SEMIANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

June 30, 2021



FRANKLIN TEMPLETON

Franklin Templeton Variable Insurance Products Trust Semiannual Report

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*Not part of the semiannual report. Retain for your records.

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.

Franklin Allocation VIP Fund

This semiannual report for Franklin Allocation VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +7.19% total return* for the six-month period ended June 30, 2021.
*On May 1, 2019, the Fund's investment strategies changed. Performance prior to May 1, 2019, is attributable to the Fund's performance before the strategy change. The Fund has an expense reduction and a fee waiver associated with any investments it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/22. Fund investment results reflect the expense reduction and fee waiver; without these reductions, the results would have been lower.

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

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

Franklin Allocation VIP Fund

Fund Goal and Main Investments

The Fund seeks capital appreciation, with income as a secondary goal. Under normal market conditions, the Fund allocates approximately 60% of its assets to the equity asset class and 40% of its assets to the fixed income asset class by allocating the Fund's assets among various sleeves (investment strategies).

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The investment manager's allocation of Fund assets among different asset classes and strategy sleeves may not prove beneficial in light of subsequent market events. There can be no guarantee that these techniques or the investment manager's or subadvisors' investment decisions will produce the desired results. To the extent the Fund invests in underlying investment companies, including exchange-traded funds, the Fund's performance is related to the performance of the underlying investment companies held by it. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bonds are affected by changes in interest rates and the creditworthiness of their issuers. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds adjust to a rise in interest rates, the Fund's share price may decline. Higher-yielding, lower-rated corporate bonds entail a greater degree of credit risk compared to investment-grade securities. Derivatives involve costs and can create economic leverage in the Fund's portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as gains) in an amount that exceeds the Fund's initial investment. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks that are heightened in developing countries. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. The Fund's prospectus also includes a description of the main investment risks.

Portfolio Composition
6/30/21

	% of Total Net Assets
Common Stocks	57.7%
U.S. Government and Agency Securities	13.1%
Corporate Bonds	10.7%
Mortgage-Backed Securities	9.9%
Management Investment Companies	3.0%
Other	2.1%
Short-Term Investments & Other Net Assets	3.5%

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's benchmark, the Standard & Poor's® 500 Index (S&P 500®), posted a +15.25% total return.[1] The Fund's other benchmarks performed as follows: the Bloomberg Barclays U.S. Aggregate Bond Index posted a -1.60% total return, the MSCI World ex USA Index-NR posted a +9.16% total return and the Linked Allocation VIP Fund Benchmark posted a +7.26% total return.[1,2]

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI All Country World Index-NR, posted a +12.30% total return for the six months ended June 30, 2021.[1] Global equities benefited from monetary and fiscal stimulus measures, rebounding economic activity and easing novel coronavirus (COVID-19) pandemic restrictions in many regions. The implementation of vaccination programs and additional fiscal stimulus measures led many equity markets to reach new all-time price highs.

In the U.S., the economy continued to recover and equities rallied amid an accommodative monetary policy, additional fiscal stimulus measures and ongoing vaccination programs. The lifting of many COVID-19 restrictions and strong consumer spending also supported the economy. Gross domestic product (GDP) growth accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels. The rebound in corporate earnings and progress toward a bipartisan infrastructure plan further bolstered investor sentiment. The U.S. Federal Reserve

1. Source: Morningstar.
2. Source: FactSet. The Linked Allocation VIP Fund benchmark was calculated internally and was composed of 40% S&P 500, 40% Bloomberg Barclays U.S. Aggregate Bond Index and 20% MSCI World ex USA Index-NR.

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).

kept the federal funds target rate at a record-low range of 0.00%–0.25% and continued its program of open-ended bond purchases to help keep markets functioning.

The economic recovery in the eurozone was relatively weak, as quarter-over-quarter GDP growth contracted during 2021's first quarter. GDP growth rates were mostly negative among the region's largest economies amid renewed lockdowns, delays in COVID-19 vaccine distribution and weak consumer spending. Nevertheless, optimism that successful vaccine programs would lift global growth helped European developed market equities, as measured by the MSCI Europe Index-NR, to post a +11.80% total return for the six months under review.[1]

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR, posted a +4.54% total return for the six-month period.[1] The region's economic recovery was pressured by weak domestic demand, most notably in China, despite improvement in manufacturing and exports. Asian equity markets experienced volatility near period-end due to inflation concerns, rising COVID-19 infection rates in many countries, especially India, and renewed lockdowns.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR, posted a +7.45% total return for the six months under review.[1] The recovery in oil and industrial metals prices supported global emerging market equities. Late in the period, higher COVID-19 cases in some countries, limited vaccine rollouts and concerns about rising interest rates and inflation amid higher commodity prices dampened investor enthusiasm in global emerging market equities.

Investment Strategy

The Fund seeks to achieve its investment goals by allocating its assets among the broad asset classes of equity and fixed income investments through a variety of investment strategies or sleeves managed by the investment manager or its affiliates, which include Franklin U.S. Smart Beta Equity Strategy, Franklin Growth Strategy, Templeton Foreign Strategy, Franklin International Growth Strategy, Franklin U.S. Government Securities Strategy, Franklin Rising Dividends Strategy, Franklin Investment Grade Corporate Strategy, Templeton Global Bond VIP Fund, Franklin International Core Equity Strategy, Franklin U.S. Core Equity Strategy, Franklin Emerging Market Core Equity Strategy, Franklin U.S. Core Bond Strategy and Franklin U.S. Treasury Securities Strategy. The Fund is structured as a multi-manager fund (meaning the Fund's assets are managed by multiple subadvisors), with the investment manager having overall responsibility for the Fund's investments. The investment manager allocates assets among various asset classes and strategy sleeves to seek to diversify the Fund's portfolio, to add incremental return and to reduce the Fund's risk of being significantly impacted by changes in a specific asset class or by changing market conditions. The investment manager may, at times, implement a risk overlay strategy, which seeks to neutralize certain market risks that may exist in the Fund primarily through the use of equity and interest rate/bond futures. Allocations to the individually managed sleeves typically will not exceed 20%, but will vary with market conditions; however, under normal market conditions, no sleeve constitutes a majority of the Fund's assets.

Geographic Composition
6/30/21

	% of Total Net Assets
North America	74.3%
Europe	13.3%
Asia	6.6%
Latin America & Caribbean	1.1%
Other	1.2%
Short-Term Investments & Other Net Assets	3.5%

Manager's Discussion

The Fund's performance can be attributed largely to its allocation among the underlying sleeves and their investments in domestic and foreign equity securities, fixed income securities, equity index and U.S. Treasury futures, and short-term investments and other net assets.

During the 12 months under review, on the equity side, the Franklin International Core Equity Strategy and the Templeton Foreign Strategy outperformed the Fund's foreign equity benchmark, the MSCI World ex USA Index-NR, while the Franklin International Growth Strategy underperformed the index. The Franklin U.S. Core Equity Strategy outperformed the Fund's domestic equity benchmark, the S&P 500, while the Franklin Growth Strategy, the Franklin Rising Dividends Strategy and the Franklin U.S. Smart Beta Equity Strategy underperformed the index. On the fixed income side, the Franklin U.S. Government Securities Strategy, the Franklin Investment Grade Corporate Strategy and the Franklin U.S. Core Bond Strategy performed better than the Fund's fixed income benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, while Templeton Global Bond VIP Fund and the Franklin U.S. Treasury

Securities Strategy underperformed the index. The Fund's risk overlay strategy, which utilized U.S. Treasury and equity index futures to seek to neutralize certain market risks that we believed existed in the Fund during the period, outperformed the Fund's fixed income benchmark but underperformed the Fund's equity benchmarks.

Top 10 Holdings

6/30/21

Company *Industry, Country*	% of Total Net Assets
U.S. Treasury Notes *Diversified Financial Services, United States*	9.9%
GNMA II, Single-family, 30 Year *Diversified Financial Services, United States*	4.2%
U.S. Treasury Bonds *Diversified Financial Services, United States*	2.7%
FNMA, 30 Year *Thrifts & Mortgage Finance, United States*	2.4%
Microsoft Corp. *Software, United States*	2.1%
Schwab U.S. TIPS ETF *Capital Markets, United States*	2.0%
FHLMC Pool, 30 Year *Diversified Financial Services, United States*	2.0%
Alphabet, Inc. *Interactive Media & Services, United States*	1.4%
Apple, Inc. *Technology Hardware, Storage & Peripherals, United States*	1.3%
Amazon.com, Inc. *Internet & Direct Marketing Retail, United States*	1.2%

Thank you for your participation in Franklin Allocation VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,071.90	$4.14	$1,020.80	$4.03	0.80%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses

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SUPPLEMENT DATED APRIL 16, 2021
TO THE PROSPECTUSES DATED MAY 1, 2020
OF
FRANKLIN ALLOCATION VIP FUND
(a series of Franklin Templeton Variable Insurance Products Trust)

The Prospectus is amended as follows:

I. All references to May Tong, CFA have been removed from the “Fund Summaries - Portfolio Managers” and the Fund Details – Portfolio Managers” sections of the prospectus.

Please keep this supplement with your prospectus for future reference.

Financial Highlights

Franklin Allocation VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$5.49	$6.86	$6.37	$7.44	$7.13	$6.80
Income from investment operations[a]:						
Net investment income[b]	0.04	0.10	0.11[c]	0.23[c]	0.21[c]	0.21[c]
Net realized and unrealized gains (losses)	0.35	0.45	1.11	(0.89)	0.63	0.64
Total from investment operations	0.39	0.55	1.22	(0.66)	0.84	0.85
Less distributions from:						
Net investment income	(0.11)	(0.12)	(0.27)	(0.24)	(0.22)	(0.29)
Net realized gains	—	(1.80)	(0.46)	(0.17)	(0.31)	(0.23)
Total distributions	(0.11)	(1.92)	(0.73)	(0.41)	(0.53)	(0.52)
Net asset value, end of period	$5.77	$5.49	$6.86	$6.37	$7.44	$7.13
Total return[d]	7.17%	12.19%	20.04%	(9.34)%	12.17%	13.43%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	0.59%	0.60%	0.44%	0.12%	0.12%	0.11%
Expenses net of waiver and payments by affiliates	0.55%[f]	0.55%[f]	0.39%	0.10%	0.10%	0.10%
Net investment income	1.25%	1.79%	1.55%	3.13%	2.75%	3.09%
Supplemental data						
Net assets, end of period (000's)	$809	$811	$842	$984	$1,047	$1,025
Portfolio turnover rate	29.42%	99.02%	170.79%	2.23%	1.28%	0.10%
Portfolio turnover rate excluding mortgage dollar rolls	29.42%	91.62%[g]	158.11%[g]	2.23%	1.28%	0.10%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

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

[e]Ratios are annualized for periods less than one year.

[f]Benefit of expense reduction rounds to less than 0.01%.

[g]See Note 1(d) regarding mortgage dollar rolls.

Franklin Allocation VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$5.43	$6.81	$6.32	$7.39	$7.08	$6.75
Income from investment operations[a]:						
Net investment income[b]	0.03	0.09	0.09[c]	0.21[c]	0.18[c]	0.19[c]
Net realized and unrealized gains (losses)	0.36	0.43	1.11	(0.89)	0.64	0.64
Total from investment operations	0.39	0.52	1.20	(0.68)	0.82	0.83
Less distributions from:						
Net investment income	(0.10)	(0.10)	(0.25)	(0.22)	(0.20)	(0.27)
Net realized gains	—	(1.80)	(0.46)	(0.17)	(0.31)	(0.23)
Total distributions	(0.10)	(1.90)	(0.71)	(0.39)	(0.51)	(0.50)
Net asset value, end of period	$5.72	$5.43	$6.81	$6.32	$7.39	$7.08
Total return[d]	7.19%	11.74%	19.86%	(9.65)%	11.98%	13.18%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	0.84%	0.85%	0.69%	0.37%	0.37%	0.36%
Expenses net of waiver and payments by affiliates	0.80%[f]	0.80%[f]	0.64%	0.35%	0.35%	0.35%
Net investment income	1.00%	1.54%	1.30%	2.88%	2.50%	2.84%
Supplemental data						
Net assets, end of period (000's)	$309,707	$398,620	$403,040	$390,300	$480,402	$474,669
Portfolio turnover rate	29.42%	99.02%	170.79%	2.23%	1.28%	0.10%
Portfolio turnover rate excluding mortgage dollar rolls	29.42%	91.62%[g]	158.11%[g]	2.23%	1.28%	0.10%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]See Note 1(d) regarding mortgage dollar rolls.

Franklin Allocation VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$5.62	$6.97	$6.46	$7.53	$7.21	$6.87
Income from investment operations[a]:						
Net investment income[b]	0.03	0.08	0.08[c]	0.20[c]	0.18[c]	0.19[c]
Net realized and unrealized gains (losses)	0.36	0.46	1.13	(0.89)	0.64	0.64
Total from investment operations	0.39	0.54	1.21	(0.69)	0.82	0.83
Less distributions from:						
Net investment income	(0.09)	(0.09)	(0.24)	(0.21)	(0.19)	(0.26)
Net realized gains	—	(1.80)	(0.46)	(0.17)	(0.31)	(0.23)
Total distributions	(0.09)	(1.89)	(0.70)	(0.38)	(0.50)	(0.49)
Net asset value, end of period	$5.92	$5.62	$6.97	$6.46	$7.53	$7.21
Total return[d]	7.02%	11.75%	19.56%	(9.58)%	11.78%	12.92%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	0.94%	0.95%	0.79%	0.47%	0.47%	0.46%
Expenses net of waiver and payments by affiliates	0.90%[f]	0.90%[f]	0.74%	0.45%	0.45%	0.45%
Net investment income	0.90%	1.44%	1.20%	2.78%	2.40%	2.74%
Supplemental data						
Net assets, end of period (000's)	$419,504	$409,388	$406,693	$393,385	$528,862	$530,403
Portfolio turnover rate	29.42%	99.02%	170.79%	2.23%	1.28%	0.10%
Portfolio turnover rate excluding mortgage dollar rolls	29.42%	91.62%[g]	158.11%[g]	2.23%	1.28%	0.10%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]See Note 1(d) regarding mortgage dollar rolls.

Statement of Investments (unaudited), June 30, 2021

Franklin Allocation VIP Fund

	Country	Shares	Value
Common Stocks 57.7%			
Aerospace & Defense 1.4%			
BAE Systems plc	United Kingdom	84,963	$613,989
BWX Technologies, Inc.	United States	5,858	340,467
Dassault Aviation SA	France	361	425,288
General Dynamics Corp.	United States	3,963	746,074
Huntington Ingalls Industries, Inc.	United States	1,689	355,957
Lockheed Martin Corp.	United States	3,577	1,353,358
[a]Mercury Systems, Inc.	United States	3,300	218,724
MTU Aero Engines AG	Germany	5,700	1,413,402
Northrop Grumman Corp.	United States	5,729	2,082,091
Raytheon Technologies Corp.	United States	26,111	2,227,529
[a]Rolls-Royce Holdings plc	United Kingdom	243,136	332,881
[a]TransDigm Group, Inc.	United States	135	87,384
			10,197,144
Air Freight & Logistics 0.6%			
CH Robinson Worldwide, Inc.	United States	1,007	94,326
Deutsche Post AG	Germany	12,328	839,666
DSV PANALPINA A/S	Denmark	5,700	1,330,734
Expeditors International of Washington, Inc.	United States	1,289	163,187
United Parcel Service, Inc., B	United States	11,144	2,317,618
			4,745,531
Airlines 0.1%			
[a]International Consolidated Airlines Group SA	United Kingdom	148,274	358,044
[a]Southwest Airlines Co.	United States	1,457	77,352
			435,396
Auto Components 0.2%			
Aisin Corp.	Japan	1,800	77,186
[a]Aptiv plc	United States	2,500	393,325
Continental AG	Germany	3,659	538,362
Gentex Corp.	United States	1,869	61,845
Toyota Industries Corp.	Japan	3,975	343,770
Valeo SA	France	13,525	407,996
			1,822,484
Automobiles 0.6%			
Bayerische Motoren Werke AG	Germany	7,792	826,143
Daimler AG	Germany	7,310	653,267
Honda Motor Co. Ltd.	Japan	27,000	868,486
Isuzu Motors Ltd.	Japan	57,700	765,728
Stellantis NV	United States	31,674	623,187
[a]Tesla, Inc.	United States	146	99,236
Toyota Motor Corp.	Japan	8,300	725,602
			4,561,649
Banks 2.1%			
Associated Banc-Corp.	United States	245	5,018
[a]Bank Leumi Le-Israel BM	Israel	13,913	105,739
Bank of America Corp.	United States	3,425	141,213
Barclays plc	United Kingdom	147,333	349,658
BNP Paribas SA	France	16,027	1,005,934
CaixaBank SA	Spain	81,512	250,973
Citigroup, Inc.	United States	1,110	78,532
Citizens Financial Group, Inc.	United States	15,151	694,976
Commonwealth Bank of Australia	Australia	8,163	611,145
DBS Group Holdings Ltd.	Singapore	35,600	791,975

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Banks (continued)			
Fifth Third Bancorp	United States	2,141	$81,850
[a]FinecoBank Banca Fineco SpA	Italy	72,897	1,272,256
ING Groep NV	Netherlands	108,740	1,443,575
JPMorgan Chase & Co.	United States	8,192	1,274,184
Kasikornbank PCL	Thailand	104,292	385,052
KB Financial Group, Inc.	South Korea	18,904	935,088
KeyCorp	United States	25,252	521,454
Mitsubishi UFJ Financial Group, Inc.	Japan	39,100	210,622
People's United Financial, Inc.	United States	750	12,855
PNC Financial Services Group, Inc. (The)	United States	8,787	1,676,208
Shinhan Financial Group Co. Ltd.	South Korea	20,957	754,127
Standard Chartered plc	United Kingdom	139,495	890,294
Sumitomo Mitsui Financial Group, Inc.	Japan	23,000	792,927
Sumitomo Mitsui Financial Group, Inc., ADR	Japan	97,200	669,708
Truist Financial Corp.	United States	1,459	80,974
US Bancorp	United States	1,462	83,290
Wells Fargo & Co.	United States	6,173	279,575
			15,399,202
Beverages 0.9%			
Anheuser-Busch InBev SA/NV	Belgium	4,895	352,905
[a]Boston Beer Co., Inc. (The), A	United States	26	26,541
Brown-Forman Corp., A.	United States	341	24,040
Brown-Forman Corp., B	United States	7,385	553,432
[b]Budweiser Brewing Co. APAC Ltd., 144A, Reg S	China	16,400	51,639
Coca-Cola Co. (The)	United States	7,663	414,645
Constellation Brands, Inc., A	United States	2,304	538,883
Kirin Holdings Co. Ltd.	Japan	14,343	279,941
[a]Monster Beverage Corp.	United States	23,070	2,107,444
PepsiCo, Inc.	United States	11,543	1,710,326
Pernod Ricard SA	France	2,100	466,790
			6,526,586
Biotechnology 1.3%			
AbbVie, Inc.	United States	17,056	1,921,188
[a]Alexion Pharmaceuticals, Inc.	United States	2,512	461,480
Amgen, Inc.	United States	5,948	1,449,825
[a]Biogen, Inc.	United States	1,189	411,715
CSL Ltd.	Australia	7,544	1,613,101
[a]Deciphera Pharmaceuticals, Inc.	United States	2,400	87,864
[a]Exelixis, Inc.	United States	1,828	33,306
[a]Galapagos NV	Belgium	2,593	179,297
[a]Genmab A/S	Denmark	2,600	1,065,442
Gilead Sciences, Inc.	United States	7,101	488,975
[a]Horizon Therapeutics plc	United States	595	55,716
[a]Iovance Biotherapeutics, Inc.	United States	1,600	41,632
[a]Mirati Therapeutics, Inc.	United States	1,100	177,683
[a]Neurocrine Biosciences, Inc.	United States	1,509	146,856
[a]PTC Therapeutics, Inc.	United States	1,500	63,405
[a]Regeneron Pharmaceuticals, Inc.	United States	975	544,576
[a]Vertex Pharmaceuticals, Inc.	United States	2,913	587,348
			9,329,409
Building Products 0.7%			
A O Smith Corp.	United States	2,728	196,580
AGC, Inc.	Japan	9,500	397,995
Allegion plc	United States	3,111	433,362
Cie de Saint-Gobain	France	7,935	523,721

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Building Products (continued)			
Fortune Brands Home & Security, Inc.	United States	869	$86,561
Geberit AG	Switzerland	1,101	827,040
Johnson Controls International plc	United States	16,236	1,114,277
Lennox International, Inc.	United States	172	60,337
Masco Corp.	United States	1,493	87,953
Trane Technologies plc	United States	4,853	893,631
[a]Trex Co., Inc.	United States	346	35,365
Xinyi Glass Holdings Ltd.	Hong Kong	50,000	203,721
			4,860,543
Capital Markets 2.2%			
3i Group plc	United Kingdom	29,983	486,625
[a]Allfunds Group plc.	United Kingdom	12,147	211,430
Bank of New York Mellon Corp. (The)	United States	3,232	165,575
BlackRock, Inc.	United States	1,169	1,022,840
Charles Schwab Corp. (The)	United States	12,731	926,944
[a]Coinbase Global, Inc., A	United States	200	50,660
Deutsche Boerse AG.	Germany	5,400	942,629
Evercore, Inc., A	United States	110	15,485
FactSet Research Systems, Inc.	United States	286	95,984
Goldman Sachs Group, Inc. (The)	United States	5,483	2,080,963
Hargreaves Lansdown plc	United Kingdom	8,348	183,706
Hong Kong Exchanges & Clearing Ltd.	Hong Kong	4,200	250,023
Intercontinental Exchange, Inc.	United States	5,655	671,248
Intermediate Capital Group plc	United Kingdom	44,000	1,294,273
Invesco Ltd.	United States	15,244	407,472
Jefferies Financial Group, Inc.	United States	658	22,504
Julius Baer Group Ltd.	Switzerland	860	56,169
Lazard Ltd., A	United States	764	34,571
MarketAxess Holdings, Inc.	United States	945	438,093
Moody's Corp.	United States	1,137	412,015
Morgan Stanley.	United States	1,029	94,349
Morningstar, Inc.	United States	130	33,424
Nasdaq, Inc.	United States	3,600	632,880
Partners Group Holding AG	Switzerland	751	1,138,476
S&P Global, Inc.	United States	3,904	1,602,397
SEI Investments Co.	United States	731	45,300
Singapore Exchange Ltd.	Singapore	24,400	203,217
T Rowe Price Group, Inc.	United States	7,306	1,446,369
Tradeweb Markets, Inc., A	United States	4,000	338,240
UBS Group AG	Switzerland	52,795	808,673
			16,112,534
Chemicals 2.4%			
Air Products and Chemicals, Inc.	United States	8,768	2,522,378
Albemarle Corp.	United States	7,750	1,305,565
BASF SE	Germany	1,743	137,604
Celanese Corp.	United States	1,101	166,912
[b]Covestro AG, 144A, Reg S	Germany	10,762	695,913
[a]Danimer Scientific, Inc.	United States	800	20,040
Dow, Inc.	United States	10,680	675,830
Eastman Chemical Co.	United States	780	91,065
Ecolab, Inc.	United States	6,934	1,428,196
EMS-Chemie Holding AG	Switzerland	261	256,539
Huntsman Corp.	United States	586	15,541
Koninklijke DSM NV	Netherlands	7,000	1,308,642
Linde plc	United Kingdom	9,285	2,684,293
LyondellBasell Industries NV, A	United States	11,322	1,164,694

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Chemicals (continued)			
Mitsubishi Chemical Holdings Corp.	Japan	18,900	$159,039
Mitsubishi Gas Chemical Co., Inc.	Japan	7,400	156,819
Mitsui Chemicals, Inc.	Japan	8,800	304,224
NewMarket Corp.	United States	49	15,777
Nitto Denko Corp.	Japan	6,700	498,997
Sherwin-Williams Co. (The)	United States	2,424	660,419
Sumitomo Chemical Co. Ltd.	Japan	31,700	168,496
Symrise AG	Germany	8,400	1,170,696
Tosoh Corp.	Japan	24,925	429,816
Umicore SA	Belgium	22,000	1,346,032
Valvoline, Inc.	United States	886	28,760
			17,412,287
Commercial Services & Supplies 0.3%			
Cintas Corp.	United States	3,285	1,254,870
[a]Copart, Inc.	United States	1,406	185,353
Downer EDI Ltd.	Australia	56,234	235,533
Republic Services, Inc.	United States	3,514	386,575
Rollins, Inc.	United States	8,524	291,521
			2,353,852
Communications Equipment 0.1%			
[a]Arista Networks, Inc.	United States	176	63,767
Cisco Systems, Inc.	United States	11,375	602,875
[a]F5 Networks, Inc.	United States	448	83,624
Motorola Solutions, Inc.	United States	1,150	249,377
			999,643
Construction & Engineering 0.1%			
Sinopec Engineering Group Co. Ltd., H	China	547,500	354,367
Taisei Corp.	Japan	17,000	557,997
			912,364
Construction Materials 0.1%			
James Hardie Industries plc, CDI	United States	2,306	78,232
Martin Marietta Materials, Inc.	United States	1,663	585,060
			663,292
Consumer Finance 0.2%			
Capital One Financial Corp.	United States	5,057	782,267
Discover Financial Services	United States	733	86,707
Santander Consumer USA Holdings, Inc.	United States	642	23,317
Synchrony Financial	United States	6,859	332,799
			1,225,090
Containers & Packaging 0.0%†			
Ardagh Group SA	United States	29	711
Avery Dennison Corp.	United States	254	53,401
International Paper Co.	United States	680	41,691
Packaging Corp. of America	United States	578	78,273
Sonoco Products Co.	United States	687	45,960
			220,036
Distributors 0.0%†			
Genuine Parts Co.	United States	678	85,746
[a]LKQ Corp.	United States	1,764	86,824

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Distributors (continued)			
Pool Corp.	United States	289	$132,553
			305,123
Diversified Consumer Services 0.2%			
[a]Grand Canyon Education, Inc.	United States	125	11,246
H&R Block, Inc.	United States	22,721	533,489
[a]TAL Education Group, ADR	China	29,000	731,670
			1,276,405
Diversified Financial Services 0.3%			
[a]Berkshire Hathaway, Inc., B.	United States	2,702	750,940
EXOR NV	Netherlands	3,505	281,312
Investor AB, B	Sweden	35,887	827,268
[a]Kinnevik AB, B	Sweden	8,221	329,224
			2,188,744
Diversified Telecommunication Services 0.5%			
AT&T, Inc.	United States	13,913	400,416
[a]BT Group plc	United Kingdom	67,054	180,210
[b]Cellnex Telecom SA, 144A, Reg S.	Spain	18,000	1,148,160
Deutsche Telekom AG.	Germany	25,784	545,378
Lumen Technologies, Inc.	United States	1,936	26,310
Nippon Telegraph & Telephone Corp.	Japan	39,200	1,024,984
Verizon Communications, Inc.	United States	6,527	365,708
			3,691,166
Electric Utilities 0.4%			
Alliant Energy Corp.	United States	1,598	89,105
American Electric Power Co., Inc.	United States	2,855	241,505
Evergy, Inc.	United States	1,217	73,543
Eversource Energy	United States	1,995	160,079
Exelon Corp.	United States	2,907	128,809
Hawaiian Electric Industries, Inc.	United States	755	31,921
NextEra Energy, Inc.	United States	15,342	1,124,262
PPL Corp.	United States	7,100	198,587
Southern Co. (The)	United States	6,910	418,124
Xcel Energy, Inc.	United States	3,257	214,571
			2,680,506
Electrical Equipment 0.4%			
AMETEK, Inc.	United States	2,718	362,853
[a]Array Technologies, Inc.	United States	15,100	235,560
Eaton Corp. plc	United States	1,265	187,448
Emerson Electric Co.	United States	6,857	659,918
[a]Generac Holdings, Inc.	United States	452	187,648
GrafTech International Ltd.	United States	313	3,637
Hubbell, Inc.	United States	84	15,695
Mitsubishi Electric Corp.	Japan	45,700	663,497
nVent Electric plc	United States	10,500	328,020
Rockwell Automation, Inc.	United States	859	245,691
			2,889,967
Electronic Equipment, Instruments & Components 0.4%			
Amphenol Corp., A	United States	12,066	825,435
Cognex Corp.	United States	1,487	124,982
Keyence Corp.	Japan	400	201,468
[a]Keysight Technologies, Inc.	United States	2,862	441,921

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Electronic Equipment, Instruments & Components (continued)			
TE Connectivity Ltd.	United States	7,749	$1,047,742
Vontier Corp.	United States	1,875	61,088
			2,702,636
Energy Equipment & Services 0.1%			
Halliburton Co.	United States	3,643	84,226
SBM Offshore NV	Netherlands	45,729	695,773
[a]Tecnicas Reunidas SA	Spain	14,784	187,472
			967,471
Entertainment 0.6%			
Activision Blizzard, Inc.	United States	3,991	380,901
[a]CTS Eventim AG & Co. KGaA	Germany	18,000	1,124,493
Electronic Arts, Inc.	United States	3,060	440,120
[a]Netflix, Inc.	United States	602	317,982
Nintendo Co. Ltd.	Japan	1,000	578,725
[a]Walt Disney Co. (The)	United States	9,161	1,610,229
			4,452,450
Equity Real Estate Investment Trusts (REITs) 0.8%			
CoreSite Realty Corp.	United States	107	14,402
Crown Castle International Corp.	United States	4,785	933,554
[a]EPR Properties	United States	565	29,764
Extra Space Storage, Inc.	United States	789	129,254
Gaming and Leisure Properties, Inc.	United States	18	834
Goodman Group	Australia	39,407	623,518
[a]Host Hotels & Resorts, Inc.	United States	5,012	85,655
Kimco Realty Corp.	United States	6,723	140,175
National Retail Properties, Inc.	United States	1,212	56,819
Nomura Real Estate Master Fund, Inc.	Japan	49	78,428
Omega Healthcare Investors, Inc.	United States	364	13,210
Public Storage	United States	6,190	1,861,271
Realty Income Corp.	United States	2,245	149,831
Simon Property Group, Inc.	United States	2,067	269,702
Spirit Realty Capital, Inc.	United States	761	36,406
STORE Capital Corp.	United States	1,406	48,521
VICI Properties, Inc.	United States	914	28,352
Weyerhaeuser Co.	United States	28,617	984,997
WP Carey, Inc.	United States	1,022	76,262
			5,560,955
Food & Staples Retailing 0.7%			
Casey's General Stores, Inc.	United States	248	48,271
Costco Wholesale Corp.	United States	1,045	413,475
Koninklijke Ahold Delhaize NV	Netherlands	7,317	217,916
Kroger Co. (The)	United States	32,264	1,236,034
Lawson, Inc.	Japan	2,300	106,538
[a]Sprouts Farmers Market, Inc.	United States	726	18,041
Sundrug Co. Ltd.	Japan	16,943	538,592
Sysco Corp.	United States	1,099	85,447
Walgreens Boots Alliance, Inc.	United States	5,034	264,839
Walmart, Inc.	United States	13,667	1,927,320
			4,856,473
Food Products 0.4%			
Campbell Soup Co.	United States	539	24,573
Flowers Foods, Inc.	United States	1,300	31,460

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Food Products (continued)			
General Mills, Inc.	United States	4,456	$271,504
Hershey Co. (The)	United States	1,229	214,067
Hormel Foods Corp.	United States	2,078	99,224
Ingredion, Inc.	United States	452	40,906
J M Smucker Co. (The)	United States	659	85,387
Kellogg Co.	United States	1,342	86,331
Lamb Weston Holdings, Inc.	United States	3,086	248,917
McCormick & Co., Inc.	United States	8,000	706,560
Nestle SA	Switzerland	6,195	772,189
Tyson Foods, Inc., A	United States	1,995	147,151
[b]WH Group Ltd., 144A, Reg S	Hong Kong	62,000	55,651
			2,783,920
Gas Utilities 0.1%			
Atmos Energy Corp.	United States	777	74,677
Osaka Gas Co. Ltd.	Japan	18,300	341,489
Tokyo Gas Co. Ltd.	Japan	17,500	330,109
			746,275
Health Care Equipment & Supplies 3.1%			
Abbott Laboratories	United States	15,260	1,769,092
[a]ABIOMED, Inc.	United States	122	38,078
Alcon, Inc.	Switzerland	16,000	1,122,201
[a]Align Technology, Inc.	United States	262	160,082
Becton Dickinson and Co.	United States	5,200	1,264,588
Cochlear Ltd.	Australia	7,200	1,358,131
Coloplast A/S, B	Denmark	2,513	412,635
Danaher Corp.	United States	7,054	1,893,012
[a]DexCom, Inc.	United States	239	102,053
DiaSorin SpA	Italy	755	142,870
[a]Edwards Lifesciences Corp.	United States	5,021	520,025
Fisher & Paykel Healthcare Corp. Ltd.	New Zealand	8,367	181,980
GN Store Nord A/S	Denmark	12,000	1,049,508
[a]Haemonetics Corp.	United States	4,024	268,159
Hoya Corp.	Japan	5,600	740,781
[a]IDEXX Laboratories, Inc.	United States	3,383	2,136,534
[a]Intuitive Surgical, Inc.	United States	1,922	1,767,548
Koninklijke Philips NV	Netherlands	3,193	158,495
Medtronic plc	United States	11,800	1,464,734
Olympus Corp.	Japan	6,800	135,271
[a]Quidel Corp.	United States	50	6,406
ResMed, Inc.	United States	1,030	253,916
[b]Siemens Healthineers AG, 144A, Reg S	Germany	2,586	158,569
Sonova Holding AG.	Switzerland	1,474	555,189
STERIS plc	United States	464	95,723
Stryker Corp.	United States	9,392	2,439,384
Teleflex, Inc.	United States	2,284	917,688
West Pharmaceutical Services, Inc.	United States	4,779	1,716,139
			22,828,791
Health Care Providers & Services 0.8%			
Chemed Corp.	United States	94	44,603
CVS Health Corp.	United States	2,800	233,632
Fresenius Medical Care AG & Co. KGaA	Germany	9,601	797,874
Fresenius SE & Co. KGaA	Germany	1,980	103,345
[a]Guardant Health, Inc.	United States	700	86,933
HCA Healthcare, Inc.	United States	3,884	802,978
Humana, Inc.	United States	358	158,494

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Health Care Providers & Services (continued)			
[a]Laboratory Corp. of America Holdings	United States	2,900	$799,965
Premier, Inc., A	United States	339	11,794
Quest Diagnostics, Inc.	United States	906	119,565
Sinopharm Group Co. Ltd., H	China	87,600	259,884
UnitedHealth Group, Inc.	United States	5,729	2,294,121
			5,713,188
Health Care Technology 0.2%			
[a]American Well Corp., A	United States	1,600	20,128
Cerner Corp.	United States	11,676	912,596
[a]Certara, Inc.	United States	1,000	28,330
[a]Veeva Systems, Inc., A	United States	1,580	491,301
			1,452,355
Hotels, Restaurants & Leisure 0.5%			
[a]Airbnb, Inc., A	United States	1,100	168,454
[a]Booking Holdings, Inc.	United States	177	387,292
[a]Chipotle Mexican Grill, Inc.	United States	66	102,322
Domino's Pizza, Inc.	United States	671	313,015
[a]Las Vegas Sands Corp.	United States	9,944	523,949
McDonald's Corp.	United States	6,336	1,463,553
Starbucks Corp.	United States	785	87,771
[a]Wynn Resorts Ltd.	United States	659	80,596
Yum! Brands, Inc.	United States	3,386	389,491
			3,516,443
Household Durables 0.4%			
Barratt Developments plc	United Kingdom	29,020	279,445
DR Horton, Inc.	United States	2,289	206,857
Garmin Ltd.	United States	1,048	151,583
Iida Group Holdings Co. Ltd.	Japan	7,300	187,788
Lennar Corp., A.	United States	1,973	196,018
[a]NVR, Inc.	United States	25	124,332
Persimmon plc	United Kingdom	1,765	72,306
PulteGroup, Inc.	United States	2,874	156,834
Sekisui House Ltd.	Japan	19,400	398,410
Sony Group Corp.	Japan	9,322	904,010
Taylor Wimpey plc	United Kingdom	48,185	106,050
			2,783,633
Household Products 0.5%			
Church & Dwight Co., Inc.	United States	1,747	148,879
Clorox Co. (The)	United States	1,004	180,630
Colgate-Palmolive Co.	United States	23,216	1,888,622
Procter & Gamble Co. (The)	United States	9,140	1,233,260
			3,451,391
Industrial Conglomerates 1.3%			
3M Co.	United States	4,896	972,493
Carlisle Cos., Inc.	United States	2,400	459,312
CK Hutchison Holdings Ltd.	United Kingdom	180,500	1,405,149
Hitachi Ltd.	Japan	32,446	1,859,556
Honeywell International, Inc.	United States	8,421	1,847,146
Roper Technologies, Inc.	United States	5,600	2,633,120
Siemens AG	Germany	2,329	369,827
			9,546,603

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Insurance 0.4%			
Admiral Group plc	United Kingdom	5,305	$230,849
AIA Group Ltd.	Hong Kong	67,846	841,664
American National Group, Inc.	United States	56	8,319
CNP Assurances	France	8,227	140,228
Erie Indemnity Co., A.	United States	1,967	380,319
Lincoln National Corp.	United States	1,251	78,613
MetLife, Inc.	United States	2,408	144,119
NN Group NV	Netherlands	4,987	235,602
Progressive Corp. (The)	United States	1,637	160,770
Prudential plc	United Kingdom	26,103	496,666
Unum Group	United States	2,811	79,832
			2,796,981
Interactive Media & Services 2.3%			
[a]Alphabet, Inc., A	United States	2,503	6,111,801
[a]Alphabet, Inc., C	United States	1,573	3,942,441
[a,b]Auto Trader Group plc, 144A, Reg S	United Kingdom	25,763	225,649
[a]Baidu, Inc., ADR	China	1,985	404,742
[a]Facebook, Inc., A	United States	13,530	4,704,516
[a]IAC/InterActiveCorp	United States	1,107	170,666
Kakaku.com, Inc.	Japan	2,000	60,174
[a]Match Group, Inc.	United States	3,121	503,261
REA Group Ltd.	Australia	2,468	312,656
[a]Vimeo, Inc.	United States	1,821	89,229
			16,525,135
Internet & Direct Marketing Retail 1.9%			
[a]Alibaba Group Holding Ltd.	China	46,993	1,332,424
[a]Alibaba Group Holding Ltd., ADR	China	2,245	509,121
[a]Amazon.com, Inc.	United States	2,388	8,215,102
[a]boohoo Group plc	United Kingdom	280,000	1,202,260
eBay, Inc.	United States	1,140	80,040
[a,b]Just Eat Takeaway.com NV, 144A, Reg S	Germany	8,182	756,765
[a]MercadoLibre, Inc.	Argentina	780	1,215,076
Qurate Retail, Inc., A.	United States	659	8,626
[a,b]Zalando SE, 144A, Reg S	Germany	1,225	148,164
ZOZO, Inc.	Japan	3,300	111,899
			13,579,477
IT Services 3.1%			
Accenture plc, A	United States	16,509	4,866,688
[a,b]Adyen NV, 144A, Reg S	Netherlands	837	2,052,774
[a]Akamai Technologies, Inc.	United States	451	52,587
[a]Amadeus IT Group SA	Spain	19,009	1,340,184
Amdocs Ltd.	United States	970	75,039
Automatic Data Processing, Inc.	United States	3,838	762,304
Broadridge Financial Solutions, Inc.	United States	865	139,723
Cognizant Technology Solutions Corp., A.	United States	4,226	292,693
[a]DXC Technology Co.	United States	19,831	772,219
Fidelity National Information Services, Inc.	United States	594	84,152
Fujitsu Ltd.	Japan	4,400	823,309
International Business Machines Corp.	United States	3,317	486,239
Jack Henry & Associates, Inc.	United States	570	93,201
[a]Keywords Studios plc	Ireland	33,000	1,136,740
[a]Marqeta, Inc., A.	United States	3,700	103,859
Mastercard, Inc., A	United States	7,095	2,590,313
[a]Okta, Inc.	United States	1,000	244,680
Paychex, Inc.	United States	2,555	274,151

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
IT Services (continued)			
[a]Paymentus Holdings, Inc., A	United States	1,600	$56,800
[a]PayPal Holdings, Inc.	United States	3,200	932,736
[a]Shopify, Inc., A	Canada	760	1,110,345
[a]Snowflake, Inc., A	United States	1,400	338,520
[a]Twilio, Inc., A.	United States	1,862	733,926
Visa, Inc., A.	United States	13,705	3,204,503
Western Union Co. (The).	United States	736	16,906
			22,584,591
Life Sciences Tools & Services 1.2%			
[a]10X Genomics, Inc., A.	United States	1,300	254,566
Agilent Technologies, Inc.	United States	5,882	869,418
[a]Bio-Rad Laboratories, Inc., A.	United States	190	122,415
[a]Charles River Laboratories International, Inc..	United States	269	99,508
[a]Illumina, Inc.	United States	2,546	1,204,793
[a]Maravai LifeSciences Holdings, Inc., A	United States	1,646	68,688
[a]Mettler-Toledo International, Inc.	United States	2,534	3,510,452
[a]Olink Holding AB, ADR	Sweden	200	6,884
Sartorius Stedim Biotech.	France	881	417,004
[a]Seer, Inc.	United States	100	3,278
Thermo Fisher Scientific, Inc.	United States	2,196	1,107,816
[a]Waters Corp.	United States	1,976	682,925
[a,b]Wuxi Biologics Cayman, Inc., 144A, Reg S	China	39,000	714,097
			9,061,844
Machinery 1.4%			
Allison Transmission Holdings, Inc.	United States	596	23,685
Atlas Copco AB, A.	Sweden	11,426	701,701
Atlas Copco AB, B.	Sweden	5,088	267,986
Caterpillar, Inc.	United States	2,711	589,995
CNH Industrial NV.	United Kingdom	10,669	176,989
Cummins, Inc..	United States	1,093	266,484
Deere & Co.	United States	3,207	1,131,141
Donaldson Co., Inc.	United States	5,700	362,121
Dover Corp.	United States	6,387	961,882
Epiroc AB, A	Sweden	20,522	467,189
Epiroc AB, B	Sweden	8,308	163,119
Fortive Corp..	United States	4,517	315,016
Graco, Inc.	United States	1,122	84,935
Illinois Tool Works, Inc.	United States	5,742	1,283,682
[a]Ingersoll Rand, Inc.	United States	3,926	191,628
Komatsu Ltd.	Japan	19,826	491,205
Kurita Water Industries Ltd.	Japan	1,400	67,302
Lincoln Electric Holdings, Inc.	United States	160	21,074
Makita Corp.	Japan	2,800	131,856
Otis Worldwide Corp.	United States	3,146	257,248
PACCAR, Inc.	United States	1,581	141,104
Pentair plc	United States	9,200	620,908
Snap-on, Inc.	United States	1,133	253,146
Stanley Black & Decker, Inc.	United States	3,668	751,903
Techtronic Industries Co. Ltd.	Hong Kong	20,500	357,251
Toro Co. (The)	United States	815	89,552
Xylem, Inc.	United States	2,100	251,916
			10,422,018
Marine 0.0%†			
AP Moller - Maersk A/S, A	Denmark	139	386,683

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Media 0.7%			
[a,b]Ascential plc, 144A, Reg S	United Kingdom	220,000	$1,264,652
Cable One, Inc.	United States	361	690,524
Comcast Corp., A	United States	13,901	792,635
CyberAgent, Inc.	Japan	59,000	1,263,721
Fox Corp., A	United States	2,729	101,328
Fox Corp., B	United States	5,798	204,089
Hakuhodo DY Holdings, Inc.	Japan	10,800	168,221
[a]Informa plc	United Kingdom	50,910	353,838
Interpublic Group of Cos., Inc. (The)	United States	5,193	168,721
Omnicom Group, Inc.	United States	1,587	126,944
Publicis Groupe SA	France	1,446	92,545
TBS Holdings, Inc.	Japan	13,400	206,445
			5,433,663
Metals & Mining 0.8%			
Anglo American plc	South Africa	3,532	140,563
ArcelorMittal SA	Luxembourg	24,054	740,614
BHP Group Ltd.	Australia	8,375	304,624
BHP Group plc	Australia	4,268	126,303
Evraz plc	Russia	23,591	193,560
Fortescue Metals Group Ltd.	Australia	11,370	198,582
Newmont Corp.	United States	2,249	142,542
Norsk Hydro ASA	Norway	8,286	52,905
Nucor Corp.	United States	12,158	1,166,317
Reliance Steel & Aluminum Co.	United States	261	39,385
Rio Tinto Ltd.	Australia	3,758	356,208
Rio Tinto plc	Australia	7,305	603,346
Southern Copper Corp.	Peru	123	7,911
Steel Dynamics, Inc.	United States	1,193	71,103
Sumitomo Metal Mining Co. Ltd.	Japan	21,890	851,396
voestalpine AG	Austria	2,749	112,139
Wheaton Precious Metals Corp.	Brazil	18,417	811,700
			5,919,198
Multiline Retail 0.6%			
Dollar General Corp.	United States	1,663	359,856
[a]Next plc	United Kingdom	3,959	430,904
Seria Co. Ltd.	Japan	11,368	419,243
Target Corp.	United States	11,982	2,896,529
			4,106,532
Multi-Utilities 0.3%			
Ameren Corp.	United States	1,333	106,693
CMS Energy Corp.	United States	1,421	83,953
Consolidated Edison, Inc.	United States	2,170	155,632
Dominion Energy, Inc.	United States	3,792	278,978
DTE Energy Co.	United States	3,151	408,370
E.ON SE	Germany	87,614	1,013,751
NiSource, Inc.	United States	3,472	85,064
Public Service Enterprise Group, Inc.	United States	4,973	297,087
Sempra Energy	United States	653	86,509
WEC Energy Group, Inc.	United States	889	79,077
			2,595,114
Oil, Gas & Consumable Fuels 1.2%			
BP plc	United Kingdom	352,504	1,545,981
Cabot Oil & Gas Corp.	United States	7,293	127,336
Cenovus Energy, Inc.	Canada	39,020	373,283

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Oil, Gas & Consumable Fuels (continued)			
Chevron Corp.	United States	4,700	$492,278
EOG Resources, Inc.	United States	24,617	2,054,042
Equinor ASA	Norway	38,987	825,359
Exxon Mobil Corp.	United States	19,271	1,215,615
Galp Energia SGPS SA, B	Portugal	19,129	208,001
Inpex Corp.	Japan	25,200	188,624
Lundin Energy AB	Sweden	8,575	304,026
Royal Dutch Shell plc, B	Netherlands	45,105	875,677
[a]Thungela Resources Ltd.	South Africa	353	972
TotalEnergies SE	France	13,382	606,280
			8,817,474
Paper & Forest Products 0.0%†			
Oji Holdings Corp.	Japan	40,500	232,764
Personal Products 0.4%			
Estee Lauder Cos., Inc. (The), A	United States	2,381	757,349
L'Oreal SA	France	3,286	1,467,631
Nu Skin Enterprises, Inc., A	United States	333	18,864
Unilever plc	United Kingdom	11,471	670,340
			2,914,184
Pharmaceuticals 2.6%			
Astellas Pharma, Inc.	Japan	8,600	149,883
AstraZeneca plc	United Kingdom	4,913	590,311
AstraZeneca plc, ADR	United Kingdom	8,514	509,989
Bayer AG	Germany	19,522	1,186,945
Bristol-Myers Squibb Co.	United States	7,967	532,355
[a]Catalent, Inc.	United States	12,889	1,393,559
Eli Lilly & Co.	United States	8,835	2,027,809
Hikma Pharmaceuticals plc	Jordan	34,000	1,150,708
Ipsen SA	France	1,809	188,255
Johnson & Johnson	United States	23,549	3,879,462
Merck & Co., Inc.	United States	17,785	1,383,139
Novo Nordisk A/S, B	Denmark	11,708	980,163
[a]Organon & Co.	United States	1,805	54,619
Orion OYJ, B	Finland	5,131	220,623
Otsuka Holdings Co. Ltd.	Japan	6,200	257,460
Pfizer, Inc.	United States	23,458	918,615
Roche Holding AG	Switzerland	4,656	1,754,558
Sanofi	France	2,935	308,385
Sumitomo Dainippon Pharma Co. Ltd.	Japan	4,300	90,197
Takeda Pharmaceutical Co. Ltd., ADR	Japan	64,604	1,087,285
Zoetis, Inc.	United States	1,376	256,431
			18,920,751
Professional Services 1.0%			
Adecco Group AG	Switzerland	7,499	510,245
Booz Allen Hamilton Holding Corp.	United States	665	56,645
[a]Clarivate plc	United Kingdom	43,000	1,183,790
[a]CoStar Group, