	1,432,534
senior note, 7.16%, 5/20/23	133,700,000	INR	1,967,261
senior note, 8.83%, 11/25/23	2,983,900,000	INR	46,706,799
senior note, 7.68%, 12/15/23	1,376,000,000	INR	20,741,179
senior note, 6.79%, 5/15/27	1,142,800,000	INR	16,360,789
			<u>245,712,526</u>
Indonesia 4.1%			
Government of Indonesia,			
senior bond, FR34, 12.80%, 6/15/21	324,406,000,000	IDR	25,564,426
senior bond, FR35, 12.90%, 6/15/22	71,229,000,000	IDR	5,855,124
senior bond, FR39, 11.75%, 8/15/23	5,491,000,000	IDR	455,313
senior bond, FR40, 11.00%, 9/15/25	46,856,000,000	IDR	3,951,127
senior bond, FR43, 10.25%, 7/15/22	147,832,000,000	IDR	11,451,421
senior bond, FR44, 10.00%, 9/15/24	4,454,000,000	IDR	355,374
senior bond, FR46, 9.50%, 7/15/23	226,780,000,000	IDR	17,495,487
senior bond, FR47, 10.00%, 2/15/28	12,000,000	IDR	984
senior bond, FR52, 10.50%, 8/15/30	6,960,000,000	IDR	600,252
senior bond, FR59, 7.00%, 5/15/27	47,752,000,000	IDR	3,334,952
senior bond, FR61, 7.00%, 5/15/22	244,849,000,000	IDR	17,460,500
senior bond, FR63, 5.625%, 5/15/23	258,951,000,000	IDR	17,655,046
senior bond, FR64, 6.125%, 5/15/28	37,000,000	IDR	2,424
senior bond, FR70, 8.375%, 3/15/24	78,915,000,000	IDR	5,923,305
senior bond, FR71, 9.00%, 3/15/29	51,222,000,000	IDR	4,012,194
senior bond, FR73, 8.75%, 5/15/31	60,845,000,000	IDR	4,682,619
			<u>118,800,548</u>

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Mexico 13.1%			
Government of Mexico,			
senior bond, M, 8.00%, 6/11/20	3,814,000 ^d	MXN \$	19,899,575
senior bond, M, 6.50%, 6/10/21	18,568,200 ^d	MXN	94,938,684
senior bond, M, 6.50%, 6/09/22	16,179,100 ^d	MXN	82,219,895
senior bond, M, 8.00%, 12/07/23	41,600 ^d	MXN	221,479
senior note, M, 5.00%, 12/11/19	18,742,300 ^d	MXN	96,281,699
senior note, M, 7.25%, 12/09/21	17,097,500 ^d	MXN	88,702,869
^e Mexican Udibonos, Index Linked, 2.50%, 12/10/20	381,661 ^f	MXN	1,963,943
			<u>384,228,144</u>
Philippines 0.7%			
Government of the Philippines, senior note, 3.375%, 8/20/20	1,102,110,000	PHP	21,237,184
South Korea 5.0%			
Korea Monetary Stabilization Bond,			
senior note, 2.06%, 12/02/19	91,389,000,000	KRW	79,158,429
senior note, 2.14%, 6/02/20	14,858,000,000	KRW	12,912,156
senior note, 2.05%, 10/05/20	31,280,000,000	KRW	27,206,900
Korea Treasury Bond,			
senior note, 1.25%, 12/10/19	18,280,000,000	KRW	15,783,599
senior note, 1.75%, 6/10/20	7,615,000,000	KRW	6,596,702
senior note, 3.00%, 3/10/23	3,919,000,000	KRW	3,566,062
			<u>145,223,848</u>
^g Supranational 0.3%			
Inter-American Development Bank, senior bond, 7.50%, 12/05/24	200,000,000	MXN	10,375,132
Total Foreign Government and Agency Securities			
(Cost \$1,523,195,112)			<u>1,382,946,845</u>
	Number of Contracts	Notional Amount*	
Options Purchased 0.4%			
Calls - Over-the-Counter			
Currency Options 0.3%			
AUD/JPY, Counterparty CITI, February Strike Price 82.35 JPY, Expires 2/12/20	1	2,664,000 AUD	3,804
AUD/JPY, Counterparty CITI, May Strike Price 84.00 JPY, Expires 5/06/20	1	11,838,000 AUD	18,447
AUD/JPY, Counterparty CITI, May Strike Price 86.63 JPY, Expires 5/06/20	1	13,022,000 AUD	11,545
AUD/JPY, Counterparty CITI, May Strike Price 85.50 JPY, Expires 5/07/20	1	47,352,000 AUD	51,187
AUD/JPY, Counterparty CITI, November Strike Price 84.33 JPY, Expires 11/12/20	1	8,878,000 AUD	27,813
AUD/USD, Counterparty HSBK, April Strike Price \$0.77, Expires 4/30/20	1	14,798,000 AUD	33,988
AUD/USD, Counterparty HSBK, May Strike Price \$0.77, Expires 5/04/20	1	18,644,000 AUD	47,807
AUD/USD, Counterparty HSBK, May Strike Price \$0.77, Expires 5/07/20	1	11,838,000 AUD	25,212
USD/MXN, Counterparty CITI, November Strike Price 20.00 MXN, Expires 11/07/19	1	11,701,000	209,577
USD/MXN, Counterparty CITI, December Strike Price 20.50 MXN, Expires 12/05/19	1	36,196,000	548,659
USD/MXN, Counterparty CITI, May Strike Price 20.50 MXN, Expires 5/11/20	1	65,528,000	2,401,929

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount*	Value
Options Purchased (continued)			
Calls - Over-the-Counter (continued)			
Currency Options (continued)			
USD/MXN, Counterparty CITI, May Strike Price 20.92 MXN, Expires 5/12/20 . . .	1	39,005,000	\$ 1,176,040
USD/MXN, Counterparty CITI, May Strike Price 20.87 MXN, Expires 5/14/20 . . .	1	43,998,000	1,374,717
USD/MXN, Counterparty JPHQ, November Strike Price 20.11 MXN, Expires 11/14/19	1	21,999,000	381,551
USD/MXN, Counterparty JPHQ, November Strike Price 20.11 MXN, Expires 11/14/19	1	21,999,000	381,551
USD/MXN, Counterparty JPHQ, November Strike Price 22.35 MXN, Expires 11/14/19	1	21,999,000	77,480
USD/MXN, Counterparty JPHQ, May Strike Price 20.93 MXN, Expires 5/13/20 . .	1	25,142,000	758,182
			<u>7,529,489</u>
Puts - Over-the-Counter			
Currency Options 0.1%			
AUD/JPY, Counterparty CITI, May Strike Price 69.54 JPY, Expires 5/06/20	1	9,470,000 AUD	72,251
AUD/JPY, Counterparty CITI, May Strike Price 70.65 JPY, Expires 5/06/20	1	5,919,000 AUD	54,096
AUD/JPY, Counterparty CITI, May Strike Price 74.48 JPY, Expires 5/06/20	1	43,800,000 AUD	753,385
AUD/JPY, Counterparty CITI, May Strike Price 75.50 JPY, Expires 5/06/20	1	17,757,000 AUD	335,695
AUD/JPY, Counterparty CITI, May Strike Price 65.55 JPY, Expires 5/07/20	1	23,676,000 AUD	96,675
AUD/JPY, Counterparty CITI, May Strike Price 73.25 JPY, Expires 5/07/20	1	23,676,000 AUD	333,085
AUD/JPY, Counterparty CITI, November Strike Price 66.78 JPY, Expires 11/12/20	1	4,439,000 AUD	41,180
AUD/JPY, Counterparty CITI, November Strike Price 69.18 JPY, Expires 11/12/20	1	2,664,000 AUD	33,331
AUD/JPY, Counterparty CITI, November Strike Price 72.78 JPY, Expires 11/12/20	1	11,098,000 AUD	219,342
AUD/JPY, Counterparty CITI, November Strike Price 74.00 JPY, Expires 11/12/20	1	7,990,000 AUD	184,416
AUD/USD, Counterparty HSBK, April Strike Price \$0.66, Expires 4/30/20	1	39,460,000 AUD	174,060
AUD/USD, Counterparty HSBK, April Strike Price \$0.68, Expires 4/30/20	1	19,730,000 AUD	151,389
AUD/USD, Counterparty HSBK, May Strike Price \$0.65, Expires 5/04/20	1	49,720,000 AUD	130,006
AUD/USD, Counterparty HSBK, May Strike Price \$0.68, Expires 5/04/20	1	24,662,000 AUD	173,877
AUD/USD, Counterparty HSBK, May Strike Price \$0.66, Expires 5/05/20	1	19,730,000 AUD	106,752
AUD/USD, Counterparty HSBK, May Strike Price \$0.65, Expires 5/07/20	1	23,676,000 AUD	97,157
AUD/USD, Counterparty HSBK, May Strike Price \$0.68, Expires 5/07/20	1	11,838,000 AUD	86,446
AUD/USD, Counterparty MSCO, November Strike Price \$0.67, Expires 11/14/19	1	43,000 AUD	122
USD/MXN, Counterparty CITI, October Strike Price 18.25 MXN, Expires 10/08/19	1	18,098,000	45,136
USD/MXN, Counterparty CITI, November Strike Price 18.28 MXN, Expires 11/07/19	1	11,701,000	40,544
USD/MXN, Counterparty CITI, May Strike Price 18.31 MXN, Expires 5/14/20 . . .	1	11,000,000	90,706
			<u>3,219,651</u>
Total Options Purchased			
(Cost \$14,763,158)			<u>10,749,140</u>
Total Investments before Short Term Investments			
(Cost \$1,537,958,270)			<u>1,393,695,985</u>

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Short Term Investments 39.8%			
Foreign Government and Agency Securities 9.2%			
Argentina 1.5%			
^h Argentina Treasury Bill, 7/19/19 - 2/28/20	1,467,087,600	ARS	\$ 43,469,653
Mexico 4.4%			
^h Mexico Treasury Bill,			
7/04/19	199,789,187 ⁱ	MXN	103,869,279
7/18/19 - 2/27/20	50,835,660 ⁱ	MXN	25,388,664
			<u>129,257,943</u>
South Korea 3.3%			
Korea Monetary Stabilization Bond,			
senior note, 1.85%, 10/02/19	59,950,000,000	KRW	51,856,384
senior note, 1.87%, 11/09/19	45,390,000,000	KRW	39,276,235
senior note, 2.16%, 2/02/20	7,615,000,000	KRW	6,605,569
			<u>97,738,188</u>
Total Foreign Government and Agency Securities (Cost \$278,628,187)			<u>270,465,784</u>
U.S. Government and Agency Securities (Cost \$51,743,504) 1.8%			
United States 1.8%			
^h U.S. Treasury Bill, 7/18/19 - 12/05/19	52,062,000		<u>51,779,602</u>
Total Investments before Money Market Funds (Cost \$1,868,329,961)			<u>1,715,941,371</u>
		Shares	
Money Market Funds (Cost \$840,987,190) 28.8%			
United States 28.8%			
^{j,k} Institutional Fiduciary Trust Money Market Portfolio, 2.05%	840,987,190		<u>840,987,190</u>
Total Investments (Cost \$2,709,317,151) 87.5%			2,556,928,561
Options Written (0.3)%			(8,140,326)
Other Assets, less Liabilities 12.8%			<u>372,921,281</u>
Net Assets 100.0%			<u>\$2,921,709,516</u>

