

ANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

December 31, 2019



FRANKLIN
TEMPLETON

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You may elect to receive all future Fund shareholder reports in paper free of charge from the insurance company. You can inform the insurance company or your financial intermediary that you wish to continue receiving paper copies of your shareholder reports by following the instructions provided by the insurance company or by contacting your financial intermediary. Your election to receive reports in paper will apply to all portfolio companies available under your contract with the insurance company.

This notice is not legally a part of the shareholder report.

Franklin Templeton Variable Insurance Products Trust Annual 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 annual report for Templeton Global Bond VIP Fund covers the fiscal year ended December 31, 2019.

Class 2 Performance Summary as of December 31, 2019

Average annual total return of Class 2 shares* represents the average annual change in value, assuming reinvestment of dividends and capital gains. Average returns smooth out variations in returns, which can be significant; they are not the same as year-by-year results.

Periods ended 12/31/19	1-Year	5-Year	10-Year
Average Annual Total Return	+2.01%**	+0.87%	+3.50%

*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.

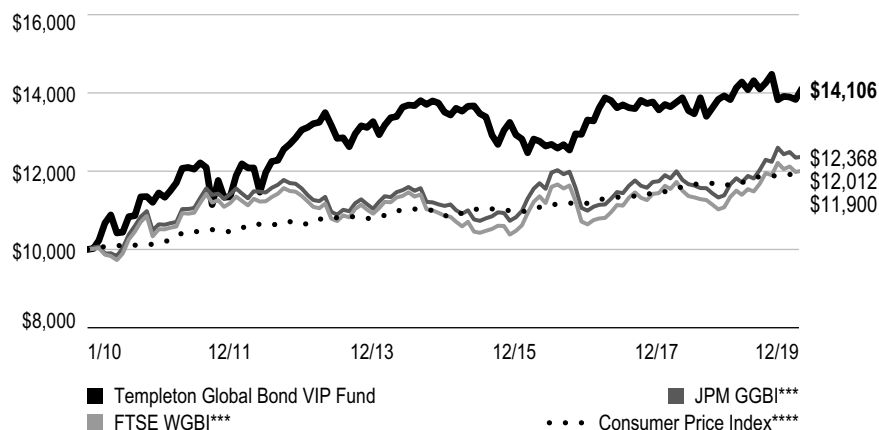
**Total return information is based on net asset values calculated for shareholder transactions. Certain adjustments were made to the net assets of the Fund at 12/31/19 for financial reporting purposes. Accordingly, adjusted total returns have been disclosed in the Financial Highlights and differ from those reported here.

*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.

Total Return Index Comparison for a Hypothetical \$10,000 Investment (1/1/10–12/31/19)

The graph below shows the change in value of a hypothetical \$10,000 investment in the Fund over the indicated period and includes reinvestment of any income or distributions. The Fund's performance* is compared to the performance of the J.P. Morgan (JPM) Global Government Bond Index (GGBI), the FTSE World Government Bond Index (WGBI) and the Consumer Price Index. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. **Please see Important Notes to Performance Information preceding the Fund Summaries.**



***Source: Morningstar. Please see Index Descriptions following the Fund Summaries.

****Source: Bureau of Labor Statistics, bls.gov/cpi. Please see Index Descriptions following the Fund Summaries.

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

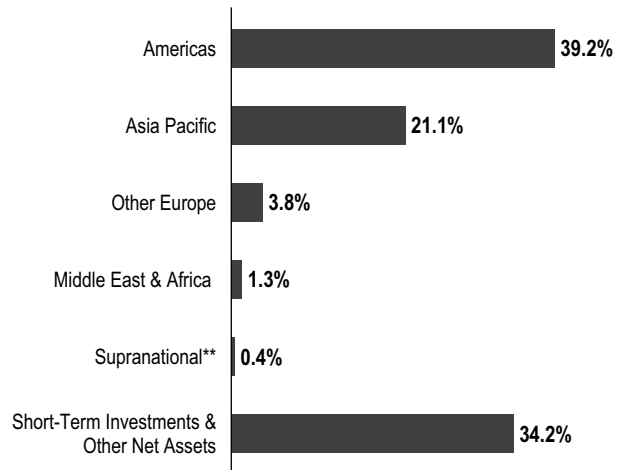
You can find the Fund's one-year total return in the Performance Summary. For comparison, the J.P. Morgan GGBI posted a +6.02% total return and the FTSE WGBI posted a +5.90% total return for the same period.¹

Economic and Market Overview

Global financial markets started 2019 on a positive note, with rallies in risk assets through much of the first quarter after a volatile end to 2018. However, escalating trade tensions between the U.S. and China sporadically resurfaced throughout the year, leading to broad resurgences in global

Geographic Composition*

Based on Total Net Assets as of 12/31/19



*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.

risk aversion that intermittently affected market valuations. Both the U.S. Federal Reserve (Fed) and the European Central Bank (ECB) increasingly cited trade uncertainties and global risks as policy concerns during the year, with the Fed building a case for rate cuts and the ECB signaling that additional monetary accommodation could arrive in the Fall.

The Fed took a dovish turn at its January 2019 meeting, halting its series of rate hikes from 2018 and removing its prior statement that "some further gradual increases in the target range for the federal funds rate" would be consistent with economic activity and inflation objectives. Policy guidance turned even further dovish at the March meeting as the Fed kept rates unchanged and moderately downgraded U.S. growth forecasts for 2019 and 2020. The Fed ultimately kept the federal funds target rate unchanged at its May and June meetings before cutting rates for the first time in more than a decade at its July meeting. The rate cut was 25 basis points (bps). In August, the Fed discontinued its monthly pace of balance sheet unwinding, two months earlier than originally forecast. It then consecutively cut rates 25 bps at its September and October meetings to a range of 1.50% to 1.75%, before signaling that it would likely keep rates unchanged going forward, barring a material change in the economic outlook.

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).

The shifts in monetary policy affected the shape of the U.S. Treasury (UST) yield curve throughout the year. A yield curve inversion from the three-month UST bill to the 10-year UST note took hold in May, reaching a low of 50 bps of spread inversion in late August. However, the Fed provided updated forward guidance in September and October that enabled the curve to steepen, erasing the inversion as the front end rallied lower while longer-term UST yields rose. The curve continued to steepen through the end of the year, as the Fed kept rates unchanged at its December meeting with the first 10-0 consensus policy vote since May. The updated dot plot in December indicated that a strong majority of Fed officials expected rates to remain unchanged through the end of 2020.

In our view, longer-term USTs appeared vulnerable to a potential rate shock given rising deficit spending, rising debt issuance and over-levered financial markets. Additionally, inflation risks remained significantly underpriced, in our view, given supply chain disruptions, immigration restrictions and exceptional tightness in the labor market. Given each of these factors, we believed longer-term USTs remained highly overvalued. The Fed can control short-term rates, but it cannot always control the economic and technical pressures on the longer end of the curve. We believed the yield curve inversion was overdone and that longer-term UST yields would rise.

Despite escalating trade disputes between the U.S. and China during much of the year, including a peak in retaliatory measures by each country in August, the U.S. and China appeared to reach agreement on a “phase one” trade deal in December, expected to be ratified on January 15. The potential resolution bolstered market sentiment, driving risk asset valuations higher in several markets across the globe. However, we continued to monitor the broader implications of trade tensions on multiple fronts and the potential ramifications to risk assets in various regions. Despite the positive developments on trade policy, risks for additional disputes remained elevated, in our view.

In Europe, the ECB kept its policy rate unchanged (0.0% main refinancing operations, -0.40% deposit facility) for most of the reporting period, but delivered on an anticipated stimulus package at its September meeting, dropping the deposit rate to -0.5% and scheduling the re-start of its quantitative easing (QE) program in November, at a pace of €20 billion in bond purchases per month. Mario Draghi kept rates unchanged at his final meeting as ECB president in October, before Christine Lagarde took over the post in November. Lagarde held her first policy meeting in December, keeping rates and the QE program unchanged,

as largely expected. During the reporting period, it appeared Lagarde would maintain continuity with the policy framework she inherited from her predecessor, indicating her support for negative rates by commenting that the ECB has “done the right thing to act in favor of jobs and growth rather than the protection of savers.” We expected the euro to weaken against the U.S. dollar during the period on continued monetary accommodation from the ECB, as well as unresolved structural vulnerabilities in the eurozone.

The Bank of Japan (BOJ) kept monetary policy unchanged during the reporting period, retaining its 0.0% yield target on the 10-year Japanese government bond and its -0.1% target on the overnight rate. However, BOJ Governor Haruhiko Kuroda increasingly indicated a willingness to cut rates at future meetings if there were risks to achieving the 2.0% inflation target. We expected monetary policy to remain highly accommodative during the reporting period, but our expectations for weakness in the Japanese yen against the U.S. dollar shifted to expectations for strength on softer policy divergence between the Fed and BOJ, and the yen’s potential to rally as a perceived safe haven during periods of risk aversion, given Japan’s strong external balances.

A number of central banks around the world followed the dovish directions of the Fed and the ECB in 2019, taking the opportunity to cut their own domestic rates. Notably, Mexico and Indonesia cut their policy rates by 100 bps, India cut by 135 bps and Brazil cut by 200 bps. Overall, sovereign bond yields declined across much of the world during the reporting period. The yield on the 10-year UST note finished the period 77 bps lower at 1.92%, and the yield on the 10-year German Bund fell 43 bps to finish at -0.19%, after reaching its lowest level on record in August (-0.71%). On the whole, long-duration exposures tended to perform well in most markets, while currency valuations were more idiosyncratic to individual country dynamics.

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*

12/31/19

	% of Total Net Assets
Americas	87.0%
U.S. Dollar	63.1%
Brazilian Real	10.4%
Mexican Peso	10.2%
Argentine Peso	1.8%
Colombian Peso	1.5%
Canadian Dollar	0.0%**
Asia Pacific	26.7%
Japanese Yen	34.1%
Indonesian Rupiah	4.3%
Indian Rupee	0.1%
New Zealand Dollar	0.0%**
South Korean Won	0.0%**
Australian Dollar	-11.8%
Middle East & Africa	1.3%
Ghanaian Cedi	1.3%
Europe	-14.9%
Norwegian Krone	7.8%
Swiss Franc	5.2%
Swedish Krona	4.8%
Euro	-32.7%

*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 reporting period the strategy continued to seek select duration exposures in countries that have attractive risk-adjusted yields, strong or improving economic fundamentals and prudent fiscal and monetary policies.

Several emerging markets continued to offer significantly higher yields than those available in the developed markets. The strategy also maintained negative duration exposure to longer-term U.S. Treasuries as the team believed that inflation pressures, rising deficit spending and surging levels of debt issuance were significantly underpriced risks in the longer-term U.S. Treasury markets. The strategy also increased its allocations to undervalued safe-haven assets to hedge against global financial market risks associated with geopolitical tensions and price distortions from ongoing loose monetary policy across the developed world, notably including the Japanese yen, Swiss franc, Swedish krona and Norwegian krone. The strategy held a net-negative position in the euro to hedge against broad-based U.S. dollar strength and unresolved structural risks across Europe, and a net-negative position in the Australian dollar to hedge against broad emerging market risks. During the period, we used forward currency exchange contracts to actively manage currencies. We also used interest-rate swaps to tactically manage duration exposures.

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 Fund's positive absolute performance was primarily attributable to currency positions. Interest-rate strategies detracted from absolute results, while sovereign credit exposures had a largely neutral effect. Among currencies, the Fund's net-negative position in the euro contributed to absolute performance, as did its position in the Indonesian rupiah. However, currency positions in Latin America detracted from absolute results (the Argentine peso detracted, while the Mexican peso contributed). The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Negative duration exposure to U.S. Treasuries detracted from absolute results, while select duration exposures in Asia ex-Japan (Indonesia and India) and Latin America (Brazil) contributed.

On a relative basis, the Fund underperformed its benchmark due to interest-rate strategies. Currency positions contributed to relative results, while sovereign credit exposures had a largely neutral effect. Underweighted duration exposures in the U.S. and Japan detracted from relative performance, as did select underweighted duration exposures in Europe and a lack of duration exposure in the U.K. However, select overweighted duration exposures in Asia ex-Japan (Indonesia and India) and Latin America (Brazil) contributed to relative results. Among currencies, the Fund's underweighted position in the euro contributed to relative performance, as did its overweighted position in the Indonesian rupiah. However, overweighted currency positions in Latin America detracted from relative results (the Argentine peso detracted, while the Mexican peso contributed).

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 December 31, 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 7/1/19	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 12/31/19	Fund-Level Expenses Paid During Period 7/1/19–12/31/19 ^{1, 2}	Ending Account Value 12/31/19	Fund-Level Expenses Paid During Period 7/1/19–12/31/19 ^{1, 2}	
Class 2	\$1,000	\$989.50	\$3.16	\$1,022.03	\$3.21	0.63%

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 184/365 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

	Year Ended December 31,				
	2019	2018	2017	2016	2015
Class 1					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$17.54	\$17.17	\$16.85	\$16.34	\$18.56
Income from investment operations ^a :					
Net investment income ^b	0.89	0.88	0.83	0.62	0.52
Net realized and unrealized gains (losses)	(0.54)	(0.51)	(0.46)	(0.10)	(1.22)
Total from investment operations	0.35	0.37	0.37	0.52	(0.70)
Less distributions from:					
Net investment income and net foreign currency gains	(1.26)	—	—	—	(1.43)
Net realized gains	—	—	(0.05)	(0.01)	(0.09)
Total distributions	(1.26)	—	(0.05)	(0.01)	(1.52)
Net asset value, end of year	\$16.63	\$17.54	\$17.17	\$16.85	\$16.34
Total return ^c	1.89%	2.15%	2.15%	3.21%	(4.10)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates and expense reduction . . .	0.53%	0.56%	0.53%	0.53%	0.52%
Expenses net of waiver and payments by affiliates	0.44%	0.47%	0.46%	0.48%	0.52% ^d
Expenses net of waiver and payments by affiliates and expense reduction . . .	0.42%	0.45%	0.46% ^e	0.48% ^e	0.52% ^{d,e}
Net investment income	5.22%	5.09%	4.81%	3.88%	2.99%
Supplemental data					
Net assets, end of year (000's)	\$322,794	\$285,046	\$286,502	\$241,792	\$292,802
Portfolio turnover rate	22.58%	18.22%	37.97%	59.00%	51.58%

^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.

^cTotal 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.

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

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

Templeton Global Bond VIP Fund (continued)

	Year Ended December 31,				
	2019	2018	2017	2016	2015
Class 2					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$16.83	\$16.51	\$16.25	\$15.80	\$17.99
Income from investment operations ^a :					
Net investment income ^b	0.82	0.81	0.76	0.56	0.46
Net realized and unrealized gains (losses)	(0.53)	(0.49)	(0.45)	(0.10)	(1.17)
Total from investment operations	0.29	0.32	0.31	0.46	(0.71)
Less distributions from:					
Net investment income and net foreign currency gains	(1.21)	—	—	—	(1.39)
Net realized gains	—	—	(0.05)	(0.01)	(0.09)
Total distributions	(1.21)	—	(0.05)	(0.01)	(1.48)
Net asset value, end of year	\$15.91	\$16.83	\$16.51	\$16.25	\$15.80
Total return ^c	1.63%	1.94%	1.93%	2.94%	(4.30)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates and expense reduction	0.78%	0.81%	0.78%	0.78%	0.77%
Expenses net of waiver and payments by affiliates	0.69%	0.72%	0.71%	0.73%	0.77% ^d
Expenses net of waiver and payments by affiliates and expense reduction	0.67%	0.70%	0.71% ^e	0.73% ^e	0.77% ^{d,e}
Net investment income	4.97%	4.84%	4.56%	3.63%	2.74%
Supplemental data					
Net assets, end of year (000's)	\$2,389,610	\$2,544,900	\$2,730,081	\$2,812,535	\$2,971,667
Portfolio turnover rate	22.58%	18.22%	37.97%	59.00%	51.58%

^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.

^cTotal 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.

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

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

Templeton Global Bond VIP Fund (continued)

	Year Ended December 31,				
	2019	2018	2017	2016	2015
Class 4					
Per share operating performance (for a share outstanding throughout the year)					
Net asset value, beginning of year	\$17.19	\$16.88	\$16.62	\$16.18	\$18.38
Income from investment operations ^a :					
Net investment income ^b	0.82	0.81	0.76	0.56	0.46
Net realized and unrealized gains (losses)	(0.55)	(0.50)	(0.45)	(0.11)	(1.21)
Total from investment operations	0.27	0.31	0.31	0.45	(0.75)
Less distributions from:					
Net investment income and net foreign currency gains	(1.19)	—	—	—	(1.36)
Net realized gains	—	—	(0.05)	(0.01)	(0.09)
Total distributions	(1.19)	—	(0.05)	(0.01)	(1.45)
Net asset value, end of year	\$16.27	\$17.19	\$16.88	\$16.62	\$16.18
Total return ^c	1.48%	1.84%	1.76%	2.87%	(4.39)%
Ratios to average net assets					
Expenses before waiver and payments by affiliates and expense reduction . . .	0.88%	0.91%	0.88%	0.88%	0.87%
Expenses net of waiver and payments by affiliates	0.79%	0.82%	0.81%	0.83%	0.87% ^d
Expenses net of waiver and payments by affiliates and expense reduction . . .	0.77%	0.80%	0.81% ^e	0.83% ^e	0.87% ^{d,e}
Net investment income	4.87%	4.74%	4.46%	3.53%	2.64%
Supplemental data					
Net assets, end of year (000's)	\$90,272	\$94,312	\$98,934	\$96,798	\$103,045
Portfolio turnover rate	22.58%	18.22%	37.97%	59.00%	51.58%

^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.

^cTotal 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.

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

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

Statement of Investments, December 31, 2019

Templeton Global Bond VIP Fund

	Principal Amount*		Value
Foreign Government and Agency Securities 53.6%			
Argentina 1.4%			
^a Argentina Treasury Bill,			
Strip, 3/30/20	727,627,800	ARS \$	8,716,924
Strip, 4/28/20	372,737,900	ARS	5,705,752
Strip, 5/28/20	18,428,800	ARS	247,759
Strip, 7/29/20	250,727,500	ARS	3,571,061
Strip, 10/29/20	111,260,670	ARS	1,192,200
^a Argentine Bonos del Tesoro,			
18.20%, 10/03/21	820,823,000	ARS	4,380,067
16.00%, 10/17/23	844,288,000	ARS	4,054,197
senior note, 15.50%, 10/17/26	1,668,306,000	ARS	7,520,531
Government of Argentina,			
^{a,b} FRN, 52.564%, (ARS Badlar + 2.00%), 4/03/22	24,036,000	ARS	207,140
^{a,c} Index Linked, 4.00%, 3/06/20	4,138,000	ARS	79,566
senior note, 4.50%, 2/13/20	9,351,000		4,737,123
			<u>40,412,320</u>
Brazil 10.2%			
Letra Tesouro Nacional,			
Strip, 7/01/20	164,331 ^d	BRL	40,047,602
Strip, 4/01/21	25,610 ^d	BRL	6,016,225
Strip, 7/01/21	34,210 ^d	BRL	7,925,081
Nota do Tesouro Nacional,			
10.00%, 1/01/21	38,520 ^d	BRL	10,075,369
10.00%, 1/01/23	522,145 ^d	BRL	144,434,647
10.00%, 1/01/25	69,029 ^d	BRL	19,732,747
10.00%, 1/01/27	194,573 ^d	BRL	57,027,393
			<u>285,259,064</u>
Colombia 1.5%			
Government of Colombia,			
senior bond, 7.75%, 4/14/21	2,386,000,000	COP	749,123
senior bond, 4.375%, 3/21/23	362,000,000	COP	107,900
senior bond, 9.85%, 6/28/27	576,000,000	COP	220,313
Titulos de Tesoreria,			
senior bond, B, 11.00%, 7/24/20	9,167,000,000	COP	2,901,358
senior bond, B, 7.00%, 5/04/22	10,237,000,000	COP	3,258,171
senior bond, B, 10.00%, 7/24/24	40,977,000,000	COP	14,787,427
senior bond, B, 7.50%, 8/26/26	35,134,200,000	COP	11,681,517
senior bond, B, 6.00%, 4/28/28	29,113,600,000	COP	8,825,768
			<u>42,531,577</u>
Ghana 1.3%			
Government of Ghana,			
24.75%, 3/01/21	690,000	GHS	129,752
16.25%, 5/17/21	7,250,000	GHS	1,242,075
24.50%, 6/21/21	80,000	GHS	14,931
24.75%, 7/19/21	1,190,000	GHS	217,887
18.75%, 1/24/22	26,840,000	GHS	4,578,628

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Ghana (continued)			
Government of Ghana, (continued)			
17.60%, 11/28/22	370,000	GHS \$	60,655
19.75%, 3/25/24	26,840,000	GHS	4,544,524
19.00%, 11/02/26	80,510,000	GHS	12,829,028
senior bond, 19.75%, 3/15/32	80,510,000	GHS	12,941,206
senior note, 21.50%, 3/09/20	1,270,000	GHS	223,563
senior note, 18.50%, 6/01/20	500,000	GHS	86,886
senior note, 18.25%, 9/21/20	480,000	GHS	85,630
senior note, 16.50%, 3/22/21	1,730,000	GHS	299,596
			37,254,361
India 8.5%			
Government of India,			
senior bond, 8.20%, 2/15/22	500,000,000	INR	7,308,586
senior bond, 8.35%, 5/14/22	212,700,000	INR	3,124,054
senior bond, 8.08%, 8/02/22	1,783,000,000	INR	26,123,511
senior bond, 8.13%, 9/21/22	28,000,000	INR	411,489
senior bond, 9.15%, 11/14/24	2,409,000,000	INR	37,204,341
senior note, 8.27%, 6/09/20	1,222,000,000	INR	17,382,832
senior note, 7.80%, 4/11/21	1,980,300,000	INR	28,436,043
senior note, 8.79%, 11/08/21	653,000,000	INR	9,586,112
senior note, 8.15%, 6/11/22	1,621,000,000	INR	23,714,667
senior note, 6.84%, 12/19/22	98,000,000	INR	1,395,664
senior note, 7.16%, 5/20/23	133,700,000	INR	1,917,161
senior note, 8.83%, 11/25/23	2,983,900,000	INR	45,219,121
senior note, 7.68%, 12/15/23	1,376,000,000	INR	20,082,065
senior note, 6.79%, 5/15/27	1,142,800,000	INR	15,975,657
			237,881,303
Indonesia 4.3%			
Government of Indonesia,			
senior bond, FR34, 12.80%, 6/15/21	324,406,000,000	IDR	25,693,085
senior bond, FR35, 12.90%, 6/15/22	71,229,000,000	IDR	5,922,022
senior bond, FR39, 11.75%, 8/15/23	5,491,000,000	IDR	464,337
senior bond, FR40, 11.00%, 9/15/25	46,856,000,000	IDR	4,054,946
senior bond, FR43, 10.25%, 7/15/22	147,832,000,000	IDR	11,690,791
senior bond, FR44, 10.00%, 9/15/24	4,454,000,000	IDR	365,207
senior bond, FR46, 9.50%, 7/15/23	226,780,000,000	IDR	17,967,598
senior bond, FR47, 10.00%, 2/15/28	12,000,000	IDR	1,011
senior bond, FR52, 10.50%, 8/15/30	6,960,000,000	IDR	619,168
senior bond, FR59, 7.00%, 5/15/27	47,752,000,000	IDR	3,444,199
senior bond, FR61, 7.00%, 5/15/22	244,849,000,000	IDR	18,040,254
senior bond, FR63, 5.625%, 5/15/23	258,951,000,000	IDR	18,300,507
senior bond, FR64, 6.125%, 5/15/28	37,000,000	IDR	2,518
senior bond, FR70, 8.375%, 3/15/24	78,915,000,000	IDR	6,081,269
senior bond, FR71, 9.00%, 3/15/29	51,222,000,000	IDR	4,140,930

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Indonesia (continued)			
Government of Indonesia, (continued)			
senior bond, FR73, 8.75%, 5/15/31	60,845,000,000	IDR	\$ 4,874,171
			<u>121,662,013</u>
Mexico 13.8%			
Government of Mexico,			
senior bond, M, 8.00%, 6/11/20.	3,814,000 ^e	MXN	20,295,348
senior bond, M, 6.50%, 6/10/21.	18,568,200 ^e	MXN	97,825,192
senior bond, M, 6.50%, 6/09/22.	20,792,500 ^e	MXN	109,369,579
senior bond, M, 8.00%, 12/07/23.	7,653,700 ^e	MXN	42,143,000
senior note, M, 7.25%, 12/09/21	21,545,600 ^e	MXN	114,862,459
^f Mexican Udibonos, Index Linked, 2.50%, 12/10/20	390,212 ^g	MXN	2,042,832
			<u>386,538,410</u>
Norway 3.8%			
^{h,i} Government of Norway,			
144A, Reg S, 3.75%, 5/25/21	292,429,000	NOK	34,429,996
144A, Reg S, 2.00%, 5/24/23	280,579,000	NOK	32,601,666
144A, Reg S, 3.00%, 3/14/24	235,699,000	NOK	28,610,139
144A, Reg S, 1.75%, 3/13/25	89,312,000	NOK	10,366,297
			<u>106,008,098</u>
South Korea 8.4%			
Korea Monetary Stabilization Bond,			
senior note, 2.14%, 6/02/20	14,858,000,000	KRW	12,895,172
senior note, 2.05%, 10/05/20	31,280,000,000	KRW	27,201,172
Korea Treasury Bond,			
senior note, 1.75%, 6/10/20	7,615,000,000	KRW	6,598,876
senior note, 3.00%, 3/10/23	3,919,000,000	KRW	3,555,113
senior note, 2.25%, 9/10/23	88,312,000,000	KRW	78,535,720
senior note, 1.875%, 3/10/24	33,811,000,000	KRW	29,697,429
senior note, 1.375%, 9/10/24	68,301,810,000	KRW	58,811,499
senior note, 3.00%, 9/10/24	18,500,000,000	KRW	17,070,783
			<u>234,365,764</u>
^jSupranational 0.4%			
Inter-American Development Bank, senior bond, 7.50%, 12/05/24	200,000,000	MXN	10,835,562
			<u>1,502,748,472</u>
Total Foreign Government and Agency Securities (Cost \$1,705,706,010)			
			<u>1,502,748,472</u>
U.S. Government and Agency Securities 12.5%			
United States 12.5%			
U.S. Treasury Note,			
1.125%, 7/31/21	15,143,000		15,029,970
1.125%, 8/31/21	162,828,000		161,571,131
1.50%, 8/31/21	146,172,000		145,932,893
1.125%, 9/30/21	3,497,000		3,468,088
1.50%, 9/30/21	15,768,000		15,742,483
2.125%, 12/31/21	3,953,000		3,994,169

Templeton Global Bond VIP Fund (continued)

		Principal Amount*		Value
U.S. Government and Agency Securities (continued)				
United States (continued)				
U.S. Treasury Note, (continued)				
2.625%, 7/15/21		3,801,000		\$ 3,860,335
Total U.S. Government and Agency Securities (Cost \$350,270,002)				<u>349,599,069</u>
	Number of Contracts		Notional Amount*	
Options Purchased 0.2%				
Calls - Over-the-Counter				
Currency Options 0.1%				
AUD/JPY, Counterparty CITI, January Strike Price 79.00 JPY, Expires 1/23/20	1	31,568,000	AUD	4,674
AUD/JPY, Counterparty CITI, February Strike Price 79.45 JPY, Expires 2/12/20	1	16,870,000	AUD	6,534
AUD/JPY, Counterparty CITI, February Strike Price 82.35 JPY, Expires 2/12/20	1	2,664,000	AUD	73
AUD/JPY, Counterparty CITI, April Strike Price 79.30 JPY, Expires 4/22/20	1	14,227,000	AUD	32,772
AUD/JPY, Counterparty CITI, May Strike Price 84.00 JPY, Expires 5/06/20	1	11,838,000	AUD	2,525
AUD/JPY, Counterparty CITI, May Strike Price 86.63 JPY, Expires 5/06/20	1	13,022,000	AUD	1,005
AUD/JPY, Counterparty CITI, May Strike Price 78.75 JPY, Expires 5/07/20	1	11,838,000	AUD	43,782
AUD/JPY, Counterparty CITI, May Strike Price 85.50 JPY, Expires 5/07/20	1	47,352,000	AUD	5,249
AUD/JPY, Counterparty CITI, November Strike Price 84.33 JPY, Expires 11/12/20	1	8,878,000	AUD	13,505
AUD/JPY, Counterparty CITI, December Strike Price 82.15 JPY, Expires 12/21/20	1	35,514,000	AUD	131,220
AUD/USD, Counterparty HSBK, April Strike Price \$0.77, Expires 4/30/20	1	14,798,000	AUD	3,364
AUD/USD, Counterparty HSBK, May Strike Price \$0.77, Expires 5/04/20	1	18,644,000	AUD	5,324
AUD/USD, Counterparty HSBK, May Strike Price \$0.77, Expires 5/07/20	1	11,838,000	AUD	2,542
AUD/USD, Counterparty MSCO, May Strike Price \$0.77, Expires 5/12/21	1	21,309,000	AUD	116,457
USD/JPY, Counterparty CITI, March Strike Price 111.15 JPY, Expires 3/20/20	1	29,582,000		39,226
USD/JPY, Counterparty CITI, March Strike Price 111.40 JPY, Expires 3/30/20	1	34,512,000		45,763
USD/JPY, Counterparty CITI, September Strike Price 112.24 JPY, Expires 9/22/20	1	38,210,000		134,881
USD/MXN, Counterparty CITI, March Strike Price 20.78 MXN, Expires 3/09/20	1	19,068,000		15,026
USD/MXN, Counterparty CITI, March Strike Price 18.40 MXN, Expires 3/30/20	1	11,441,000		473,051
USD/MXN, Counterparty CITI, March Strike Price 21.92 MXN, Expires 3/30/20	1	17,162,000		7,500
USD/MXN, Counterparty CITI, May Strike Price 20.50 MXN, Expires 5/11/20	1	21,843,000		96,917
USD/MXN, Counterparty CITI, May Strike Price 20.09 MXN, Expires 5/12/20	1	19,994,000		137,979
USD/MXN, Counterparty CITI, May Strike Price 20.92 MXN, Expires 5/12/20	1	7,801,000		23,520
USD/MXN, Counterparty CITI, May Strike Price 20.87 MXN, Expires 5/14/20	1	43,998,000		143,566
USD/MXN, Counterparty CITI, May Strike Price 20.58 MXN, Expires 5/15/20	1	13,730,000		59,684
USD/MXN, Counterparty CITI, July Strike Price 21.03 MXN, Expires 7/30/20	1	12,204,000		81,864
USD/MXN, Counterparty CITI, September Strike Price 21.94 MXN, Expires 9/03/20	1	47,671,000		230,632
USD/MXN, Counterparty CITI, September Strike Price 21.70 MXN, Expires 9/08/20	1	47,623,000		276,261

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, September Strike Price 20.85 MXN, Expires 9/17/20	1	43,738,000	\$ 475,038
USD/MXN, Counterparty GSCO, March Strike Price 21.20 MXN, Expires 3/12/20	1	45,800,000	24,045
USD/MXN, Counterparty JPHQ, April Strike Price 20.11 MXN, Expires 4/24/20	1	21,999,000	118,377
USD/MXN, Counterparty JPHQ, May Strike Price 20.47 MXN, Expires 5/13/20	1	25,142,000	117,841
USD/MXN, Counterparty JPHQ, July Strike Price 20.90 MXN, Expires 7/27/20	1	12,571,000	90,059
USD/MXN, Counterparty MSCO, February Strike Price 19.65 MXN, Expires 2/20/20	1	76,275,000	200,985
USD/MXN, Counterparty MSCO, February Strike Price 20.98 MXN, Expires 2/20/20	1	38,137,000	9,611
USD/MXN, Counterparty MSCO, March Strike Price 21.58 MXN, Expires 3/05/20	1	38,137,000	10,144
USD/MXN, Counterparty MSCO, March Strike Price 24.81 MXN, Expires 3/05/20	1	19,068,000	381
USD/MXN, Counterparty MSCO, March Strike Price 21.36 MXN, Expires 3/10/20	1	71,507,000	29,103
USD/MXN, Counterparty MSCO, March Strike Price 20.90 MXN, Expires 3/12/20	1	12,400,000	9,337
USD/MXN, Counterparty MSCO, June Strike Price 21.45 MXN, Expires 6/15/20	1	12,400,000	35,786
USD/MXN, Counterparty MSCO, September Strike Price 22.33 MXN, Expires 9/04/20	1	38,137,000	148,963
USD/MXN, Counterparty MSCO, September Strike Price 25.97 MXN, Expires 9/04/20	1	38,137,000	30,052
			3,434,618
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 21,030
AUD/JPY, Counterparty CITI, May Strike Price 70.65 JPY, Expires 5/06/20	1	5,919,000	AUD 17,705
AUD/JPY, Counterparty CITI, May Strike Price 74.48 JPY, Expires 5/06/20	1	9,470,000	AUD 84,300
AUD/JPY, Counterparty CITI, May Strike Price 75.05 JPY, Expires 5/06/20	1	5,919,000	AUD 62,441
AUD/JPY, Counterparty CITI, May Strike Price 65.55 JPY, Expires 5/07/20	1	5,919,000	AUD 4,876
AUD/JPY, Counterparty CITI, May Strike Price 73.25 JPY, Expires 5/07/20	1	19,730,000	AUD 123,512
AUD/JPY, Counterparty CITI, July Strike Price 72.00 JPY, Expires 7/21/20	1	71,027,000	AUD 537,731
AUD/JPY, Counterparty CITI, November Strike Price 66.78 JPY, Expires 11/12/20	1	4,439,000	AUD 22,821
AUD/JPY, Counterparty CITI, November Strike Price 69.18 JPY, Expires 11/12/20	1	2,664,000	AUD 20,316
AUD/JPY, Counterparty CITI, November Strike Price 72.78 JPY, Expires 11/12/20	1	11,098,000	AUD 157,054
AUD/JPY, Counterparty CITI, November Strike Price 74.00 JPY, Expires 11/12/20	1	7,990,000	AUD 140,216
AUD/JPY, Counterparty CITI, December Strike Price 65.85 JPY, Expires 12/21/20	1	17,757,000	AUD 94,653
AUD/USD, Counterparty HSBK, April Strike Price \$0.68, Expires 4/30/20	1	19,730,000	AUD 64,525
AUD/USD, Counterparty HSBK, May Strike Price \$0.68, Expires 5/04/20	1	24,662,000	AUD 68,663
AUD/USD, Counterparty HSBK, May Strike Price \$0.66, Expires 5/05/20	1	19,730,000	AUD 32,325

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount*	Value
Options Purchased (continued)			
Puts - Over-the-Counter (continued)			
Currency Options (continued)			
AUD/USD, Counterparty HSBK, May Strike Price \$0.65, Expires 5/07/20	1	23,676,000 AUD \$	22,759
AUD/USD, Counterparty HSBK, May Strike Price \$0.68, Expires 5/07/20	1	11,838,000 AUD	35,717
AUD/USD, Counterparty MSCO, August Strike Price \$0.67, Expires 8/12/20	1	67,082,000 AUD	324,205
USD/JPY, Counterparty CITI, March Strike Price 100.11 JPY, Expires 3/20/20	1	29,582,000	16,389
USD/JPY, Counterparty CITI, March Strike Price 105.29 JPY, Expires 3/20/20	1	59,164,000	185,302
USD/JPY, Counterparty CITI, March Strike Price 104.61 JPY, Expires 3/30/20	1	69,025,000	201,760
USD/JPY, Counterparty CITI, September Strike Price 104.48 JPY, Expires 9/22/20	1	76,420,000	909,245
USD/MXN, Counterparty CITI, March Strike Price 18.35 MXN, Expires 3/06/20	1	20,319,000	22,879
USD/MXN, Counterparty CITI, March Strike Price 18.68 MXN, Expires 3/09/20	1	14,301,000	52,041
USD/MXN, Counterparty CITI, May Strike Price 18.31 MXN, Expires 5/14/20	1	11,000,000	26,774
USD/MXN, Counterparty CITI, September Strike Price 19.11 MXN, Expires 9/03/20	1	23,836,000	341,689
USD/MXN, Counterparty GSCO, March Strike Price 18.57 MXN, Expires 3/12/20	1	7,630,000	19,403
USD/MXN, Counterparty JPHQ, January Strike Price 18.50 MXN, Expires 1/27/20	1	9,428,000	5,449
USD/MXN, Counterparty MSCO, March Strike Price 18.92 MXN, Expires 3/10/20	1	9,534,000	73,564
			<u>3,689,344</u>
Total Options Purchased (Cost \$25,728,033)			<u>7,123,962</u>
Total Investments before Short Term Investments (Cost \$2,081,704,045)			<u>1,859,471,503</u>
		Principal Amount*	
Short Term Investments 31.2%			
Foreign Government and Agency Securities 6.4%			
Argentina 0.1%			
^a Argentina Treasury Bill, ^k 2/26/20 - 5/13/20		213,440,180 ARS	2,472,579
Strip, 8/27/20		55,163,710 ARS	631,486
^{a,b} Government of Argentina, FRN, 70.253%, (ARPP7DRR), 6/21/20		33,173,610 ARS	290,168
			<u>3,394,233</u>
Brazil 0.1%			
Letra Tesouro Nacional, Strip, 1/01/20		14,770 ^d BRL	<u>3,673,940</u>

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Short Term Investments (continued)			
Foreign Government and Agency Securities (continued)			
Japan 4.4%			
^k Japan Treasury Discount Bill,			
1/14/20 - 9/23/20	10,261,900,000	JPY	\$ 94,460,695
1/27/20	3,147,000,000	JPY	28,961,145
			<u>123,421,840</u>
Mexico 0.7%			
^k Mexico Treasury Bill, 1/02/20 - 2/27/20	34,885,960 ^l	MXN	18,264,160
Norway 0.8%			
^{h,i,k} Norway Treasury Bill, 144A, Reg S, 3/18/20 - 9/16/20	199,761,000	NOK	22,659,429
South Korea 0.3%			
Korea Monetary Stabilization Bond, senior note, 2.16%, 2/02/20	7,615,000,000	KRW	6,592,038
Total Foreign Government and Agency Securities (Cost \$177,374,759)			<u>178,005,640</u>
U.S. Government and Agency Securities (Cost \$3,897,414) 0.1%			
United States 0.1%			
U.S. Treasury Note, 1.25%, 1/31/20	3,900,000		3,898,777
Total Investments before Money Market Funds (Cost \$2,262,976,218)			<u>2,041,375,920</u>
		Shares	
Money Market Funds (Cost \$691,092,548) 24.7%			
United States 24.7%			
^{m,n} Institutional Fiduciary Trust Money Market Portfolio, 1.26%	691,092,548		691,092,548
Total Investments (Cost \$2,954,068,766) 97.5%			2,732,468,468
Options Written (0.5)%			(13,186,703)
Other Assets, less Liabilities 3.0%			83,394,741
Net Assets 100.0%			<u>\$2,802,676,506</u>
	Number of Contracts	Notional Amount*	
^o Options Written (0.5)%			
Calls - Over-the-Counter			
Currency Options (0.2)%			
AUD/JPY, Counterparty CITI, January Strike Price 76.70 JPY, Expires 1/23/20	1	27,603,000 AUD	(89,053)
AUD/JPY, Counterparty CITI, February Strike Price 75.90 JPY, Expires 2/12/20	1	16,870,000 AUD	(152,352)
AUD/JPY, Counterparty CITI, February Strike Price 77.28 JPY, Expires 2/12/20	1	8,878,000 AUD	(28,723)
AUD/JPY, Counterparty CITI, February Strike Price 78.18 JPY, Expires 2/12/20	1	5,327,000 AUD	(7,431)
AUD/JPY, Counterparty CITI, April Strike Price 75.95 JPY, Expires 4/22/20	1	14,227,000 AUD	(185,173)
AUD/JPY, Counterparty CITI, May Strike Price 76.00 JPY, Expires 5/06/20	1	24,860,000 AUD	(332,621)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount*		Value
^o Options Written (continued)				
Calls - Over-the-Counter (continued)				
Currency Options (continued)				
AUD/JPY, Counterparty CITI, May Strike Price 76.50 JPY, Expires 5/07/20	1	23,676,000	AUD \$	(260,547)
AUD/JPY, Counterparty CITI, May Strike Price 77.35 JPY, Expires 5/07/20	1	11,838,000	AUD	(89,391)
AUD/JPY, Counterparty CITI, December Strike Price 75.70 JPY, Expires 12/21/20	1	35,514,000	AUD	(791,309)
AUD/USD, Counterparty HSBK, April Strike Price \$0.71, Expires 4/30/20	1	14,798,000	AUD	(114,006)
AUD/USD, Counterparty HSBK, May Strike Price \$0.71, Expires 5/04/20	1	18,644,000	AUD	(176,143)
AUD/USD, Counterparty HSBK, November Strike Price \$0.71, Expires 11/05/20	1	11,838,000	AUD	(171,870)
AUD/USD, Counterparty HSBK, November Strike Price \$0.80, Expires 11/05/20	1	23,676,000	AUD	(20,184)
AUD/USD, Counterparty HSBK, May Strike Price \$0.78, Expires 5/05/21	1	19,730,000	AUD	(84,986)
AUD/USD, Counterparty MSCO, August Strike Price \$0.74, Expires 8/12/20 . . .	1	25,156,000	AUD	(108,605)
AUD/USD, Counterparty MSCO, May Strike Price \$0.74, Expires 5/12/21	1	42,617,000	AUD	(481,276)
USD/JPY, Counterparty CITI, March Strike Price 108.91 JPY, Expires 3/20/20 .	1	59,164,000		(387,643)
USD/JPY, Counterparty CITI, March Strike Price 109.16 JPY, Expires 3/30/20 .	1	69,025,000		(419,396)
USD/JPY, Counterparty CITI, September Strike Price 108.77 JPY, Expires 9/22/20	1	76,420,000		(937,138)
USD/MXN, Counterparty CITI, January Strike Price 19.96 MXN, Expires 1/30/20	1	6,102,000		(2,807)
USD/MXN, Counterparty CITI, March Strike Price 21.82 MXN, Expires 3/06/20	1	11,853,000		(2,572)
USD/MXN, Counterparty CITI, March Strike Price 19.95 MXN, Expires 3/30/20	1	22,882,000		(95,738)
USD/MXN, Counterparty CITI, May Strike Price 19.34 MXN, Expires 5/12/20 . .	1	9,997,000		(167,270)
USD/MXN, Counterparty CITI, May Strike Price 22.85 MXN, Expires 5/14/20 . .	1	21,999,000		(16,235)
USD/MXN, Counterparty CITI, May Strike Price 22.91 MXN, Expires 5/21/20 . .	1	4,212,000		(3,290)
USD/MXN, Counterparty CITI, September Strike Price 23.00 MXN, Expires 9/03/20	1	23,836,000		(64,643)
USD/MXN, Counterparty CITI, September Strike Price 24.30 MXN, Expires 9/08/20	1	15,874,000		(24,557)
USD/MXN, Counterparty CITI, September Strike Price 20.06 MXN, Expires 9/17/20	1	21,869,000		(425,133)
USD/MXN, Counterparty CITI, September Strike Price 22.40 MXN, Expires 9/17/20	1	21,869,000		(91,653)
USD/MXN, Counterparty GSCO, March Strike Price 19.49 MXN, Expires 3/12/20	1	15,250,000		(94,550)
USD/MXN, Counterparty GSCO, March Strike Price 22.11 MXN, Expires 3/12/20	1	15,250,000		(3,141)
USD/MXN, Counterparty JPHQ, May Strike Price 21.54 MXN, Expires 5/13/20 .	1	15,714,000		(28,442)
USD/MXN, Counterparty JPHQ, July Strike Price 22.30 MXN, Expires 7/27/20 .	1	12,571,000		(35,676)
USD/MXN, Counterparty MSCO, February Strike Price 20.15 MXN, Expires 2/20/20	1	114,412,000		(110,636)
USD/MXN, Counterparty MSCO, March Strike Price 22.56 MXN, Expires 3/05/20	1	28,603,000		(2,946)
USD/MXN, Counterparty MSCO, March Strike Price 20.49 MXN, Expires 3/10/20	1	23,835,000		(28,459)
USD/MXN, Counterparty MSCO, March Strike Price 22.87 MXN, Expires 3/12/20	1	9,300,000		(986)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount*	Value
^o Options Written (continued)			
Calls - Over-the-Counter (continued)			
Currency Options (continued)			
USD/MXN, Counterparty MSCO, June Strike Price 24.20 MXN, Expires 6/15/20	1	6,200,000	\$ (3,205)
USD/MXN, Counterparty MSCO, September Strike Price 24.56 MXN, Expires 9/04/20	1	57,205,000	(76,712)
USD/MXN, Counterparty MSCO, September Strike Price 22.46 MXN, Expires 9/10/20	1	4,767,000	(18,148)
			<u>(6,134,646)</u>
Puts - Over-the-Counter			
Currency Options (0.3)%			
AUD/JPY, Counterparty CITI, July Strike Price 68.00 JPY, Expires 7/21/20	1	31,568,000	AUD (101,246)
AUD/USD, Counterparty MSCO, August Strike Price \$0.64, Expires 8/12/20 . . .	1	16,771,000	AUD (26,077)
USD/JPY, Counterparty CITI, March Strike Price 102.84 JPY, Expires 3/20/20 . .	1	59,164,000	(77,505)
USD/JPY, Counterparty CITI, March Strike Price 100.13 JPY, Expires 3/30/20 . .	1	34,512,000	(25,125)
USD/JPY, Counterparty CITI, September Strike Price 100.03 JPY, Expires 9/22/20	1	38,210,000	(195,521)
USD/MXN, Counterparty CITI, March Strike Price 18.96 MXN, Expires 3/06/20	1	19,049,000	(156,735)
USD/MXN, Counterparty CITI, March Strike Price 19.38 MXN, Expires 3/06/20	1	11,430,000	(248,660)
USD/MXN, Counterparty CITI, March Strike Price 19.37 MXN, Expires 3/09/20	1	28,603,000	(610,245)
USD/MXN, Counterparty CITI, May Strike Price 19.55 MXN, Expires 5/11/20 . . .	1	21,843,000	(589,695)
USD/MXN, Counterparty CITI, May Strike Price 19.69 MXN, Expires 5/12/20 . . .	1	7,801,000	(251,153)
USD/MXN, Counterparty CITI, May Strike Price 19.24 MXN, Expires 5/14/20 . . .	1	32,999,000	(558,211)
USD/MXN, Counterparty CITI, May Strike Price 20.58 MXN, Expires 5/15/20 . . .	1	13,730,000	(969,159)
USD/MXN, Counterparty CITI, May Strike Price 19.09 MXN, Expires 5/21/20 . . .	1	4,212,000	(54,457)
USD/MXN, Counterparty CITI, September Strike Price 19.76 MXN, Expires 9/03/20	1	47,671,000	(1,459,019)
USD/MXN, Counterparty GSCO, March Strike Price 19.40 MXN, Expires 3/12/20	1	19,100,000	(425,090)
USD/MXN, Counterparty JPHQ, January Strike Price 19.00 MXN, Expires 1/27/20	1	25,142,000	(194,197)
USD/MXN, Counterparty JPHQ, April Strike Price 19.36 MXN, Expires 4/24/20 . .	1	21,999,000	(447,636)
USD/MXN, Counterparty MSCO, March Strike Price 19.05 MXN, Expires 3/12/20	1	9,300,000	(98,161)
USD/MXN, Counterparty MSCO, June Strike Price 19.05 MXN, Expires 6/15/20	1	9,300,000	(116,501)
USD/MXN, Counterparty MSCO, September Strike Price 19.76 MXN, Expires 9/10/20	1	14,301,000	(447,664)
			<u>(7,052,057)</u>
Total Options Written (Premiums received \$18,573,066)			<u>(13,186,703)</u>

Templeton Global Bond VIP Fund (continued)

*The principal/notional amount is stated in U.S. dollars unless otherwise indicated.

^aSecurities denominated in Argentine Peso have been designated as Level 3 investments. See Note 11 regarding fair value measurements.

^bThe coupon rate shown represents the rate at period end.

^cRedemption price at maturity and coupon payment are adjusted for inflation. See Note 1(g).

^dPrincipal amount is stated in 1,000 Brazilian Real Units.

^ePrincipal amount is stated in 100 Mexican Peso Units.

^fPrincipal amount of security is adjusted for inflation. See Note 1(g).

^gPrincipal amount is stated in 100 Unidad de Inversion Units.

^hSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. At December 31, 2019, the aggregate value of these securities \$128,667,527, representing 4.6% of net assets.

ⁱSecurity was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At December 31, 2019, the aggregate value of these securities was \$128,667,527, representing 4.6% of net assets.

^jA supranational organization is an entity formed by two or more central governments through international treaties.

^kThe security was issued on a discount basis with no stated coupon rate.

^lPrincipal amount is stated in 10 Mexican Peso Units.

^mSee Note 3(e) regarding investments in affiliated management investment companies.

ⁿThe rate shown is the annualized seven-day effective yield at period end.

^oSee Note 1(c) regarding written options.

At December 31, 2019, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counterparty ^a	Type	Quantity	Contract Amount [*]	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Norwegian Krone	DBAB	Buy	55,158,000	6,042,130	1/03/20	\$ 241,980	\$ —
Norwegian Krone	DBAB	Sell	55,158,000	6,002,481	1/03/20	—	(281,628)
Indian Rupee	BNDP	Sell	845,797,600	11,795,518	1/07/20	—	(54,254)
South Korean Won	HSBK	Sell	42,561,000,000	35,642,744	1/08/20	—	(1,180,910)
Indian Rupee	BNDP	Sell	237,955,000	3,262,004	1/13/20	—	(70,919)
Australian Dollar	JPHQ	Sell	25,330,000	1,857,929,916	JPY 1/14/20	—	(669,494)
Australian Dollar	JPHQ	Buy	30,315,000	20,592,191	1/15/20	686,601	—
Australian Dollar	JPHQ	Sell	30,315,000	21,239,144	1/15/20	—	(39,649)
Indian Rupee	CITI	Sell	1,193,580,000	16,299,058	1/16/20	—	(416,672)
Euro	SCNY	Buy	657,000	728,351	1/17/20	9,245	—
Euro	SCNY	Sell	657,000	729,999	1/17/20	—	(7,597)
South Korean Won	HSBK	Sell	13,984,825,441	11,645,772	1/17/20	—	(456,026)
Euro	DBAB	Buy	8,405,717	9,318,073	1/23/20	122,438	—
Euro	DBAB	Sell	8,405,717	9,572,598	1/23/20	132,087	—
Japanese Yen	BNDP	Buy	8,410,370,000	78,389,498	1/24/20	—	(894,194)
South Korean Won	HSBK	Sell	39,774,174,559	34,043,429	1/28/20	—	(382,773)
South Korean Won	HSBK	Sell	24,029,880,977	20,533,095	1/30/20	—	(266,594)
Euro	JPHQ	Buy	32,859,900	36,702,197	2/03/20	228,471	—
Euro	JPHQ	Sell	32,859,900	37,139,573	2/03/20	208,906	—
Indian Rupee	HSBK	Sell	1,629,025,341	22,680,715	2/03/20	—	(109,444)
Brazilian Real	JPHQ	Sell	57,125,400	13,876,503	2/04/20	—	(325,376)
Indian Rupee	HSBK	Sell	1,466,662,182	20,355,351	2/05/20	—	(158,841)
Indian Rupee	BNDP	Sell	852,858,400	11,897,887	2/06/20	—	(29,730)
Indian Rupee	HSBK	Sell	640,177,000	8,967,948	2/06/20	14,779	—
South Korean Won	DBAB	Sell	13,920,000,000	11,536,549	2/10/20	—	(515,157)

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)							
Swiss Franc	UBSW	Buy	17,378,212	15,815,628 EUR	2/10/20	\$ 229,475	\$ —
South Korean Won	HSBK	Sell	75,818,000,000	65,152,531	2/12/20	—	(492,303)
Swiss Franc	GSCO	Buy	17,055,038	15,526,600 EUR	2/12/20	219,776	—
Swedish Krona	DBAB	Buy	208,032,300	19,486,343 EUR	2/13/20	345,053	—
Indian Rupee	HSBK	Sell	320,909,148	4,432,937	2/14/20	—	(51,195)
Indian Rupee	HSBK	Sell	833,252,000	11,493,924	2/18/20	—	(144,189)
Indian Rupee	JPHQ	Sell	1,513,957,170	20,894,416	2/20/20	—	(246,546)
Australian Dollar	JPHQ	Sell	30,315,000	2,169,386,883 JPY	2/21/20	—	(1,276,844)
Euro	SCNY	Buy	4,975,000	5,554,463	2/24/20	43,955	—
Euro	SCNY	Sell	4,975,000	5,583,691	2/24/20	—	(14,726)
Australian Dollar	CITI	Sell	35,702,533	2,552,418,685 JPY	2/25/20	—	(1,523,879)
Australian Dollar	JPHQ	Sell	52,305,500	3,751,062,779 JPY	2/25/20	—	(2,124,746)
Euro	HSBK	Sell	25,253,559	2,980,010,839 JPY	2/25/20	—	(911,320)
Japanese Yen	CITI	Buy	3,408,578,000	32,453,406	2/26/20	—	(987,032)
Japanese Yen	CITI	Sell	3,408,578,000	31,992,750	2/26/20	526,376	—
Norwegian Krone	DBAB	Buy	135,189,000	15,096,988	2/26/20	307,939	—
Norwegian Krone	DBAB	Sell	135,189,000	14,712,047	2/26/20	—	(692,880)
Indian Rupee	SCNY	Sell	945,558,000	12,802,898	2/27/20	—	(390,812)
Japanese Yen	CITI	Buy	2,324,212,100	22,107,225	2/27/20	—	(649,983)
Japanese Yen	CITI	Sell	2,324,212,100	21,816,254	2/27/20	359,012	—
Japanese Yen	JPHQ	Buy	2,297,161,600	21,849,209	2/27/20	—	(641,699)
Euro	BZWS	Buy	22,495,165	25,171,078	2/28/20	149,085	—
Euro	BZWS	Sell	22,495,166	25,278,830	2/28/20	—	(41,333)
Indian Rupee	SCNY	Sell	1,135,539,000	15,415,847	2/28/20	—	(427,004)
Japanese Yen	CITI	Buy	4,463,423,000	42,753,688	2/28/20	—	(1,544,803)
Japanese Yen	CITI	Sell	4,463,423,000	41,898,391	2/28/20	689,506	—
Brazilian Real	JPHQ	Sell	71,627,700	17,345,621	3/03/20	—	(431,994)
Indian Rupee	SCNY	Sell	2,362,358,000	32,036,751	3/03/20	—	(905,775)
Australian Dollar	CITI	Sell	23,089,500	1,653,613,051 JPY	3/06/20	—	(953,750)
Japanese Yen	HSBK	Buy	1,385,935,670	13,063,576	3/06/20	—	(262,580)
Japanese Yen	HSBK	Sell	1,385,935,670	13,219,153	3/06/20	418,157	—
Japanese Yen	JPHQ	Buy	1,316,291,430	12,420,546	3/06/20	—	(262,809)
Japanese Yen	JPHQ	Sell	1,316,291,430	12,511,845	3/06/20	354,108	—
South Korean Won	DBAB	Sell	13,919,000,000	11,576,978	3/06/20	—	(483,022)
South Korean Won	GSCO	Sell	44,346,000,000	38,184,871	3/09/20	—	(244,987)
Euro	BOFA	Buy	17,090,572	19,106,336	3/10/20	144,160	—
Euro	BOFA	Sell	17,090,572	19,044,024	3/10/20	—	(206,472)
Australian Dollar	HSBK	Sell	19,340,000	1,424,410,340 JPY	3/12/20	—	(433,081)
Australian Dollar	JPHQ	Sell	22,880,000	1,707,432,812 JPY	3/12/20	—	(306,328)
Australian Dollar	HSBK	Sell	9,830,000	730,865,415 JPY	3/13/20	—	(156,371)
Swedish Krona	DBAB	Buy	208,032,400	19,479,054 EUR	3/13/20	344,041	—
Indian Rupee	JPHQ	Sell	415,137,830	5,684,873	3/16/20	—	(94,174)
South Korean Won	HSBK	Sell	7,007,000,000	5,956,307	3/18/20	—	(119,049)
South Korean Won	CITI	Sell	4,215,000,000	3,580,682	3/20/20	—	(74,317)
Euro	GSCO	Buy	1,230,811	1,374,970	3/23/20	12,563	—
Euro	GSCO	Sell	1,230,811	1,379,468	3/23/20	—	(8,064)

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	HSBK	Buy	5,242,851,400	49,342,826	3/23/20	\$ —	\$ (869,524)
Japanese Yen	HSBK	Sell	5,242,851,400	50,052,760	3/23/20	1,579,457	—
Japanese Yen	JPHQ	Buy	3,549,117,130	33,375,614	3/23/20	—	(561,900)
Japanese Yen	JPHQ	Sell	3,549,117,130	33,804,818	3/23/20	991,104	—
Norwegian Krone	DBAB	Buy	110,414,000	12,349,592	3/23/20	232,549	—
Norwegian Krone	DBAB	Sell	110,414,000	12,107,329	3/23/20	—	(474,812)
Japanese Yen	CITI	Buy	4,452,680,000	41,757,642	3/24/20	—	(587,524)
Japanese Yen	CITI	Sell	240,000,000	2,256,205	3/24/20	37,131	—
Japanese Yen	JPHQ	Buy	921,145,640	8,744,741	3/24/20	—	(227,696)
Japanese Yen	JPHQ	Sell	921,145,640	8,774,153	3/24/20	257,108	—
Norwegian Krone	DBAB	Buy	83,053,000	9,236,218	3/24/20	228,030	—
Norwegian Krone	DBAB	Sell	83,053,000	9,038,208	3/24/20	—	(426,040)
Euro	HSBK	Sell	25,254,215	2,985,553,322	JPY 3/25/20	—	(867,108)
Euro	BZWS	Buy	11,247,583	12,570,367	3/31/20	115,950	—
Euro	BZWS	Sell	11,247,583	12,462,265	3/31/20	—	(224,052)
Euro	CITI	Sell	22,979,200	2,707,863,964	JPY 3/31/20	—	(871,035)
Euro	SCNY	Buy	12,544,218	14,017,424	3/31/20	131,388	—
Euro	SCNY	Sell	12,544,218	13,905,768	3/31/20	—	(243,045)
Brazilian Real	CITI	Buy	206,375,000	44,333,097	EUR 4/01/20	1,146,824	—
Euro	BOFA	Buy	17,079,724	19,098,667	4/08/20	175,391	—
Euro	BOFA	Sell	17,079,724	18,978,477	4/08/20	—	(295,581)
Euro	GSCO	Buy	2,045,000	2,286,562	4/08/20	21,172	—
Euro	GSCO	Sell	2,045,000	2,272,915	4/08/20	—	(34,818)
Mexican Peso	CITI	Sell	157,383,000	7,836,511	4/08/20	—	(359,325)
Euro	UBSW	Buy	8,311,299	9,309,154	4/09/20	70,531	—
Euro	UBSW	Sell	8,311,299	9,247,151	4/09/20	—	(132,533)
Euro	BZWS	Buy	7,003,000	7,832,985	4/14/20	72,681	—
Euro	BZWS	Sell	7,003,000	7,785,515	4/14/20	—	(120,151)
Euro	BOFA	Buy	17,769,000	19,910,449	4/15/20	150,170	—
Euro	BOFA	Sell	17,769,000	19,824,340	4/15/20	—	(236,279)
Euro	GSCO	Buy	1,789,884	2,001,811	4/15/20	18,909	—
Euro	GSCO	Sell	1,789,884	1,996,758	4/15/20	—	(23,962)
Swedish Krona	DBAB	Buy	208,032,300	19,139,791	EUR 4/15/20	715,903	—
Euro	GSCO	Buy	1,231,111	1,381,337	4/23/20	9,239	—
Euro	GSCO	Sell	1,231,111	1,390,047	4/23/20	—	(528)
Euro	UBSW	Buy	11,641,500	13,050,936	4/24/20	99,296	—
Euro	UBSW	Sell	11,641,500	13,116,769	4/24/20	—	(33,464)
Euro	HSBK	Buy	19,488,000	21,817,496	4/27/20	200,249	—
Euro	HSBK	Sell	19,488,000	21,942,319	4/27/20	—	(75,427)
Euro	BOFA	Buy	32,470,000	36,410,137	4/29/20	279,374	—
Euro	BOFA	Sell	33,910,662	38,077,605	4/29/20	—	(239,785)
Euro	GSCO	Buy	2,855,793	3,205,499	4/29/20	21,407	—
Euro	GSCO	Sell	2,855,793	3,209,112	4/29/20	—	(17,795)
Euro	SCNY	Buy	12,300,264	13,789,519	4/29/20	109,178	—
Euro	SCNY	Sell	12,300,264	13,820,762	4/29/20	—	(77,935)
Indian Rupee	JPHQ	Sell	1,986,473,600	27,399,636	4/29/20	—	(102,548)

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	BOFA	Sell	33,910,662	38,086,761	4/30/20	\$ —	\$ (233,014)
Euro	CITI	Sell	22,979,200	2,779,793,824	JPY 4/30/20	—	(210,731)
Euro	GSCO	Buy	13,037,050	14,602,148	4/30/20	129,998	—
Euro	GSCO	Sell	13,037,050	14,638,912	4/30/20	—	(93,233)
Euro	HSBK	Sell	25,974,891	29,216,947	4/30/20	—	(135,236)
Brazilian Real	JPHQ	Sell	64,790,800	15,630,734	5/05/20	—	(402,227)
Swiss Franc	UBSW	Buy	17,378,212	15,829,025	EUR 5/08/20	229,342	—
Swiss Franc	GSCO	Buy	17,055,038	15,539,898	EUR 5/12/20	219,772	—
Swedish Krona	DBAB	Buy	208,032,300	19,542,908	EUR 5/13/20	251,128	—
Euro	HSBK	Sell	1,800,000	2,005,992	5/14/20	—	(29,821)
Indian Rupee	JPHQ	Sell	451,390,000	6,129,685	5/18/20	—	(105,381)
Euro	BOFA	Sell	10,878,191	12,169,758	5/20/20	—	(138,154)
Euro	GSCO	Sell	1,898,500	2,124,232	5/20/20	—	(23,788)
Australian Dollar	JPHQ	Sell	60,630,000	4,397,043,441	JPY 5/21/20	—	(1,894,254)
Euro	BOFA	Sell	7,066,000	7,919,573	5/21/20	—	(75,610)
Euro	GSCO	Sell	1,230,811	1,379,124	5/21/20	—	(13,540)
Euro	JPHQ	Sell	21,878,395	24,516,274	5/21/20	—	(239,144)
Euro	HSBK	Sell	50,507,118	6,015,152,722	JPY 5/22/20	—	(1,349,823)
Euro	JPHQ	Sell	26,361,295	29,500,003	5/22/20	—	(329,677)
Japanese Yen	JPHQ	Buy	2,297,117,500	21,392,415	5/26/20	—	(77,257)
Euro	MSCO	Sell	30,744,500	34,286,266	5/27/20	—	(514,168)
Euro	BOFA	Sell	27,627,938	30,796,586	5/29/20	—	(480,038)
Euro	BZWS	Sell	11,247,583	12,585,820	5/29/20	—	(147,176)
Euro	JPHQ	Sell	6,775,311	7,592,787	6/04/20	—	(80,178)
Euro	SCNY	Sell	17,972,751	20,144,776	6/05/20	—	(210,434)
Japanese Yen	HSBK	Buy	1,385,935,690	13,139,372	6/08/20	—	(269,733)
Japanese Yen	HSBK	Sell	1,385,935,690	13,288,611	6/08/20	418,972	—
Japanese Yen	JPHQ	Buy	1,316,291,430	12,493,638	6/08/20	—	(270,708)
Japanese Yen	JPHQ	Sell	1,316,291,430	12,591,391	6/08/20	368,461	—
Australian Dollar	HSBK	Sell	29,370,000	2,163,795,505	JPY 6/12/20	—	(588,710)
Australian Dollar	JPHQ	Sell	44,900,000	3,317,676,979	JPY 6/12/20	—	(809,636)
Euro	JPHQ	Sell	6,775,311	7,873,725	6/15/20	195,491	—
Norwegian Krone	JPHQ	Buy	199,051,400	21,751,993	6/15/20	931,145	—
Swedish Krona	DBAB	Buy	208,032,300	19,454,271	EUR 6/15/20	340,105	—
Swedish Krona	DBAB	Buy	208,032,400	19,823,937	EUR 6/15/20	—	(78,816)
Norwegian Krone	JPHQ	Buy	197,840,000	21,751,989	6/16/20	793,105	—
Mexican Peso	CITI	Sell	539,656,000	26,544,132	6/17/20	—	(1,272,678)
Norwegian Krone	JPHQ	Buy	202,667,400	22,486,869	6/19/20	608,348	—
Japanese Yen	JPHQ	Buy	1,776,469,130	16,798,461	6/22/20	—	(289,353)
Japanese Yen	JPHQ	Buy	2,360,520,000	21,781,741	6/22/20	155,076	—
Japanese Yen	JPHQ	Sell	1,776,469,130	17,004,749	6/22/20	495,641	—
Japanese Yen	BNDP	Buy	4,489,315,360	42,878,248	6/24/20	—	(1,153,375)
Euro	CITI	Sell	22,979,200	2,707,404,380	JPY 6/30/20	—	(894,117)
Euro	UBSW	Buy	1,922,305	2,166,765	7/23/20	16,889	—
Euro	UBSW	Sell	1,922,305	2,182,681	7/23/20	—	(972)
Swiss Franc	UBSW	Buy	17,378,212	15,841,579	EUR 8/10/20	229,551	—

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)							
Swiss Franc	GSCO	Buy	17,055,038	15,552,652 EUR	8/12/20	\$ 219,125	\$ —
Australian Dollar	JPHQ	Sell	30,315,000	2,154,483,985 JPY	8/21/20	—	(1,293,352)
Australian Dollar	CITI	Sell	35,607,467	2,527,369,963 JPY	8/24/20	—	(1,547,053)
Australian Dollar	JPHQ	Sell	52,305,500	3,724,936,182 JPY	8/24/20	—	(2,157,243)
Euro	HSBK	Sell	25,253,559	2,984,142,320 JPY	8/24/20	—	(913,204)
Japanese Yen	CITI	Buy	2,796,566,000	27,059,295	8/31/20	—	(967,271)
Norwegian Krone	JPHQ	Buy	177,591,200	19,683,519	9/21/20	549,242	—
Euro	CITI	Sell	45,958,400	5,496,240,519 JPY	9/30/20	—	(1,064,370)
Euro	GSCO	Buy	17,044,025	19,273,383	10/05/20	177,689	—
Euro	GSCO	Sell	17,044,025	19,070,900	10/05/20	—	(380,172)
Mexican Peso	CITI	Sell	161,485,000	7,836,491	10/08/20	—	(353,608)
Mexican Peso	CITI	Sell	121,288,000	5,877,353	10/09/20	—	(273,221)
Euro	HSBK	Sell	33,800,018	37,982,433	10/13/20	—	(610,413)
Mexican Peso	CITI	Sell	404,375,000	19,555,619	10/13/20	—	(939,283)
Mexican Peso	CITI	Sell	595,223,000	28,888,991	10/15/20	—	(1,270,439)
Euro	BOFA	Sell	5,251,819	5,944,009	10/16/20	—	(53,647)
Euro	HSBK	Sell	8,692,000	9,833,042	10/16/20	—	(93,352)
Mexican Peso	CITI	Sell	545,017,000	26,695,974	10/16/20	—	(915,808)
Swiss Franc	UBSW	Buy	17,378,212	15,853,718 EUR	11/09/20	229,864	—
Swiss Franc	GSCO	Buy	17,055,038	15,564,006 EUR	11/12/20	220,221	—
Total Forward Exchange Contracts						\$ 19,229,919	\$ (55,309,610)
Net unrealized appreciation (depreciation)						\$ (36,079,691)	

*In U.S. dollars unless otherwise indicated.

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

At December 31, 2019, the Fund had the following interest rate swap contracts outstanding. See Note 1(c).

Interest Rate Swap Contracts

Description	Payment Frequency	Maturity Date	Notional Amount	Value/Unrealized Appreciation (Depreciation)
Centrally Cleared Swap Contracts				
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.378%	Semi-Annual	11/18/46	\$122,400,000	\$ (7,546,995)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.537%	Semi-Annual	4/13/47	72,700,000	(7,043,492)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.587%	Semi-Annual	7/27/47	36,700,000	(4,218,306)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 2.980%	Semi-Annual	2/20/48	15,638,000	(3,188,070)
Receive Floating 3-month USD LIBOR	Quarterly			
Pay Fixed 3.002%	Semi-Annual	2/22/48	15,638,000	(3,265,695)
Receive Floating 3-month USD LIBOR	Quarterly			

Templeton Global Bond VIP Fund (continued)

Interest Rate Swap Contracts (continued)

Description	Payment Frequency	Maturity Date	Notional Amount	Value/ Unrealized Appreciation (Depreciation)
Centrally Cleared Swap Contracts (continued)				
Pay Fixed 3.019%	Semi-Annual	2/23/48	\$15,638,000	\$ (3,325,652)
Total Interest Rate Swap Contracts				<u>\$(28,588,210)</u>

See Note 9 regarding other derivative information.

See Abbreviations on page TGB-41.

Statement of Assets and Liabilities

December 31, 2019

	Templeton Global Bond VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$2,262,976,218
Cost - Non-controlled affiliates (Note 3e)	691,092,548
Value - Unaffiliated issuers	\$2,041,375,920
Value - Non-controlled affiliates (Note 3e)	691,092,548
Cash	4,228,331
Restricted cash for OTC derivative contracts (Note 1d)	338,000
Restricted currency, at value (cost \$8,561,188)(Note 1e)	8,460,563
Foreign currency, at value (cost \$584,333)	584,945
Receivables:	
Capital shares sold	2,187,485
Interest	26,637,260
Affiliates	3,311
Deposits with brokers for:	
OTC derivative contracts	44,250,000
Centrally cleared swap contracts	35,603,884
Variation margin on centrally cleared swap contracts	3,043,102
Unrealized appreciation on OTC forward exchange contracts	19,229,919
Other assets	357
Total assets	2,877,035,625
Liabilities:	
Payables:	
Capital shares redeemed	1,355,574
Management fees	872,939
Distribution fees	530,725
Deposits from brokers for:	
OTC derivative contracts	338,000
Options written, at value (premiums received \$18,573,066)	13,186,703
Unrealized depreciation on OTC forward exchange contracts	55,309,610
Deferred tax	1,080,755
Accrued expenses and other liabilities	1,684,813
Total liabilities	74,359,119
Net assets, at value	\$2,802,676,506
Net assets consist of:	
Paid-in capital	\$2,936,200,505
Total distributable earnings (losses)	(133,523,999)
Net assets, at value	\$2,802,676,506

Statement of Assets and Liabilities (continued)

December 31, 2019

	Templeton Global Bond VIP Fund
<hr/>	
Class 1:	
Net assets, at value	\$ 322,794,357
Shares outstanding	19,408,120
Net asset value and maximum offering price per share	<u>\$16.63</u>
Class 2:	
Net assets, at value	\$2,389,609,852
Shares outstanding	150,200,845
Net asset value and maximum offering price per share	<u>\$15.91</u>
Class 4:	
Net assets, at value	\$ 90,272,297
Shares outstanding	5,547,129
Net asset value and maximum offering price per share	<u>\$16.27</u>

Statement of Operations

for the year ended December 31, 2019

	Templeton Global Bond VIP Fund
Investment income:	
Dividends:	
Non-controlled affiliates (Note 3e)	\$ 13,662,877
Interest: (net of foreign taxes)~	
Unaffiliated issuers	148,767,579
Total investment income	<u>162,430,456</u>
Expenses:	
Management fees (Note 3a)	13,216,398
Distribution fees: (Note 3c)	
Class 2	6,202,773
Class 4	321,517
Custodian fees (Note 4)	975,950
Reports to shareholders	321,729
Professional fees	91,604
Trustees' fees and expenses	17,334
Other	390,060
Total expenses	21,537,365
Expense reductions (Note 4)	(473,116)
Expenses waived/paid by affiliates (Note 3e)	(2,582,188)
Net expenses	<u>18,482,061</u>
Net investment income	<u>143,948,395</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:#	
Unaffiliated issuers	(27,018,737)
Written options	6,474,760
Foreign currency transactions	(3,592,489)
Forward exchange contracts	103,625,245
Swap contracts	(38,566,387)
Net realized gain (loss)	<u>40,922,392</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(54,652,582)
Translation of other assets and liabilities denominated in foreign currencies	188,524
Forward exchange contracts	(40,855,477)
Written options	5,386,363
Swap contracts	(47,284,879)
Change in deferred taxes on unrealized appreciation	797,356
Net change in unrealized appreciation (depreciation)	<u>(136,420,695)</u>
Net realized and unrealized gain (loss)	<u>(95,498,303)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$ 48,450,092</u>

~Foreign taxes withheld on interest \$ 3,599,403
#Net of foreign taxes \$ 356,110

Statements of Changes in Net Assets

	Templeton Global Bond VIP Fund	
	Year Ended December 31,	
	2019	2018
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 143,948,395	\$ 148,925,933
Net realized gain (loss)	40,922,392	29,395,004
Net change in unrealized appreciation (depreciation)	(136,420,695)	(118,382,692)
Net increase (decrease) in net assets resulting from operations	48,450,092	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	55,417,128	(7,760,972)
Class 2	(21,954,185)	(237,044,140)
Class 4	758,324	(6,392,585)
Total capital share transactions	34,221,267	(251,197,697)
Net increase (decrease) in net assets	(121,581,316)	(191,259,452)
Net assets:		
Beginning of year	2,924,257,822	3,115,517,274
End of year	\$2,802,676,506	\$2,924,257,822

Notes to Financial Statements

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. Restricted Cash

At December 31, 2019, the Fund held restricted cash in connection with investments in certain derivative securities. Restricted cash is held in a segregated account with the Fund's custodian and is reflected in the Statement of Assets and Liabilities.

e. Restricted Currency

At December 31, 2019, the Fund held currencies in certain markets in which the ability to repatriate such currency is limited. As a result of such limitations on repatriation, the Fund may incur substantial delays in gaining access to these assets and may be exposed to potential adverse movements in currency value.

f. 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 December 31, 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

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

f. Income and Deferred Taxes (continued)

years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

g. 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) 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 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.

h. 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.

i. 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)

2. Shares of Beneficial Interest

At December 31, 2019, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31,			
	2019		2018	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	5,087,795	\$ 89,164,653	3,298,930	\$ 57,215,991
Shares issued in reinvestment of distributions	1,330,210	22,427,340	—	—
Shares redeemed	(3,257,868)	(56,174,865)	(3,741,198)	(64,976,963)
Net increase (decrease)	3,160,137	\$ 55,417,128	(442,268)	\$ (7,760,972)
Class 2 Shares:				
Shares sold	7,233,859	\$ 119,112,193	10,132,393	\$ 169,096,447
Shares issued in reinvestment of distributions	10,873,146	175,601,316	—	—
Shares redeemed	(19,122,225)	(316,667,694)	(24,289,543)	(406,140,587)
Net increase (decrease)	(1,015,220)	\$ (21,954,185)	(14,157,150)	\$(237,044,140)
Class 4 Shares:				
Shares sold	692,994	\$ 11,712,750	816,409	\$ 13,930,984
Shares issued in reinvestment of distributions	376,529	6,224,019	—	—
Shares redeemed	(1,010,027)	(17,178,445)	(1,191,456)	(20,323,569)
Net increase (decrease)	59,496	\$ 758,324	(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

Templeton Global Bond VIP Fund (continued)

3. Transactions with Affiliates (continued)

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 year ended December 31, 2019, the 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.

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 year ended December 31, 2019, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Dividend Income
Non-Controlled Affiliates								
Institutional Fiduciary Trust Money Market Portfolio, 1.26%	\$663,563,266	\$798,168,118	\$(770,638,836)	\$ —	\$ —	\$691,092,548	691,092,548	\$13,662,877

Templeton Global Bond VIP Fund (continued)

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 year ended December 31, 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, 2019, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	\$ 1,874,982
Long term	<u>56,256,007</u>
Total capital loss carryforwards	<u>\$58,130,989</u>

The tax character of distributions paid during the years ended December 31, 2019 and 2018, was as follows:

	<u>2019</u>	<u>2018</u>
Distributions paid from ordinary income	\$204,252,675	\$ —

At December 31, 2019, the cost of investments, net unrealized appreciation (depreciation) and undistributed ordinary income for income tax purposes were as follows:

Cost of investments	<u>\$2,934,655,844</u>
Unrealized appreciation	\$ 122,990,545
Unrealized depreciation	<u>(402,219,586)</u>
Net unrealized appreciation (depreciation)	<u>\$ (279,229,041)</u>
Distributable earnings-undistributed ordinary income	<u>\$ 205,698,317</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions and tax straddles.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2019, aggregated \$960,302,670 and \$367,338,225, respectively.

7. Credit Risk

At December 31, 2019, the Fund had 13.5% 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.

Templeton Global Bond VIP Fund (continued)

8. Concentration of Risk

Investments in issuers domiciled or with significant operations in developing or emerging market countries may be subject to higher risks than investments in developed countries. These risks include fluctuating currency values, underdeveloped legal or business systems, and changing local and regional economic, political and social conditions, which may result in greater market volatility. In addition, certain foreign securities may not be as liquid as U.S. securities. Currencies of developing or emerging market countries may be subject to significantly greater risks than currencies of developed countries, including the potential inability to repatriate those currencies into U.S. dollars.

At December 31, 2019, the Fund had 1.8% of its net assets denominated in Argentine Pesos, which has restricted currency repatriation since September 2019, and had restructured certain issues of its debt. Political and economic conditions in Argentina could continue to affect the value of the Fund's holdings.

9. Other Derivative Information

At December 31, 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	\$28,588,210 ^a
Foreign exchange contracts	Investments in securities, at value	7,123,962 ^b	Options written, at value	13,186,703
	Unrealized appreciation on OTC forward exchange contracts	19,229,919	Unrealized depreciation on OTC forward exchange contracts	55,309,610
Totals		<u>\$26,353,881</u>		<u>\$97,084,523</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 year 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 year ended December 31, 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 Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts	Swap contracts	\$ (38,566,387)	Swap contracts	\$ (47,284,879)
Foreign exchange contracts	Investments	(6,438,453) ^a	Investments	(18,604,071) ^a
	Written options	6,474,760	Written options	5,386,363
	Forward exchange contracts	103,625,245	Forward exchange contracts	(40,855,477)
Value recovery instruments	Investments	4,142,988 ^a	Investments	(3,416,727) ^a
Totals		<u>\$ 69,238,153</u>		<u>\$(104,774,791)</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.

Templeton Global Bond VIP Fund (continued)

For the year ended December 31, 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	\$1,251,647,862
Swap contracts	\$ 624,427,846
Forward exchange contracts	\$3,393,437,312
VRI	\$ 3,866,835

See Note 1(c) regarding derivative financial instruments.

At December 31, 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	\$19,229,919	\$55,309,610
Options purchased	7,123,962	—
Options written	—	13,186,703
Total	<u>\$26,353,881</u>	<u>\$68,496,313</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 December 31, 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^b	Net Amount (Not less than zero)
Counterparty					
BNDP	\$ —	\$ —	\$ —	\$ —	\$ —
BOFA	749,095	(749,095)	—	—	—
BZWS	337,716	(337,716)	—	—	—
CITI	8,283,830	(8,283,830)	—	—	—
DBAB	3,261,253	(2,952,355)	—	(308,898)	—
GSCO	1,313,319	(1,313,319)	—	—	—
HSBK	2,866,833	(2,866,833)	—	—	—
JPHQ	7,154,533	(7,154,533)	—	—	—
MSCO	988,588	(988,588)	—	—	—
SCNY	293,766	(293,766)	—	—	—
UBSW	1,104,948	(166,969)	(912,419)	—	25,560
Total	<u>\$26,353,881</u>	<u>\$(25,107,004)</u>	<u>\$(912,419)</u>	<u>\$(308,898)</u>	<u>\$25,560</u>

Templeton Global Bond VIP Fund (continued)

9. Other Derivative Information (continued)

At December 31, 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	\$ 2,202,472	\$ —	\$ —	\$ (2,202,472)	\$ —
BOFA	1,958,580	(749,095)	—	(1,110,000)	99,485
BZWS	532,712	(337,716)	—	—	194,996
CITI	27,548,305	(8,283,830)	—	(19,264,475)	—
DBAB	2,952,355	(2,952,355)	—	—	—
GSCO	1,363,668	(1,313,319)	—	—	50,349
HSBK	11,494,216	(2,866,833)	—	(7,890,000)	737,383
JPHQ	15,966,164	(7,154,533)	—	(8,811,631)	—
MSCO	2,033,544	(988,588)	—	(860,000)	184,956
SCNY	2,277,328	(293,766)	—	(1,950,000)	33,562
UBSW	166,969	(166,969)	—	—	—
Total	\$68,496,313	\$(25,107,004)	\$ —	\$(42,088,578)	\$1,300,731

^aAt December 31, 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-41.

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 matured 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. Effective February 7, 2020, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 5, 2021, for a total of \$2 billion.

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 year ended December 31, 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 December 31, 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:				
Argentina	\$ —	\$ 4,737,123	\$ 35,675,197	\$ 40,412,320
All Other Foreign Government and Agency Securities	—	1,462,336,152	—	1,462,336,152
U.S. Government and Agency Securities	—	349,599,069	—	349,599,069
Options Purchased	—	7,123,962	—	7,123,962
Short Term Investments:				
Argentina	—	—	3,394,233	3,394,233
All Other Short Term Investments	691,092,548	178,510,184	—	869,602,732
Total Investments in Securities	\$ 691,092,548	\$ 2,002,306,490	\$ 39,069,430	\$ 2,732,468,468
Other Financial Instruments:				
Forward Exchange Contracts	\$ —	\$ 19,229,919	\$ —	\$ 19,229,919
Restricted Currency (ARS)	—	—	8,460,563	8,460,563
Total Other Financial Instruments	—	19,229,919	8,460,563	27,690,482
Receivables:				
Interest (ARS)	\$ —	\$ —	\$ 1,601,869	\$ 1,601,869
Liabilities:				
Other Financial Instruments:				
Options Written	\$ —	\$ 13,186,703	\$ —	\$ 13,186,703
Forward Exchange Contracts	—	55,309,610	—	55,309,610
Swap Contracts	—	28,588,210	—	28,588,210
Total Other Financial Instruments	\$ —	\$ 97,084,523	\$ —	\$ 97,084,523
Payables:				
Deferred Tax (ARS)	\$ —	\$ —	\$ 4,066	\$ 4,066

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

Templeton Global Bond VIP Fund (continued)

11. Fair Value Measurements (continued)

A reconciliation of assets and/or liabilities in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year. At December 31, 2019, the reconciliation of assets and/or liabilities, is as follows:

	Balance at Beginning of Year	Purchases	Sales	Transfer Into Level 3 ^a	Transfer Out of Level 3	Cost Basis Adjustments ^b	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Year	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Year End
Asset:										
Investments in Securities:										
Foreign Government and Agency Securities										
Argentina	\$—	\$ 1,661,146	\$ —	\$32,311,758	\$—	\$6,120,948	\$ —	\$(4,418,655)	\$35,675,197	\$ 1,811,665
Short Term Investments:										
Argentina	—	2,708,215	(272,318)	61,987	—	589,992	(368,640)	674,997	3,394,233	389,219
Total Investment in Securities	\$—	\$ 4,369,361	\$ (272,318)	\$32,373,745	\$—	\$6,710,940	\$(368,640)	\$(3,743,658)	\$39,069,430	\$2,200,884
Other Financial Instruments:										
Restricted Currency (ARS)	\$—	\$11,877,831	\$(4,435,314)	\$ 1,914,857	\$—	\$ —	\$(1,233,844)	\$ 337,033	\$ 8,460,563	\$ (100,625)
Receivables:										
Interest (ARS)	\$—	\$ 2,433,160	\$(4,025,141)	\$ 3,346,481	\$—	\$ —	\$(1,837,839)	\$ 1,685,208	\$ 1,601,869	\$ 4,208
Liabilities:										
Payables:										
Deferred Tax (ARS)	\$—	\$ —	\$ —	\$ 5,437	\$—	\$ —	\$ —	\$ (1,371)	\$ 4,066	\$ (1,371)

^aTransferred into Level 3 as a result of the unavailability of a quoted market price in an active market for identical securities or as a result of the unreliability of the foreign exchange rate and other significant observable valuation inputs.

^bMay include accretion, amortization, partnership adjustments, and/or other cost basis adjustments.

Templeton Global Bond VIP Fund (continued)

Significant unobservable valuation inputs for material Level 3 assets and/or liabilities and impact to fair value as a result of changes in unobservable valuation inputs as of December 31, 2019, are as follows:

Description	Fair Value at End of Year	Valuation Technique	Unobservable Inputs	Amount	Impact to Fair Value if Input Increases ^a
Assets:					
Investments in Securities:					
Foreign Government and Agency Securities					
Argentina	\$35,675,197	Market comparables	Implied Foreign exchange rate	75.1 ARS/USD	Decrease ^b
Short Term Investments					
Argentina	3,394,233	Market comparables	Implied Foreign exchange rate	75.1 ARS/USD	Decrease ^b
Other Financial Instruments:					
Restricted Currency (ARS)	8,460,563	Market comparables	Implied Foreign exchange rate	75.1 ARS/USD	Decrease ^b
All other ^c	1,601,869				
Liabilities:					
All other ^c	4,066				

^aRepresents the directional change in the fair value that would result from a significant and reasonable increase in the corresponding input. A significant and reasonable decrease in the input would have the opposite effect. Significant impacts, if any, to fair value and/or net assets have been indicated.

^bRepresents a significant impact to fair value but not net assets.

^cIncludes fair value of immaterial assets and/or liabilities developed using various valuation techniques and unobservable inputs. May also include values derived using private transaction prices or non-public third party pricing information which is unobservable.

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 other than those already disclosed in the financial statements.

Abbreviations

Counterparty	Currency	Selected Portfolio
BNDP BNP Paribas SA	ARS Argentine Peso	ARPP7DRR Argentina Central Bank 7 Day Repo Rate
BOFA Bank of America Corp.	AUD Australian Dollar	BADLAR Argentina Deposit Rates Badlar Private Banks ARS
BZWS Barclays Bank PLC	BRL Brazilian Real	FRN Floating Rate Note
CITI Citigroup, Inc.	COP Colombian Peso	LIBOR London InterBank Offered Rate
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	
	NOK Norwegian Krone	
	USD United States Dollar	

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Templeton Variable Insurance Products Trust and Shareholders of Templeton Global Bond VIP Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Templeton Global Bond VIP Fund (the "Fund") as of December 31, 2019, the related statement of operations for the year ended December 31, 2019, the statement of changes in net assets for each of the two years in the period ended December 31, 2019, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2019 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2019, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2019 and the financial highlights for each of the five years in the period ended December 31, 2019 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2019 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California

February 20, 2020

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

Tax Information (unaudited)

Templeton Global Bond VIP Fund

At December 31, 2019, 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. The Fund elects to treat foreign taxes paid as allowed under Section 853 of the Internal Revenue Code. This election will allow shareholders of record as of the 2020 distribution date, 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.

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Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions (after the deduction of certain withholding taxes for the NR or Net Return Index). They do not reflect any fees, expenses or sales charges.

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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 one month and less than three months.

Bloomberg Barclays U.S. Aggregate Bond Index 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 Bond Index 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. Corporate High Yield Bond Index measures the U.S. dollar-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and Standard & Poor's is Ba1/BB+/BB+ or below.

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 designed to track a more liquid component of the U.S. dollar-denominated, high-yield fixed-rate corporate bond market.

Bloomberg Barclays U.S. Treasury Index measures U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with at least one year until final maturity.

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 12-month period ended 12/31/19, there were 324 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 12-month period ended 12/31/19, 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 Asia Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in developed and emerging markets in Asia.

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 is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed and emerging markets, excluding the U.S.

MSCI Europe, Australasia, Far East (EAFE) Index is a free float-adjusted market capitalization-weighted index 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 relatively higher price-to-book ratios and higher forecasted growth rates.

Russell 1000® Index is market capitalization weighted and measures performance of the approximately 1,000 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 approximately 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 relatively lower price-to-book ratios and lower forecasted growth rates.

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

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

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.

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	134	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	113	Hess Corporation (exploration of oil and gas) (2014-present).
Principal Occupation During at Least the Past 5 Years: Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the Board of Trustees of the Economic Club of New York (2013-present); member of the Board of Trustees of the Foreign Policy Association (2005-present) and member of various other boards of trustees and advisory boards; and formerly , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
Mary C. Choksi (1950) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	134	Avis Budget Group Inc. (car rental) (2007-present), Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present)
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2005 and Lead Independent Trustee since March 2019	134	Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).
Principal Occupation During at Least the Past 5 Years: Director or Trustee of various companies and trusts; and formerly , Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison—United States Treasury Department (1988-1989).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	134	Boeing Capital Corporation (aircraft financing) (2006-2013).
Principal Occupation During at Least the Past 5 Years: Executive Vice President, Counselor and Senior Advisor to Boeing Chairman and Board of Directors, The Boeing Company (aerospace company) (2019-present); member of the Executive Council, The Boeing Company (2006-present) and formerly , General Counsel, The Boeing Company (2006-2019) and Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).				
Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	134	The Southern Company (energy company) (2014-present; previously 2010-2012), Graham Holdings Company (education and media organization) (2011-present) and Cbeyond, Inc. (business communications provider) (2010-2012).
Principal Occupation During at Least the Past 5 Years: Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and formerly , Executive Vice President – Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President – Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).				

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	146	None
Principal Occupation During at Least the Past 5 Years: Chairman of the Board, Member – Office of the Chairman, Director and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 39 of the investment companies in Franklin Templeton; Vice Chairman, Investment Company Institute; and formerly , President, Franklin Resources, Inc. (1994-2015).				
**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, and Trustee	Chairman of the Board since 2013, and Trustee since 1988	134	None
Principal Occupation During at Least the Past 5 Years: Vice Chairman, Member – Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 37 of the investment companies in Franklin Templeton.				
Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Gaston Gardey (1967) One Franklin Parkway San Mateo, CA 94403-1906	Treasurer, Chief Financial Officer and Chief Accounting Officer	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton; and officer of 24 of the investment companies in Franklin Templeton.				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of 41 of the investment companies in Franklin Templeton; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Edward D. Perks (1970) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: President and Director, Franklin Advisers, Inc.; and officer of eight of the investment companies in Franklin Templeton (since December 2018).				
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance, Franklin Templeton; Vice President, Franklin Templeton Companies, LLC; officer of 41 of the investment companies in Franklin Templeton; and formerly , Senior Associate General Counsel, Franklin Templeton (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton; and officer of 41 of the investment companies in Franklin Templeton.				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

General Counsel, Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.

Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since January 2019	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 41 of the investment companies in Franklin Templeton.

*We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Effective March 12, 2019, John B. Wilson ceased to be a trustee of the Trust.

Note 3: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She currently serves as a director of Avis Budget Group, Inc. (2007-present) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Choksi is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

Shareholder Information

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.



Annual 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.