	Number of Contracts		Notional Amount*	
^l Options Written (0.3)%				
Calls - Over-the-Counter				
Currency Options (0.2)%				
AUD/JPY, Counterparty CITI, November Strike Price 79.77 JPY, Expires 11/06/19	1	28,411,000	AUD	(46,248)
AUD/JPY, Counterparty CITI, November Strike Price 80.15 JPY, Expires 11/06/19	1	11,838,000	AUD	(16,121)
AUD/JPY, Counterparty CITI, November Strike Price 80.60 JPY, Expires 11/08/19	1	23,676,000	AUD	(26,674)
AUD/JPY, Counterparty CITI, February Strike Price 77.28 JPY, Expires 2/12/20	1	8,878,000	AUD	(67,467)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount*	Value
Options Written (continued)			
Calls - Over-the-Counter (continued)			
Currency Options (continued)			
AUD/JPY, Counterparty CITI, February Strike Price 78.18 JPY, Expires 2/12/20	1	5,327,000 AUD	\$ (30,535)
AUD/JPY, Counterparty CITI, February Strike Price 79.45 JPY, Expires 2/12/20	1	7,991,000 AUD	(30,161)
AUD/JPY, Counterparty CITI, February Strike Price 80.32 JPY, Expires 2/12/20	1	8,879,000 AUD	(24,999)
AUD/JPY, Counterparty CITI, May Strike Price 78.60 JPY, Expires 5/06/20	1	18,941,000 AUD	(127,133)
AUD/JPY, Counterparty CITI, May Strike Price 79.10 JPY, Expires 5/06/20	1	11,838,000 AUD	(69,436)
AUD/JPY, Counterparty CITI, May Strike Price 77.35 JPY, Expires 5/07/20	1	47,352,000 AUD	(441,776)
AUD/USD, Counterparty HSBK, April Strike Price \$0.71, Expires 4/30/20	1	14,798,000 AUD	(200,467)
AUD/USD, Counterparty HSBK, May Strike Price \$0.71, Expires 5/04/20	1	18,644,000 AUD	(278,024)
AUD/USD, Counterparty HSBK, November Strike Price \$0.71, Expires 11/05/20	1	11,838,000 AUD	(211,515)
AUD/USD, Counterparty HSBK, November Strike Price \$0.80, Expires 11/05/20	1	23,676,000 AUD	(68,472)
AUD/USD, Counterparty HSBK, April Strike Price \$0.81, Expires 4/29/21	1	29,594,000 AUD	(120,943)
AUD/USD, Counterparty HSBK, May Strike Price \$0.80, Expires 5/04/21	1	37,290,000 AUD	(174,147)
AUD/USD, Counterparty HSBK, May Strike Price \$0.78, Expires 5/05/21	1	19,730,000 AUD	(147,552)
AUD/USD, Counterparty MSCO, November Strike Price \$0.72, Expires 11/14/19	1	43,000 AUD	(224)
USD/MXN, Counterparty CITI, December Strike Price 21.90 MXN, Expires 12/05/19	1	36,196,000	(209,901)
USD/MXN, Counterparty CITI, May Strike Price 19.55 MXN, Expires 5/11/20	1	21,843,000	(1,266,260)
USD/MXN, Counterparty CITI, May Strike Price 22.55 MXN, Expires 5/11/20	1	21,843,000	(321,682)
USD/MXN, Counterparty CITI, May Strike Price 19.82 MXN, Expires 5/12/20	1	15,602,000	(796,794)
USD/MXN, Counterparty CITI, May Strike Price 23.85 MXN, Expires 5/12/20	1	15,602,000	(141,760)
USD/MXN, Counterparty CITI, May Strike Price 22.85 MXN, Expires 5/14/20	1	21,999,000	(292,829)
USD/MXN, Counterparty JPHQ, November Strike Price 21.00 MXN, Expires 11/14/19	1	43,999,000	(379,051)
USD/MXN, Counterparty JPHQ, May Strike Price 23.76 MXN, Expires 5/13/20	1	12,571,000	(118,482)
			<u>(5,608,653)</u>
Puts - Over-the-Counter			
Currency Options (0.1)%			
USD/MXN, Counterparty CITI, October Strike Price 18.66 MXN, Expires 10/08/19	1	18,098,000	(98,109)
USD/MXN, Counterparty CITI, October Strike Price 19.60 MXN, Expires 10/08/19	1	13,574,000	(149,124)
USD/MXN, Counterparty CITI, November Strike Price 18.74 MXN, Expires 11/07/19	1	23,403,000	(172,597)
USD/MXN, Counterparty CITI, May Strike Price 19.55 MXN, Expires 5/11/20	1	21,843,000	(567,590)
USD/MXN, Counterparty CITI, May Strike Price 19.69 MXN, Expires 5/12/20	1	7,801,000	(226,627)
USD/MXN, Counterparty CITI, May Strike Price 19.24 MXN, Expires 5/14/20	1	32,999,000	(661,069)
USD/MXN, Counterparty JPHQ, November Strike Price 19.44 MXN, Expires 11/13/19	1	12,571,000	(255,933)
USD/MXN, Counterparty JPHQ, November Strike Price 19.36 MXN, Expires 11/14/19	1	21,999,000	(400,624)
			<u>(2,531,673)</u>
Total Options Written (Premiums received \$11,159,153)			<u>(8,140,326)</u>

Templeton Global Bond VIP Fund (continued)

- *The principal/notional amount is stated in U.S. dollars unless otherwise indicated.
^aThe coupon rate shown represents the rate at period end.
^bRedemption price at maturity and coupon payment are adjusted for inflation. See Note 1(e).
^cPrincipal amount is stated in 1,000 Brazilian Real Units.
^dPrincipal amount is stated in 100 Mexican Peso Units.
^ePrincipal amount of security is adjusted for inflation. See Note 1(e).
^fPrincipal amount is stated in 100 Unidad de Inversion Units.
^gA supranational organization is an entity formed by two or more central governments through international treaties.
^hThe security was issued on a discount basis with no stated coupon rate.
ⁱPrincipal amount is stated in 10 Mexican Peso Units.
^jSee Note 3(e) regarding investments in affiliated management investment companies.
^kThe rate shown is the annualized seven-day effective yield at period end.
^lSee Note 1(c) regarding written options.

At June 30, 2019, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counterparty ^a	Type	Quantity	Contract Amount ^f	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Indian Rupee	BNDP	Sell	845,797,600	12,077,733	7/05/19	\$ —	\$ (177,687)
Indian Rupee	HSBK	Buy	721,903,000	10,474,507	7/05/19	—	(14,292)
Indian Rupee	HSBK	Sell	721,903,000	10,357,288	7/05/19	—	(102,926)
South Korean Won	HSBK	Sell	42,561,000,000	37,554,265	7/10/19	754,109	—
Indian Rupee	HSBK	Sell	1,015,502,619	14,411,235	7/11/19	—	(291,456)
Japanese Yen	DBAB	Buy	770,370,000	7,001,670	7/11/19	150,713	—
Japanese Yen	DBAB	Sell	770,370,000	6,983,144	7/11/19	—	(169,239)
Australian Dollar	JPHQ	Sell	30,315,000	21,688,564	7/15/19	395,900	—
Indian Rupee	CITI	Sell	677,015,000	9,586,120	7/15/19	—	(210,665)
Japanese Yen	CITI	Buy	893,794,665	8,138,457	7/16/19	163,159	—
Japanese Yen	CITI	Sell	893,794,665	8,077,975	7/16/19	—	(223,641)
Japanese Yen	DBAB	Buy	1,825,131,000	16,595,660	7/17/19	357,616	—
Japanese Yen	DBAB	Sell	1,825,131,000	16,407,147	7/17/19	—	(546,129)
Japanese Yen	GSCO	Buy	568,759,434	5,169,177	7/17/19	113,915	—
Japanese Yen	GSCO	Sell	568,759,434	5,112,444	7/17/19	—	(170,648)
Japanese Yen	HSBK	Buy	536,380,000	4,869,886	7/17/19	112,440	—
Japanese Yen	HSBK	Sell	536,380,000	4,823,583	7/17/19	—	(158,743)
Japanese Yen	MSCO	Buy	300,000,000	2,732,415	7/17/19	54,225	—
Japanese Yen	MSCO	Sell	300,000,000	2,697,890	7/17/19	—	(88,750)
Japanese Yen	CITI	Buy	1,372,892,008	12,488,114	7/18/19	265,424	—
Japanese Yen	CITI	Sell	1,372,892,008	12,346,162	7/18/19	—	(407,376)
Japanese Yen	HSBK	Buy	1,245,390,000	11,307,983	7/18/19	261,120	—
Japanese Yen	HSBK	Sell	1,245,390,000	11,199,581	7/18/19	—	(369,522)
Japanese Yen	JPHQ	Buy	1,886,055,000	17,143,219	7/18/19	377,368	—
Japanese Yen	JPHQ	Sell	1,886,055,000	16,962,787	7/18/19	—	(557,800)
South Korean Won	HSBK	Sell	13,984,825,441	12,358,890	7/19/19	263,874	—
Indian Rupee	HSBK	Sell	833,252,000	11,585,538	7/22/19	—	(460,898)
Indian Rupee	JPHQ	Sell	1,087,029,000	15,329,700	7/22/19	—	(385,625)
Japanese Yen	HSBK	Buy	471,730,400	4,284,563	7/22/19	98,998	—
Japanese Yen	HSBK	Sell	471,730,400	4,242,180	7/22/19	—	(141,381)
Euro	DBAB	Sell	8,405,717	9,574,279	7/23/19	—	(2,307)

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount [*]	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
South Korean Won	HSBK	Sell	4,497,174,559	4,034,426	7/24/19	\$ 144,412	\$ —
South Korean Won	HSBK	Sell	35,277,000,000	29,624,622	7/29/19	—	(893,794)
South Korean Won	HSBK	Sell	24,029,880,977	20,944,723	7/30/19	155,831	—
Euro	BZWS	Sell	22,495,166	25,267,020	7/31/19	—	(378,723)
Japanese Yen	BZWS	Buy	2,063,184,840	18,810,434	7/31/19	375,119	—
Japanese Yen	BZWS	Sell	2,063,184,840	18,587,921	7/31/19	—	(597,632)
Japanese Yen	CITI	Buy	1,866,452,000	16,994,566	7/31/19	361,569	—
Japanese Yen	CITI	Sell	1,866,452,000	16,814,353	7/31/19	—	(541,782)
Japanese Yen	DBAB	Buy	1,148,260,758	10,535,005	7/31/19	142,670	—
Japanese Yen	DBAB	Sell	1,148,260,758	10,345,717	7/31/19	—	(331,959)
Japanese Yen	GSCO	Buy	944,420,000	8,592,667	7/31/19	189,494	—
Japanese Yen	GSCO	Sell	944,420,000	8,509,285	7/31/19	—	(272,875)
Euro	JPHQ	Sell	32,859,900	36,939,917	8/02/19	—	(528,145)
Euro	JPHQ	Sell	6,147,005	6,963,266	8/13/19	—	(51,896)
Indian Rupee	HSBK	Sell	640,177,000	9,164,369	8/14/19	—	(61,501)
South Korean Won	DBAB	Sell	13,920,000,000	11,761,724	8/16/19	—	(285,270)
South Korean Won	HSBK	Sell	75,818,000,000	67,858,230	8/19/19	2,237,665	—
Indian Rupee	JPHQ	Sell	451,390,000	6,336,321	8/20/19	—	(163,425)
Euro	JPHQ	Sell	26,361,295	29,644,727	8/21/19	—	(458,762)
Euro	SCNY	Sell	4,975,000	5,600,507	8/21/19	—	(80,734)
Indian Rupee	SCNY	Sell	945,558,000	13,262,334	8/28/19	—	(338,120)
Indian Rupee	JPHQ	Sell	1,986,473,600	28,132,836	9/03/19	—	(417,476)
Indian Rupee	SCNY	Sell	1,135,539,000	16,082,186	9/03/19	—	(238,189)
Indian Rupee	BNDP	Sell	852,858,400	12,054,025	9/06/19	—	(198,808)
Indian Rupee	HSBK	Sell	718,737,000	10,188,348	9/06/19	—	(137,591)
Indian Rupee	SCNY	Sell	2,362,358,000	33,444,581	9/06/19	—	(494,906)
Japanese Yen	HSBK	Buy	1,385,935,670	12,894,032	9/06/19	28,184	—
Japanese Yen	JPHQ	Buy	1,190,714,470	11,089,521	9/06/19	12,487	—
South Korean Won	DBAB	Sell	13,919,000,000	11,813,784	9/10/19	—	(240,812)
Indian Rupee	HSBK	Sell	639,544,904	9,046,537	9/11/19	—	(135,731)
Australian Dollar	JPHQ	Sell	25,330,000	1,905,801,173	JPY 9/12/19	—	(45,258)
Indian Rupee	BNDP	Sell	237,955,000	3,398,435	9/12/19	—	(17,563)
Indian Rupee	CITI	Sell	516,565,000	7,360,048	9/16/19	—	(51,746)
Indian Rupee	HSBK	Sell	320,909,148	4,570,053	9/16/19	—	(34,425)
Indian Rupee	JPHQ	Sell	842,066,000	11,956,070	9/18/19	—	(122,968)
South Korean Won	CITI	Sell	4,215,000,000	3,745,102	9/20/19	93,475	—
South Korean Won	HSBK	Sell	7,007,000,000	6,209,402	9/20/19	138,951	—
Euro	GSCO	Sell	1,230,811	1,419,334	9/23/19	10,359	—
Euro	JPHQ	Sell	14,818,028	16,825,426	9/25/19	—	(140,044)
Euro	BZWS	Sell	11,247,583	12,905,420	9/30/19	22,902	—
Euro	SCNY	Sell	12,544,218	14,327,128	9/30/19	—	(40,503)
Brazilian Real	CITI	Buy	206,375,000	45,101,403	EUR 10/02/19	1,548,473	—
Indian Rupee	HSBK	Sell	721,903,000	10,344,673	10/03/19	9,100	—
Euro	GSCO	Sell	17,044,025	19,389,965	10/04/19	—	(137,601)
Euro	BOFA	Sell	17,079,724	19,447,486	10/08/19	—	(127,039)
Euro	DBAB	Sell	8,136,104	9,264,988	10/08/19	—	(59,540)

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount [*]	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Euro	GSCO	Sell	2,045,000	2,328,437	10/08/19	\$ —	\$ (15,272)
Euro	UBSW	Sell	8,311,299	9,466,611	10/09/19	—	(59,440)
Australian Dollar	JPHQ	Sell	5,243,250	3,763,028	10/11/19	71,406	—
Euro	BZWS	Sell	7,003,000	8,019,030	10/11/19	—	(8,748)
Euro	HSBK	Sell	33,800,018	38,700,683	10/11/19	—	(45,433)
Euro	JPHQ	Sell	14,342,996	16,427,177	10/11/19	—	(14,690)
Australian Dollar	CITI	Sell	19,379,733	13,888,680	10/15/19	242,729	—
Australian Dollar	JPHQ	Sell	30,315,000	21,728,731	10/15/19	382,876	—
Euro	BOFA	Sell	17,769,000	20,333,067	10/15/19	—	(42,455)
Euro	DBAB	Sell	50,881,000	58,164,615	10/15/19	—	(180,081)
Euro	GSCO	Sell	1,789,884	2,046,356	10/15/19	—	(6,084)
Euro	BOFA	Sell	5,251,819	6,036,441	10/16/19	13,770	—
Euro	HSBK	Sell	8,692,000	9,979,546	10/16/19	11,751	—
Euro	SCNY	Sell	657,000	754,624	10/17/19	1,132	—
Japanese Yen	HSBK	Buy	3,480,722,080	32,447,384	10/21/19	115,972	—
Japanese Yen	JPHQ	Buy	2,192,959,130	20,427,169	10/21/19	88,721	—
Euro	GSCO	Sell	1,231,111	1,412,515	10/23/19	—	(62)
Euro	JPHQ	Sell	28,236,000	32,407,869	10/23/19	9,880	—
Euro	UBSW	Sell	1,922,305	2,208,306	10/23/19	2,653	—
Euro	DBAB	Sell	14,940,282	17,055,826	10/24/19	—	(87,984)
Euro	UBSW	Sell	11,641,500	13,369,040	10/24/19	10,547	—
Euro	DBAB	Sell	4,518,681	5,143,886	10/25/19	—	(41,653)
Euro	HSBK	Sell	19,488,000	22,175,005	10/25/19	—	(188,994)
Euro	BOFA	Sell	33,910,663	38,371,610	10/29/19	—	(555,586)
Euro	CITI	Sell	77,832,770	88,114,479	10/29/19	—	(1,232,390)
Euro	GSCO	Sell	2,855,793	3,231,615	10/29/19	—	(46,646)
Euro	JPHQ	Sell	11,263,000	12,741,607	10/29/19	—	(187,572)
Euro	SCNY	Sell	12,300,264	13,918,989	10/29/19	—	(200,900)
Euro	DBAB	Sell	14,776,110	16,726,556	10/30/19	—	(236,755)
Euro	BOFA	Sell	33,910,663	38,343,803	10/31/19	—	(589,429)
Euro	GSCO	Sell	13,037,050	14,736,625	10/31/19	—	(231,366)
Euro	HSBK	Sell	25,974,891	29,415,785	10/31/19	—	(406,295)
Euro	JPHQ	Sell	9,220,500	10,470,708	11/08/19	—	(122,028)
Australian Dollar	CITI	Sell	19,311,633	13,514,281	11/13/19	—	(92,661)
Australian Dollar	JPHQ	Sell	5,243,250	3,674,338	11/13/19	—	(20,046)
Euro	HSBK	Sell	1,800,000	2,052,882	11/14/19	—	(15,965)
Australian Dollar	CITI	Sell	19,311,633	13,527,799	11/15/19	—	(79,760)
Australian Dollar	JPHQ	Sell	50,143,500	35,128,029	11/15/19	—	(204,594)
Euro	CITI	Sell	37,063,039	42,359,347	11/15/19	—	(242,715)
Euro	JPHQ	Sell	6,894,178	7,880,597	11/15/19	—	(43,907)
Euro	BOFA	Sell	10,878,191	12,345,223	11/20/19	—	(163,554)
Euro	GSCO	Sell	1,898,500	2,153,563	11/20/19	—	(29,512)
Euro	JPHQ	Sell	30,863,836	35,046,657	11/20/19	—	(443,514)
Australian Dollar	CITI	Sell	13,307,000	9,202,456	11/21/19	—	(175,334)
Euro	BOFA	Sell	7,066,000	8,015,176	11/21/19	—	(110,613)
Euro	GSCO	Sell	1,230,811	1,395,924	11/21/19	—	(19,489)

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Euro	JPHQ	Sell	26,361,295	29,864,448	11/21/19	\$ —	\$ (450,628)
Euro	UBSW	Sell	2,600,555	2,947,313	11/21/19	—	(43,284)
Euro	BZWS	Sell	11,247,583	12,717,642	11/29/19	—	(224,943)
Euro	DBAB	Sell	14,781,916	16,715,021	11/29/19	—	(294,519)
Euro	GSCO	Sell	6,309,207	7,137,448	11/29/19	—	(122,552)
Euro	MSCO	Sell	30,744,500	34,772,644	11/29/19	—	(605,029)
Australian Dollar	GSCO	Sell	127,700,540	89,008,553	12/04/19	—	(1,011,891)
Euro	BOFA	Sell	27,627,938	31,296,237	12/04/19	—	(507,568)
Euro	GSCO	Sell	17,044,025	19,323,152	12/04/19	—	(297,019)
Euro	GSCO	Sell	8,105,300	9,213,457	12/05/19	—	(117,657)
Euro	JPHQ	Sell	6,775,311	7,694,213	12/05/19	—	(105,770)
Euro	SCNY	Sell	17,972,751	20,409,497	12/05/19	—	(281,382)
Euro	UBSW	Sell	6,231,299	7,068,599	12/05/19	—	(105,097)
Japanese Yen	JPHQ	Buy	1,151,402,090	10,790,503	12/05/19	19,623	—
Japanese Yen	HSBK	Buy	3,536,432,420	33,156,398	12/06/19	48,602	—
Japanese Yen	JPHQ	Buy	1,197,791,130	11,228,053	12/06/19	18,495	—
Euro	BOFA	Sell	17,090,572	19,557,254	12/09/19	—	(124,149)
Euro	DBAB	Sell	8,136,104	9,302,170	12/09/19	—	(67,320)
South Korean Won	GSCO	Sell	44,346,000,000	37,444,904	12/09/19	—	(1,076,192)
Euro	DBAB	Sell	13,483,000	15,477,810	12/11/19	—	(51,550)
Australian Dollar	HSBK	Sell	10,030,000	750,855,830	JPY 12/12/19	—	(18,331)
Australian Dollar	HSBK	Sell	28,650,000	2,151,328,500	JPY 12/12/19	9,270	—
Australian Dollar	JPHQ	Sell	17,540,000	1,314,694,914	JPY 12/12/19	—	(16,717)
Euro	BOFA	Sell	5,439,095	6,200,569	12/18/19	—	(67,449)
Euro	DBAB	Sell	5,008,730	5,707,949	12/18/19	—	(64,116)
Euro	GSCO	Sell	1,789,884	2,038,319	12/18/19	—	(24,344)
Japanese Yen	HSBK	Buy	3,616,471,000	33,750,629	12/19/19	240,860	—
Japanese Yen	JPHQ	Buy	1,776,469,130	16,587,881	12/20/19	110,612	—
Japanese Yen	HSBK	Buy	1,385,935,670	13,063,576	3/06/20	25,770	—
Japanese Yen	JPHQ	Buy	1,316,291,430	12,420,546	3/06/20	11,051	—
Australian Dollar	JPHQ	Sell	22,880,000	1,707,432,812	JPY 3/12/20	—	(28,888)
Australian Dollar	HSBK	Sell	9,830,000	730,865,415	JPY 3/13/20	—	(37,671)
Japanese Yen	HSBK	Buy	5,242,851,400	49,342,826	3/23/20	223,673	—
Japanese Yen	JPHQ	Buy	3,549,117,130	33,375,614	3/23/20	178,133	—
Japanese Yen	JPHQ	Buy	921,145,640	8,744,741	3/24/20	—	(35,601)
Japanese Yen	HSBK	Buy	1,385,935,690	13,139,372	6/08/20	24,791	—
Japanese Yen	JPHQ	Buy	1,316,291,430	12,493,638	6/08/20	9,016	—
Australian Dollar	HSBK	Sell	10,030,000	743,659,305	JPY 6/12/20	—	(29,809)
Australian Dollar	JPHQ	Sell	27,360,000	2,029,372,749	JPY 6/12/20	—	(73,650)
Euro	JPHQ	Sell	6,775,311	7,873,725	6/15/20	—	(29,216)
Japanese Yen	JPHQ	Buy	1,776,469,130	16,798,461	6/22/20	89,525	—

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Japanese Yen	BNDP	Buy	4,489,315,360	42,878,248	6/24/20	\$ —	\$ (195,420)
Total Forward Exchange Contracts						\$10,800,410	\$(24,353,192)
Net unrealized appreciation (depreciation)							\$(13,552,782)

*In U.S. dollars unless otherwise indicated.

^aMay be comprised of multiple contracts with the same counterparty, currency and settlement date.

At June 30, 2019, the Fund had the following interest rate swap contracts outstanding. See Note 1(c).

Interest Rate Swap Contracts

Description	Payment Frequency	Counter-party	Maturity Date	Notional Amount	Value/ Unrealized Appreciation (Depreciation)
Centrally Cleared Swap Contracts					
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.558%	Semi-Annual		3/04/21	\$ 3,240,000	\$ (122,000)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.775%	Semi-Annual		10/04/23	13,090,000	(560,798)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.795%	Semi-Annual		10/04/23	13,090,000	(572,186)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.765%	Semi-Annual		10/07/23	13,090,000	(556,489)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.731%	Semi-Annual		7/07/24	34,000,000	(1,830,406)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.914%	Semi-Annual		1/22/25	114,670,000	(1,182,108)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.97%	Semi-Annual		1/23/25	143,340,000	(1,935,166)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.973%	Semi-Annual		1/27/25	84,590,000	(1,169,130)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.937%	Semi-Annual		1/29/25	21,150,000	(247,845)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.942%	Semi-Annual		1/30/25	17,910,000	(214,037)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.817%	Semi-Annual		2/03/25	28,210,000	(132,951)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 4.349%	Semi-Annual		2/25/41	7,460,000	(2,957,633)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 4.32%	Semi-Annual		2/28/41	5,600,000	(2,187,593)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 4.299%	Semi-Annual		3/01/41	1,870,000	(724,297)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.668%	Semi-Annual		10/04/43	6,370,000	(1,827,825)
Receive Floating 3-month USD LIBOR	Quarterly				

Templeton Global Bond VIP Fund (continued)

Interest Rate Swap Contracts (continued)

Description	Payment Frequency	Counter- party	Maturity Date	Notional Amount	Value/ Unrealized Appreciation (Depreciation)
Centrally Cleared Swap Contracts (continued)					
Pay Fixed 3.687%	Semi-Annual		10/04/43	\$ 6,370,000	\$ (1,851,049)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.675%	Semi-Annual		10/07/43	6,370,000	(1,836,145)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.378%	Semi-Annual		11/18/46	122,400,000	(4,266,750)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.537%	Semi-Annual		4/13/47	72,700,000	(5,051,107)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.587%	Semi-Annual		7/27/47	36,700,000	(3,208,437)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.98%	Semi-Annual		2/20/48	15,638,000	(2,751,703)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.002%	Semi-Annual		2/22/48	15,638,000	(2,829,404)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.019%	Semi-Annual		2/23/48	15,638,000	(2,885,783)
Total Centrally Cleared Swap Contracts					<u>\$(40,900,842)</u>
OTC Swap Contracts					
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.523%	Semi-Annual	DBAB	3/28/21	\$ 14,630,000	\$ (555,316)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 4.347%	Semi-Annual	CITI	2/25/41	7,460,000	(2,954,052)
Total OTC Swap Contracts					<u>\$ (3,509,368)</u>
Total Interest Rate Swap Contracts					<u>\$(44,410,210)</u>

See Note 9 regarding other derivative information.

See Abbreviations on page TGB-36.

Statement of Assets and Liabilities

June 30, 2019 (unaudited)

	Templeton Global Bond VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$1,868,329,961
Cost - Non-controlled affiliates (Note 3e)	840,987,190
Value - Unaffiliated issuers	\$1,715,941,371
Value - Non-controlled affiliates (Note 3e)	840,987,190
Foreign currency, at value (cost \$3,139,800)	3,143,810
Receivables:	
Investment securities sold	306,105,949
Capital shares sold	432,766
Interest	28,017,671
Deposits with brokers for:	
OTC derivative contracts	13,111,000
Centrally cleared swap contracts	43,812,453
Variation margin on centrally cleared swap contracts	1,750,564
Unrealized appreciation on OTC forward exchange contracts	10,800,410
Other assets	2,077
Total assets	2,964,105,261
Liabilities:	
Payables:	
Capital shares redeemed	1,873,996
Management fees	871,727
Distribution fees	1,104,022
Trustees' fees and expenses	2,943
Options written, at value (premiums received \$11,159,153)	8,140,326
Unrealized depreciation on OTC forward exchange contracts	24,353,192
Unrealized depreciation on OTC swap contracts	3,509,368
Deferred tax	1,069,598
Accrued expenses and other liabilities	1,470,573
Total liabilities	42,395,745
Net assets, at value	\$2,921,709,516
Net assets consist of:	
Paid-in capital	\$3,013,559,830
Total distributable earnings (loss)	(91,850,314)
Net assets, at value	\$2,921,709,516

Statement of Assets and Liabilities (continued)

June 30, 2019 (unaudited)

	Templeton Global Bond VIP Fund
<hr/>	
Class 1:	
Net assets, at value	\$ 322,894,936
Shares outstanding	19,159,539
Net asset value and maximum offering price per share	<u>\$16.85</u>
Class 2:	
Net assets, at value	\$2,506,398,779
Shares outstanding	155,279,892
Net asset value and maximum offering price per share	<u>\$16.14</u>
Class 4:	
Net assets, at value	\$ 92,415,801
Shares outstanding	5,594,502
Net asset value and maximum offering price per share	<u>\$16.52</u>

Statement of Operations

for the six months ended June 30, 2019 (unaudited)

	Templeton Global Bond VIP Fund
Investment income:	
Dividends:	
Non-controlled affiliates (Note 3e)	\$ 7,272,536
Interest: (net of foreign taxes)~	
Unaffiliated issuers	83,677,638
Total investment income	<u>90,950,174</u>
Expenses:	
Management fees (Note 3a)	6,664,374
Distribution fees: (Note 3c)	
Class 2	3,151,919
Class 4	162,031
Custodian fees (Note 4)	622,636
Reports to shareholders	200,875
Professional fees	52,053
Trustees' fees and expenses	11,670
Other	258,393
Total expenses	11,123,951
Expense reductions (Note 4)	(99,819)
Expenses waived/paid by affiliates (Note 3e)	(1,224,809)
Net expenses	<u>9,799,323</u>
Net investment income	<u>81,150,851</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:#	
Unaffiliated issuers	(3,116,265)
Written options	(270,237)
Foreign currency transactions	59,956
Forward exchange contracts	73,887,062
Swap contracts	1,230,638
Net realized gain (loss)	<u>71,791,154</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	14,559,126
Translation of other assets and liabilities denominated in foreign currencies	230,753
Forward exchange contracts	(18,328,568)
Written options	3,018,827
Swap contracts	(63,106,879)
Change in deferred taxes on unrealized appreciation	808,513
Net change in unrealized appreciation (depreciation)	<u>(62,818,228)</u>
Net realized and unrealized gain (loss)	<u>8,972,926</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 90,123,777</u>
~Foreign taxes withheld on interest	\$ 1,721,531
#Net of foreign taxes	\$ 356,048

Statements of Changes in Net Assets

	Templeton Global Bond VIP Fund	
	Six Months Ended June 30, 2019 (unaudited)	Year Ended December 31, 2018
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 81,150,851	\$ 148,925,933
Net realized gain (loss)	71,791,154	29,395,004
Net change in unrealized appreciation (depreciation)	(62,818,228)	(118,382,692)
Net increase (decrease) in net assets resulting from operations	90,123,777	59,938,245
Distributions to shareholders:		
Class 1	(22,427,340)	—
Class 2	(175,601,316)	—
Class 4	(6,224,019)	—
Total distributions to shareholders	(204,252,675)	—
Capital share transactions: (Note 2)		
Class 1	51,298,106	(7,760,972)
Class 2	58,771,690	(237,044,140)
Class 4	1,510,796	(6,392,585)
Total capital share transactions	111,580,592	(251,197,697)
Net increase (decrease) in net assets	(2,548,306)	(191,259,452)
Net assets:		
Beginning of period	2,924,257,822	3,115,517,274
End of period	\$2,921,709,516	\$2,924,257,822

Notes to Financial Statements (unaudited)

Templeton Global Bond VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Global Bond VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2, and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Debt securities generally trade in the over-the-counter (OTC) market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal

repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

Investments in open-end mutual funds are valued at the closing NAV.

Certain derivative financial instruments are centrally cleared or trade in the OTC market. The Fund's pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to determine the fair value of those instruments. The Fund's net benefit or obligation under the derivative contract, as measured by the fair value of the contract, is included in net assets.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally,

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

b. Foreign Currency Translation (continued)

events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

The Fund does not separately report the effect of changes in foreign exchange rates from changes in market prices on securities held. Such changes are included in net realized and unrealized gain or loss from investments in the Statement of Operations.

Realized foreign exchange gains or losses arise from sales of foreign currencies, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference between the recorded amounts of dividends, interest, and foreign withholding taxes and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in foreign exchange rates on foreign denominated assets and liabilities other than investments in securities held at the end of the reporting period.

c. Derivative Financial Instruments

The Fund invested in derivative financial instruments in order to manage risk or gain exposure to various other investments or markets. Derivatives are financial contracts based on an underlying or notional amount, require no initial investment or an initial net investment that is smaller than would normally be required to have a similar response to changes in market factors, and require or permit net settlement. Derivatives contain various risks including the potential inability of the counterparty to fulfill their obligations under the terms of the contract, the potential for an illiquid secondary market, and/or the potential for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statement of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever

possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement.

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of the agreement. Generally, collateral is determined at the close of Fund business each day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the counterparty the next business day, or within a few business days. Collateral pledged and/or received by the Fund for OTC derivatives, if any, is held in segregated accounts with the Fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives. To the extent that the amounts due to the Fund from its counterparties are not subject to collateralization or are not fully collateralized, the Fund bears the risk of loss from counterparty non-performance.

Templeton Global Bond VIP Fund (continued)

The Fund entered into OTC forward exchange contracts primarily to manage and/or gain exposure to certain foreign currencies. A forward exchange contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date.

The Fund entered into interest rate swap contracts primarily to manage interest rate risk. An interest rate swap is an agreement between the Fund and a counterparty to exchange cash flows based on the difference between two interest rates, applied to a notional amount. These agreements may be privately negotiated in the over-the-counter market (OTC interest rate swaps) or may be executed on a registered exchange (centrally cleared interest rate swaps). For centrally cleared interest rate swaps, required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statement of Assets and Liabilities. Over the term of the contract, contractually required payments to be paid and to be received are accrued daily and recorded as unrealized depreciation and appreciation until the payments are made, at which time they are realized.

The Fund purchased or wrote OTC option contracts primarily to manage and/or gain exposure to foreign exchange rate risk. An option is a contract entitling the holder to purchase or sell a specific amount of shares or units of an asset or notional amount of a swap (swaption), at a specified price. When an option is purchased or written, an amount equal to the premium paid or received is recorded as an asset or liability, respectively. Upon exercise of an option, the acquisition cost or sales proceeds of the underlying investment is adjusted by any premium received or paid. Upon expiration of an option, any premium received or paid is recorded as a realized gain or loss. Upon closing an option other than through expiration or exercise, the difference between the premium received or paid and the cost to close the position is recorded as a realized gain or loss.

The Fund invested in value recovery instruments (VRI) primarily to gain exposure to economic growth. Periodic payments from VRI are dependent on established benchmarks for underlying variables. VRI has a notional amount, which is used to calculate amounts of payments to holders. Payments are recorded upon receipt as realized

gains in the Statement of Operations. The risks of investing in VRI include growth risk, liquidity, and the potential loss of investment.

See Note 9 regarding other derivative information.

d. Income and Deferred Taxes

It is the Fund's policy to qualify as a regulated investment company under the Internal Revenue Code. The Fund intends to distribute to shareholders substantially all of its taxable income and net realized gains to relieve it from federal income and if applicable, excise taxes. As a result, no provision for U.S. federal income taxes is required.

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2019, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis)

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

e. Security Transactions, Investment Income, Expenses and Distributions (continued)

and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

Common expenses incurred by the Trust are allocated among the Funds based on the ratio of net assets of each Fund to the combined net assets of the Trust or based on the ratio of number of shareholders of each Fund to the combined number of shareholders of the Trust. Fund specific expenses are charged directly to the Fund that incurred the expense.

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

Inflation-indexed bonds are adjusted for inflation through periodic increases or decreases in the security's interest accruals, face amount, or principal redemption value, by

2. Shares of Beneficial Interest

At June 30, 2019, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2019		Year Ended December 31, 2018	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	3,257,781	\$ 58,874,081	3,298,930	\$ 57,215,991
Shares issued in reinvestment of distributions	1,330,210	22,427,340	—	—
Shares redeemed	(1,676,435)	(30,003,315)	(3,741,198)	(64,976,963)
Net increase (decrease)	2,911,556	\$ 51,298,106	(442,268)	\$ (7,760,972)

amounts corresponding to the rate of inflation as measured by an index. Any increase or decrease in the face amount or principal redemption value will be included as interest income in the Statement of Operations.

f. Accounting Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

g. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

Templeton Global Bond VIP Fund (continued)

	Six Months Ended June 30, 2019		Year Ended December 31, 2018	
	Shares	Amount	Shares	Amount
Class 2 Shares:				
Shares sold	3,326,780	\$ 57,259,173	10,132,393	\$ 169,096,447
Shares issued in reinvestment of distributions	10,873,146	175,601,316	—	—
Shares redeemed	(10,136,099)	(174,088,799)	(24,289,543)	(406,140,587)
Net increase (decrease)	4,063,827	\$ 58,771,690	(14,157,150)	\$(237,044,140)
Class 4 Shares:				
Shares sold	338,125	\$ 5,942,275	816,409	\$ 13,930,984
Shares issued in reinvestment of distributions	376,529	6,224,019	—	—
Shares redeemed	(607,785)	(10,655,498)	(1,191,456)	(20,323,569)
Net increase (decrease)	106,869	\$ 1,510,796	(375,047)	\$ (6,392,585)

3. Transactions with Affiliates

Franklin Resources, Inc. is the holding company for various subsidiaries that together are referred to as Franklin Templeton. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.625%	Up to and including \$100 million
0.500%	Over \$100 million, up to and including \$250 million
0.450%	Over \$250 million, up to and including \$7.5 billion
0.440%	Over \$7.5 billion, up to and including \$10 billion
0.430%	Over \$10 billion, up to and including \$12.5 billion
0.420%	Over \$12.5 billion, up to and including \$15 billion
0.400%	In excess of \$15 billion

For the period ended June 30, 2019, the annualized gross effective investment management fee rate was 0.459% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with Advisers, FT Services provides administrative services to the Fund. The fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund.

Templeton Global Bond VIP Fund (continued)

3. Transactions with Affiliates (continued)

c. Distribution Fees

The Board has adopted distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.25% and 0.35% per year of its average daily net assets of Class 2 and Class 4, respectively. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

d. Transfer Agent Fees

Investor Services, under terms of an agreement, performs shareholder servicing for the Fund and is not paid by the Fund for the services.

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2019, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Dividend Income
Non-Controlled Affiliates								
Institutional Fiduciary Trust Money Market Portfolio, 2.05%	\$663,563,266	\$364,241,589	\$(186,817,665)	\$ —	\$ —	\$840,987,190	840,987,190	\$7,272,536

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2019, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains.

At December 31, 2018, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	\$ 1,830,066
Long term	23,760,579
Total capital loss carryforwards	<u>\$25,590,645</u>

Templeton Global Bond VIP Fund (continued)

At June 30, 2019, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	<u>\$2,712,504,045</u>
Unrealized appreciation	\$ 71,578,938
Unrealized depreciation	<u>(290,382,662)</u>
Net unrealized appreciation (depreciation)	<u>\$ (218,803,724)</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of bond discounts and premiums.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2019, aggregated \$210,959,199 and \$431,222,785, respectively.

7. Credit Risk

At June 30, 2019, the Fund had 15.2% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local and regional economic, political and social conditions, which may result in greater market volatility. Current political and financial uncertainty surrounding the European Union may increase market volatility and the economic risk of investing in securities in Europe. In addition, certain foreign securities may not be as liquid as U.S. securities.

9. Other Derivative Information

At June 30, 2019, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Interest rate contracts	Variation margin on centrally cleared swap contracts	\$ —	Variation margin on centrally cleared swap contracts	\$40,900,842 ^a
	Unrealized appreciation on OTC swap contracts	—	Unrealized depreciation on OTC swap contracts	3,509,368

Templeton Global Bond VIP Fund (continued)

9. Other Derivative Information (continued)

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Foreign exchange contracts	Investments in securities, at value	\$10,749,140 ^b	Options written, at value	\$ 8,140,326
	Unrealized appreciation on OTC forward exchange contracts	10,800,410	Unrealized depreciation on OTC forward exchange contracts	24,353,192
Totals		<u>\$21,549,550</u>		<u>\$76,903,728</u>

^aThis amount reflects the cumulative appreciation (depreciation) of centrally cleared swap contracts as reported in the Statement of Investments. Only the variation margin receivable/payable at period end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.

^bPurchased option contracts are included in investments in securities, at value in the Statement of Assets and Liabilities.

For the period ended June 30, 2019, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts	Swap contracts	\$ 1,230,638	Swap contracts	\$(63,106,879)
Foreign exchange contracts . . .	Investments	433,153 ^a	Investments	(4,014,018) ^a
	Written options	(270,237)	Written options	3,018,827
	Forward exchange contracts	73,887,062	Forward exchange contracts	(18,328,568)
Value recovery instruments . . .	Investments	4,142,988 ^a	Investments	(3,416,727) ^a
Totals		<u>\$79,423,604</u>		<u>\$(85,847,365)</u>

^aPurchased option contracts and VRI are included in net realized gain (loss) from investments and net change in unrealized appreciation (depreciation) on investments in the Statement of Operations.

For the period ended June 30, 2019, the average month end notional amount of options and swap contracts, the average month end contract value for forward exchange contracts and average month end fair value of VRI, were as follows:

Options	\$ 343,333,182
Swap contracts	\$ 821,224,000
Forward exchange contracts	2,993,537,783
VRI	7,181,264

See Note 1(c) regarding derivative financial instruments.

Templeton Global Bond VIP Fund (continued)

At June 30, 2019, OTC derivative assets and liabilities are as follows:

Gross Amounts of Assets and Liabilities Presented in the Statement of Assets and Liabilities		
	Assets^a	Liabilities^a
Derivatives		
Forward exchange contracts	\$10,800,410	\$24,353,192
Options purchased	10,749,140	—
Options written	—	8,140,326
Swap contracts	—	3,509,368
Total	<u>\$21,549,550</u>	<u>\$36,002,886</u>

^aAbsent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

At June 30, 2019, OTC derivative assets, which may be offset against OTC derivative liabilities and collateral received from the counterparty, are as follows:

	Amounts Not Offset in the Statement of Assets and Liabilities				
	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Received^{a,b}	Cash Collateral Received	Net Amount (Not less than zero)
Counterparty					
BNDP	\$ —	\$ —	\$ —	\$ —	\$ —
BOFA	13,770	(13,770)	—	—	—
BZWS	398,021	(398,021)	—	—	—
CITI	10,798,389	(10,798,389)	—	—	—
DBAB	650,999	(650,999)	—	—	—
GSCO	313,768	(313,768)	—	—	—
HSBK	5,932,067	(4,745,878)	(1,186,189)	—	—
JPHQ	3,373,857	(3,373,857)	—	—	—
MSCO	54,347	(54,347)	—	—	—
SCNY	1,132	(1,132)	—	—	—
UBSW	13,200	(13,200)	—	—	—
Total	<u>\$21,549,550</u>	<u>\$(20,363,361)</u>	<u>\$(1,186,189)</u>	<u>\$ —</u>	<u>\$ —</u>

Templeton Global Bond VIP Fund (continued)

9. Other Derivative Information (continued)

At June 30, 2019, OTC derivative liabilities, which may be offset against OTC derivative assets and collateral pledged to the counterparty, are as follows:

Counterparty	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged ^b	
BNDP	\$ 589,478	\$ —	\$ —	\$ (520,000)	\$ 69,478
BOFA	2,287,842	(13,770)	—	(2,274,072)	—
BZWS	1,210,046	(398,021)	—	(812,025)	—
CITI	11,997,014	(10,798,389)	—	(494,000)	704,625
DBAB	3,214,550	(650,999)	—	(2,542,000)	21,551
GSCO	3,579,210	(313,768)	—	(2,860,000)	405,442
HSBK	4,745,878	(4,745,878)	—	—	—
JPHQ	5,802,310	(3,373,857)	—	(1,260,000)	1,168,453
MSCO	694,003	(54,347)	—	(620,000)	19,656
SCNY	1,674,734	(1,132)	—	(1,405,000)	268,602
UBSW	207,821	(13,200)	—	(194,621)	—
Total	\$36,002,886	\$(20,363,361)	\$ —	\$(12,981,718)	\$2,657,807

^aAt June 30, 2019, the Fund received U.K. Treasury Bonds as collateral for derivatives.

^bIn some instances, the collateral amounts disclosed in the table above were adjusted due to the requirement to limit collateral amounts to avoid the effect of overcollateralization. Actual collateral received and/or pledged may be more than the amounts disclosed herein.

See Abbreviations on page TGB-36.

10. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matures on February 7, 2020. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2019, the Fund did not use the Global Credit Facility.

Templeton Global Bond VIP Fund (continued)

11. Fair Value Measurements

The Fund follows a fair value hierarchy that distinguishes between market data obtained from independent sources (observable inputs) and the Fund's own market assumptions (unobservable inputs). These inputs are used in determining the value of the Fund's financial instruments and are summarized in the following fair value hierarchy:

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

The input levels are not necessarily an indication of the risk or liquidity associated with financial instruments at that level.

A summary of inputs used as of June 30, 2019, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities: ^a				
Foreign Government and Agency Securities	\$ —	\$ 1,382,946,845	\$ —	\$ 1,382,946,845
Options Purchased	—	10,749,140	—	10,749,140
Short Term Investments	892,766,792	270,465,784	—	1,163,232,576
Total Investments in Securities	\$ 892,766,792	\$ 1,664,161,769	\$ —	\$ 2,556,928,561
Other Financial Instruments:				
Forward Exchange Contracts	\$ —	\$ 10,800,410	\$ —	\$ 10,800,410
Liabilities:				
Other Financial Instruments:				
Options Written	\$ —	\$ 8,140,326	\$ —	\$ 8,140,326
Forward Exchange Contracts	—	24,353,192	—	24,353,192
Swap Contracts	—	44,410,210	—	44,410,210
Total Other Financial Instruments	\$ —	\$ 76,903,728	\$ —	\$ 76,903,728

^aFor detailed categories, see the accompanying Statement of Investments.

12. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure.

Templeton Global Bond VIP Fund (continued)

Abbreviations

Counterparty		Currency	Selected Portfolio
BNDP	BNP Paribas SA	ARS	Argentine Peso
BOFA	Bank of America Corp.	AUD	Australian Dollar
BZWS	Barclays Bank PLC	BRL	Brazilian Real
CITI	Citigroup, Inc.	COP	Colombian Peso
DBAB	Deutsche Bank AG	EUR	Euro
GSCO	The Goldman Sachs Group, Inc.	GHS	Ghanaian Cedi
HSBK	HSBC Bank PLC	IDR	Indonesian Rupiah
JPHQ	JP Morgan Chase & Co.	INR	Indian Rupee
MSCO	Morgan Stanley	JPY	Japanese Yen
SCNY	Standard Chartered Bank	KRW	South Korean Won
UBSW	UBS AG	MXN	Mexican Peso
		PHP	Philippine Peso
		USD	United States Dollar
		ARPP7DRR	Argentina Central Bank 7 Day Repo Rate
		BADLAR	Argentina Deposit Rates Badlar Private Banks ARS
		FRN	Floating Rate Note
		LIBOR	London InterBank Offered Rate

Tax Information (unaudited)

Templeton Global Bond VIP Fund

At December 31, 2018, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. As shown in the table below, the Fund hereby reports to shareholders the foreign source income and foreign taxes paid, pursuant to Section 853 of the Internal Revenue Code. This written statement will allow shareholders of record on June 13, 2019, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

The following table provides a detailed analysis of foreign tax paid and foreign source income as reported by the Fund to shareholders of record.

Class	Foreign Tax Paid Per Share	Foreign Source Income Per Share
Class 1	\$0.0282	\$0.8543
Class 2	\$0.0282	\$0.8235
Class 4	\$0.0282	\$0.8111

Foreign Tax Paid Per Share is the amount per share available to you, as a tax credit (assuming you held your shares in the Fund for a minimum of 16 days during the 31-day period beginning 15 days before the ex-dividend date of the Fund's distribution to which the foreign taxes relate), or, as a tax deduction.

Foreign Source Income Per Share is the amount per share of income dividends attributable to foreign securities held by the Fund, plus any foreign taxes withheld on these dividends.

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Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges.

For Russell Indexes: Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

See www.franklintempletondatasources.com for additional data provider information.

Bloomberg Barclays 1-3 Month U.S. Treasury Bill Index measures the performance of U.S. Treasury bills that have a remaining maturity of greater than or equal to 1 month and less than 3 months.

Bloomberg Barclays U.S. Aggregate Bond is a market capitalization-weighted index representing the U.S. investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

Bloomberg Barclays U.S. Corporate Index: Investment-Grade Component measures the investment grade, fixed-rate, taxable corporate bond market. It includes U.S. dollar-denominated securities publicly issued by U.S. and non-U.S. industrial, utility and financial issuers.

Bloomberg Barclays U.S. Government Index: Intermediate Component is the intermediate component of the Barclays U.S. Government Index, which includes public obligations of the U.S. Treasury with at least one year to final maturity and publicly issued debt of U.S. government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the U.S. government.

Bloomberg Barclays U.S. High Yield Very Liquid Index is a component of the U.S. Corporate High Yield Index that is designed to track a more liquid component of the U.S. dollar-denominated, high-yield fixed-rate corporate bond market.

Consumer Price Index (CPI) is a commonly used measure of the inflation rate.

FTSE® EPRA®/NAREIT® Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

FTSE World Government Bond Index is a market capitalization-weighted index consisting of investment-grade world government bond markets.

J.P. Morgan (JPM) Global Government Bond Index (GGBI) tracks total returns for liquid, fixed-rate, domestic government bonds with maturities greater than one year issued by developed countries globally.

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds Classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocation of assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the six-month period ended 6/30/19, there were 37 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the six-month period ended 6/30/19, there were 26 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

MSCI All Country World Index (ACWI) is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets.

MSCI All Country World Index (ACWI) ex USA Index captures large- and mid-capitalization representation across 22 of 23 developed markets countries (excluding the U.S.) and 23 emerging markets countries. The index covers approximately 85% of the global equity opportunity set outside the U.S.

MSCI EAFE Index is a free float-adjusted market capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada.

MSCI Emerging Markets (EM) Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets.

MSCI USA High Dividend Yield Index is based on the MSCI USA Index, its parent index, and includes large- and mid-capitalization stocks. The index is designed to reflect the performance of equities in the parent index (excluding real estate investment trusts) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell 1000® Index is market capitalization weighted and measures performance of the largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

Russell 2000® Index is market capitalization weighted and measures performance of the 2,000 smallest companies in the Russell 3000® Index, which represent a small amount of the total market capitalization of the Russell 3000® Index.

Russell 2000® Value Index is market capitalization weighted and measures performance of those Russell 2000® Index companies with lower price-to-book ratios and lower forecasted growth values.

Russell 3000® Growth Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Growth Index is market capitalization weighted and measures performance of those Russell Midcap® Index companies with higher price-to-book ratios and higher forecasted growth values.

Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represents a modest amount of the Russell 1000® Index's total market capitalization.

Standard & Poor's® 500 Index (S&P 500®) is a market capitalization-weighted index of 500 stocks designed to measure total U.S. equity market performance.

Standard & Poor's®/International Finance Corporation Investable (S&P/IFCI) Composite Index is a free float-adjusted, market capitalization-weighted index designed to measure equity performance in global emerging markets.

Shareholder Information

Board Approval of Investment Management Agreements

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

Franklin Flex Cap Growth VIP Fund
Franklin Global Real Estate VIP Fund
Franklin Growth and Income VIP Fund
Franklin Income VIP Fund
Franklin Large Cap Growth VIP Fund
Franklin Mutual Global Discovery VIP Fund
Franklin Mutual Shares VIP Fund
Franklin Rising Dividends VIP Fund
Franklin Small Cap Value VIP Fund
Franklin Small-Mid Cap Growth VIP Fund
Franklin Strategic Income VIP Fund
Franklin U.S. Government Securities VIP Fund
Franklin VolSmart Allocation VIP Fund
Templeton Developing Markets VIP Fund
Templeton Foreign VIP Fund
Templeton Global Bond VIP Fund
Templeton Growth VIP Fund
 (each a Fund)

At an in-person meeting held on April 16, 2019 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the (i) investment management agreement between Franklin Advisers, Inc. (FAI) and the Trust, on behalf of each of Franklin Flex Cap Growth VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small Mid-Cap Growth VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund, Franklin VolSmart Allocation VIP Fund, and Templeton Global Bond VIP Fund; (ii) the investment sub-advisory agreement between FAI and K2/D&S Management Co., LLC (Sub-Adviser), an affiliate of FAI, on behalf of Franklin VolSmart Allocation VIP Fund; (iii) the investment management agreement between Franklin Templeton Institutional, LLC (FTIL) and the Trust, on behalf of Franklin Global Real Estate VIP Fund; (iv) the investment management agreement between Franklin Mutual Advisers, LLC (FMA) and the Trust, on behalf of each of Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund and Franklin Small Cap Value VIP Fund; (v) the

investment management agreement between Templeton Asset Management Ltd. (TAML) and the Trust, on behalf of Templeton Developing Markets VIP Fund; (vi) the investment management agreement between Templeton Investment Counsel, LLC (TICL) and the Trust, on behalf of Templeton Foreign VIP Fund; and (vii) the investment management agreement between Templeton Global Advisors Limited (TGAL) and the Trust, on behalf of Templeton Growth VIP Fund (each a Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement. Although the Management Agreements for the Funds were considered at the same Board meeting, the Board considered the information provided to it about the Funds together and with respect to each Fund separately as the Board deemed appropriate. FAI, FTIL, FMA, TAML, TICL, TGAL and the Sub-Adviser are each referred to herein as a Manager.

In considering the continuation of each Management Agreement, the Board reviewed and considered information provided by each Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to each Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a telephonic contract renewal meeting at which the Independent Trustees conferred amongst themselves and Independent Trustee counsel about contract renewal matters. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of each Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by each Manager; (ii) the investment performance of each Fund; (iii) the costs of the services provided and profits realized by each Manager and its affiliates from the relationship with each Fund; (iv) the extent to which economies of scale are realized as each Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of each Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in the interests of the applicable Fund and its shareholders. While

attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by each Manager and its affiliates to the Funds and their shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of each Manager; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for each Fund; reports on expenses, shareholder services, marketing support payments made to financial intermediaries and third party servicing arrangements; legal and compliance matters; risk controls; pricing and other services provided by each Manager and its affiliates; and management fees charged by each Manager and its affiliates to US funds and other accounts, including management's explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton Investments (FTI) or the Funds to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements in response to a guidance update in 2016 from the US Securities and Exchange Commission (SEC) relating to mutual fund distribution and sub-accounting fees. The Board noted management's continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity and liquidity risk management. The Board also recognized management's commitment to facilitating Board oversight of liquidity through the designation of a liquidity/risk administrator and the development of reports that highlight the amount of illiquid investments for each Fund.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the Franklin Templeton family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Managers' parent, and its commitment to the mutual fund business as evidenced by its continued introduction of new funds, reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Funds by the FTI organization.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services provided by each Manager and its affiliates to the Funds and their shareholders.

Fund Performance

The Board reviewed and considered the performance results of each Fund over various time periods ended January 31, 2019. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also considered the performance returns for the Franklin Income VIP Fund and Franklin VolSmart Allocation VIP Fund in comparison to the performance returns of a customized peer group (Performance Customized Peer Group) selected by the Manager. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

Franklin Flex Cap Growth VIP Fund - The Performance Universe for this Fund included the Fund and all large-cap growth funds underlying variable insurance products (VIPs). The Board noted that the Fund's annualized total return for the one-year period was above the median of its Performance Universe, but for the three-, five- and 10-year periods was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory, noting the Fund's one-year first quintile (best) performance. The Board also noted the actions management has taken in an effort to address the Fund's performance over the past few years, including changes to the Fund's portfolio management team and enhancements to the team's security selection process.

Franklin Growth and Income VIP Fund - The Performance Universe for this Fund included the Fund and all equity income funds underlying VIPs. The Board noted that the Fund's annualized income return and annualized total return for the one-, three-, five- and 10-year periods were above the medians of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Income VIP Fund - The Performance Universe for this Fund included the Fund and all mixed-asset target

allocation moderate funds underlying VIPs. The Performance Customized Peer Group for this Fund consisted of funds sorted by trailing 12-month yield and set to be top quartile (highest yield). The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the medians of its Performance Universe and Performance Customized Peer Group. The Board also noted that the Fund's annualized total return for the one-, three- and 10-year periods was above the median of its Performance Universe, and for the five-year period was equal to the median of its Performance Universe. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its Performance Customized Peer Group. The Board concluded that the Fund's performance was satisfactory.

Franklin Strategic Income VIP Fund - The Performance Universe for this Fund included the Fund and all general bond funds underlying VIPs. The Board noted that the Fund's annualized income return for the one- and three-year periods was below the median of its Performance Universe, but for the five- and 10-year periods was above the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the five- and ten-year periods was below the median of its Performance Universe, but for the three-year period was above the median of its Performance Universe and for the one-year period was equal to the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's relative underperformance for the five-year period was impacted by, among other things, energy related credit investments that were affected by declining oil prices and global non-dollar long positions that were affected by broad US Dollar strength. Management then explained to the Board that it is continuing to enhance the Fund's investment team and process, emphasizing bottom-up fundamental research, top-down macroeconomic analysis and quantitative modeling. Based on management's explanation and the Fund's shorter-term performance, the Board concluded that the Fund's performance was satisfactory.

Franklin Large Cap Growth VIP Fund - The Performance Universe for this Fund included the Fund and all large-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-year period was above the median of its Performance Universe, but for the three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained

that the Fund has historically maintained a higher allocation to smaller and mid-cap companies than the average fund in its Performance Universe. Management further explained that over the three- and five-year periods larger cap companies had outperformed smaller and mid-cap companies, contributing to the Fund's below median performance. Management also explained that the Fund's performance was impacted over the three- and five-year periods by security selection in the health care sector and general market rotation out of traditional secular growth sectors into cyclical sectors following the US presidential election in 2016. Based on management's explanation, management's recent actions taken to reposition certain portfolio holdings and the Fund's above median one-year performance, the Board concluded that the Fund's performance was satisfactory. In doing so, the Board noted and that the Fund's annualized total return for the three-, five- and 10-year periods, while below the median, exceeded 14.7%, 11.1% and 13.8%, respectively.

Franklin Mutual Global Discovery VIP Fund - The Performance Universe for this Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the three- and 10-year periods was below the median of its Performance Universe, but for the one- and five-year periods was above the median and in the first quintile (the best) of its Performance Universe. The Board concluded that the Fund's performance was satisfactory. In doing so, the Board noted that the Fund's annualized total return for the three- and 10-year periods, while below the median, exceeded 7.5% and 9.0%, respectively.

Franklin Mutual Shares VIP Fund - The Performance Universe for this Fund included the Fund and all multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-year period was above the median of its Performance Universe, but for the three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's underperformance in 2017 was material and continues to adversely impact the Fund's ranking over longer-term periods. Management reminded the Board of the primary factors that impacted the 2017 performance, including, among factors, exposure to non-US equities and stock selection. Management then explained to the Board the actions it has taken in an effort to address the sources of the Fund's underperformance, including changes to the Fund's portfolio management team and enhancements to

the Fund's investment process. Based on management's explanation and the Fund's above median one-year performance, the Board concluded that the Fund's performance was satisfactory. In doing so, the Board noted that the Fund's annualized total return for the three-, five- and 10-year periods, while below the median, were equal to or exceeded 9.0%, 5.5% and 10.7%, respectively.

Franklin Small-Mid Cap Growth VIP Fund - The Performance Universe for this Fund included the Fund and all mid-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-year period was above the median of its Performance Universe, but for the three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's positioning in the healthcare, consumer, financial and industrial sectors was a primary detractor from relative performance over the three- and five-year periods. Management further explained that overweight exposure to the pharmaceutical industry was the largest detractor from performance, especially in 2016. Management then explained to the Board the actions it has taken in an effort to address the sources of the Fund's relative underperformance, including changes to the Fund's portfolio management team and enhancements to the Fund's investment process. Based on management's explanation and the Fund's above median one-year performance, the Board concluded that the Fund's performance was satisfactory. In doing so, the Board noted that the Fund's annualized total return for the three-, five- and 10-year periods, while below the median, were equal to or exceeded 13.8%, 7.4% and 14.7%, respectively.

Franklin Global Real Estate VIP Fund, Franklin Rising Dividends VIP Fund and Templeton Developing Markets VIP Fund - The Performance Universe for the Franklin Global Real Estate VIP Fund included the Fund and all global real estate funds underlying VIPs. The Performance Universe for the Franklin Rising Dividends VIP Fund included the Fund and all multi-cap core funds underlying VIPs. The Performance Universe for the Templeton Developing Markets VIP Fund included the Fund and all emerging markets funds underlying VIPs. The Board noted that the Funds' annualized total returns for the one-, three- and five-year periods were above the medians of their respective Performance Universes, but for the ten-year period were below the medians of their respective Performance Universes. The Board concluded that the Funds' performance was satisfactory.

Franklin Small Cap Value VIP Fund - The Performance Universe for this Fund included the Fund and a representative class/fund from each portfolio in the small-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin U.S. Government Securities VIP Fund - The Performance Universe for this Fund included the Fund and all general U.S. government funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median and in the first quintile (the best) of its Performance Universe. The Board also noted that the Fund's annualized total return for the five- and 10-year periods was below the median of its Performance Universe, but for the one- and three-year periods was above the median and in the second quintile of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin VolSmart Allocation VIP Fund - The Performance Universe for this Fund included the Fund and all flexible portfolio funds underlying VIPs. The Performance Customized Peer Group for this Fund consisted of the Fund and all retail and institutional mixed-asset target allocation moderate funds. The Fund has been in operation for less than ten years. The Board noted that the Fund's annualized total return for the one-, three- and five-year periods was below the medians of its Performance Universe and Performance Customized Peer Group. The Board discussed this performance with management and management explained that it is not aware of another fund in the Performance Universe that is a pure comparison to the Fund, noting the Fund's strategy to seek to achieve its investment goal while attempting to minimize the expected volatility of the Fund's returns so that volatility does not exceed a target of 10% per year. Management then explained to the Board the actions it has taken in an effort to address the sources of the Fund's relative underperformance, including changes to the Fund's equity index short positions, and noted that the portfolio management team continues to monitor the security selection and weightings of the exchange-traded funds and active funds that comprise the Fund's equity and fixed income sub-strategies in anticipation of future allocation shifts that may be necessary in the coming year due to ongoing market concerns. In light of this explanation, the Board concluded that the Fund's Management Agreement should be continued for an

additional one-year period, and the Fund's performance should continue to be monitored.

Templeton Foreign VIP Fund - The Performance Universe for this Fund included the Fund and all international multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the five- and ten-year periods was below the median of its Performance Universe, but for the one- and three-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Templeton Global Bond VIP Fund - The Performance Universe for this Fund included the Fund and all global income funds underlying VIPs. The Board noted that the Fund's annualized income return for the one- and three-year periods was below the median of its Performance Universe, but for the five- and 10-year periods was above the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median and in the first (best) and second quintiles of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Templeton Growth VIP Fund - The Performance Universe for this Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and five-year periods was below the median of its Performance Universe, but for the three- and 10-year periods was above the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's underweight position in US stocks, overweight position in European holdings and overall stock selection (including in the health care sector) were primary themes that impacted the Fund's relative performance over the past five years, noting that the Fund's peers have a larger exposure to US investments and smaller exposure to emerging market investments as compared to the Fund. The Board also noted a number of changes implemented/being implemented by management to address the Fund's below median annualized total return, in particular, changes to the Fund's portfolio management team, macroeconomic analysis and portfolio construction. In light of this explanation and the Fund's above median three- and 10-year performance, the Board concluded that the Fund's performance was acceptable and that the changes management is implementing will continue to be monitored.

Comparative Fees and Expenses

The Board reviewed and considered information regarding

each Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FTI to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of each Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

Franklin Flex Cap Growth VIP Fund, Franklin Mutual Shares VIP Fund and Franklin Strategic Income VIP Fund - The Expense Group for the Franklin Flex Cap Growth VIP Fund included the Fund and twelve other large-cap growth funds underlying VIPs. The Expense Group for the Franklin Mutual Shares VIP Fund included the Fund and eight other multi-cap value funds underlying VIPs. The Expense Group for the Franklin Strategic Income VIP Fund included the Fund and seven other general bond funds underlying VIPs. The Board noted that the Management Rates for these Funds were above (only slightly for Franklin Mutual Shares VIP Fund and the Franklin Strategic Income VIP Fund) the medians of their respective Expense Groups, but their actual total expense ratios were below the medians of their respective Expense Groups. The Board concluded that the Management Rates charged to these Funds are reasonable. In doing so, the Board noted that the Franklin Flex Cap Growth Fund's actual total expense ratio reflected a fee waiver from management. With respect to the Franklin Mutual Shares VIP Fund, the Board further noted management's explanation that the portfolio management

team makes investments in distressed securities and merger arbitrage that are specialist in nature and therefore require additional resources that raise management costs, whereas the Fund's Expense Group generally does not make such investments.

Templeton Growth VIP Fund - The Expense Group for this Fund included the Fund, three other global multi-cap value fund underlying VIPs, two global multi-cap core funds underlying VIPs and three global multi-cap growth funds underlying VIPs. The Board noted that the Management Rate for the Fund was slightly above the median of its Expense Group and its actual total expense ratio was equal to the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin Small-Mid Cap Growth VIP Fund - The Expense Group for the Fund included this Fund and twelve other mid-cap growth funds underlying VIPs. The Board noted that the Management Rate for the Fund was below the median of its Expense Group, and the actual total expense ratio for the Fund was equal to the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin Global Real Estate VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Mutual Global Discovery VIP Fund and Templeton Developing Markets VIP Fund - The Expense Group for the Franklin Global Real Estate VIP Fund included the Fund and eight other global real estate funds underlying VIPs. The Expense Group for the Franklin Large Cap Growth VIP Fund included the Fund and ten other large-cap growth funds underlying VIPs. The Expense Group for the Franklin Mutual Global Discovery VIP Fund included the Fund, three other global multi-cap value funds underlying VIPs, two global multi-cap core funds underlying VIPs and five global multi-cap growth funds underlying VIPs. The Expense Group for the Templeton Developing Markets VIP Fund included the Fund and 12 other emerging markets funds underlying VIPs. The Board noted that the Management Rates and actual total expense ratios for these Funds were above the medians of their respective Expense Groups. With respect to the Franklin Mutual Global Discovery VIP Fund, the Board noted management's explanation that the portfolio management team makes investments in distressed securities and merger arbitrage that are specialist in nature and therefore require additional resources that raise management costs, whereas the Fund's Expense Group generally does not make such investments.

With respect to the Franklin Global Real Estate VIP Fund, the Board noted management's explanation that the portfolio managers' rigorous fundamental analysis and active risk controls elevate management costs. With respect to the Franklin Large Cap Growth VIP Fund and the Templeton Developing Markets VIP Fund, the Board noted that the Funds' Management Rates and actual total expense ratios were only slightly above (approximately 5 basis points or less) the medians of each Fund's respective Expense Group. The Board concluded that the Management Rates charged to these Funds are reasonable.

Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Small Cap Value VIP Fund, Franklin U.S. Government Securities VIP Fund, Templeton Foreign VIP Fund and Templeton Global Bond VIP Fund - The Expense Group for the Franklin Growth and Income VIP Fund included the Fund and seven other equity income funds underlying VIPs. The Expense Group for the Franklin Income VIP Fund included the Fund and seven other mixed-asset target allocation moderate funds underlying VIPs. The Expense Group for the Franklin Small Cap Value VIP Fund included the Fund and seven other small-cap value funds underlying VIPs. The Expense Group for the Franklin U.S. Government Securities VIP Fund included the Fund and ten other general U.S. government funds underlying VIPs. The Expense Group for the Templeton Foreign VIP Fund included the Fund, eight other international multi-cap value funds underlying VIPs and three international multi-cap core funds underlying VIPs. The Expense Group for the Templeton Global Bond VIP Fund included the Fund and eight other global income funds underlying VIPs. The Board noted that the Management Rates and actual total expense ratios for these Funds were below the medians of their respective Expense Groups. The Board concluded that the Management Rates charged to these Funds are reasonable. The Board also noted that the Franklin Growth and Income VIP Fund's actual total expense ratio reflected a fee waiver from management.

Franklin Rising Dividends VIP Fund - The Expense Group for this Fund included the Fund and 12 other multi-cap core funds underlying VIPs. The Board noted that the Management Rate for the Fund was equal to the median of its Expense Group, but its actual total expense ratio was below the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin VolSmart Allocation VIP Fund – The Expense Group for this Fund included the Fund and four other flexible portfolio funds underlying VIPs. The Board noted the small size of the Expense Group. The Board also noted that the Management Rate for the Fund was below the median of its Expense Group and its actual total expense ratio was slightly above the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable. In doing so, the Board noted that the Fund's actual total expense ratio reflected a fee waiver from management and that the Sub-Adviser was paid by FAI out of the management fee FAI received from the Fund.

Profitability

The Board reviewed and considered information regarding the profits realized by each Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board considered the Fund profitability analysis provided by each Manager that addresses the overall profitability of FTI's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2018, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product related changes, the overall methodology has remained consistent with that used in the Funds' profitability report presentations from prior years. Additionally, PricewaterhouseCoopers LLP, auditor to FRI and certain Franklin Templeton funds, has been engaged by each Manager to periodically review and assess the allocation methodologies to be used solely by the Funds' Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by each Manager and its affiliates may not be fully reflected in the expenses allocated to each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. The Board also noted management's expenditures in improving shareholder services provided to the Funds, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent SEC and other regulatory requirements.

The Board also considered the extent to which each Manager and its affiliates might derive ancillary benefits from fund operations, including revenues generated from transfer agent services, potential benefits resulting from personnel and systems enhancements necessitated by fund growth, as well as increased leverage with service providers and counterparties. Based upon its consideration of all these factors, the Board concluded that the level of profits realized by each Manager and its affiliates from providing services to each Fund was not excessive in view of the nature, extent and quality of services provided to each Fund.

Economies of Scale

The Board reviewed and considered the extent to which each Manager may realize economies of scale, if any, as each Fund grows larger and whether each Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints for each Fund (except for the Franklin VolSmart Allocation VIP Fund), which operate generally to share any economies of scale with a Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered management's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments each Manager incurs across the Franklin Templeton family of funds as a whole. The Board concluded that to the extent economies of scale may be realized by each Manager and its affiliates, each Fund's management fee structure (except that of the Franklin VolSmart Allocation VIP Fund) provided a sharing of benefits with the Fund and its shareholders as the Fund grows. The Board recognized that there would not likely be any economies of scale for the Franklin Flex Cap Growth VIP Fund, Franklin Global Real Estate VIP Fund, Franklin Growth and Income VIP Fund, Franklin Large Cap Growth VIP Fund and Franklin VolSmart Allocation VIP Fund until each Fund's assets grow. The Board also recognized that given the decline in assets over the past three calendar years for each of the Franklin Small-Mid Cap Growth VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Foreign VIP Fund, these Funds are not expected to experience additional economies of scale in the foreseeable future.

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described

factors and conclusions, the Board unanimously approved the continuation of each Management Agreement for an additional one-year period.

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the U.S. Securities and Exchange Commission for the first and third quarters for each fiscal year as an exhibit to its report on Form N-PORT. Shareholders may view the filed Form N-PORT by visiting the Commission's website at sec.gov. The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.

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Franklin Templeton Variable Insurance Products Trust (FTVIP) shares are not offered to the public; they are offered and sold only to: (1) insurance company separate accounts (Separate Account) to serve as the underlying investment vehicle for variable contracts; (2) certain qualified plans; and (3) other mutual funds (funds of funds).

Authorized for distribution to investors in Separate Accounts only when accompanied or preceded by the current prospectus for the applicable contract, which includes the Separate Account and the FTVIP prospectuses. Investors should carefully consider a fund's investment goals, risks, charges and expenses before investing. The prospectus contains this and other information; please read it carefully before investing.

To help ensure we provide you with quality service, all calls to and from our service areas are monitored and/or recorded.



Semiannual Report
Franklin Templeton Variable Insurance Products Trust

Investment Managers

Franklin Advisers, Inc.
Franklin Mutual Advisers,
LLC
Franklin Templeton
Institutional, LLC
Templeton Asset
Management Ltd.
Templeton Global Advisors
Limited
Templeton Investment
Counsel, LLC

Fund Administrator

Franklin Templeton Services, LLC

Distributor

Franklin Templeton Distributors,
Inc.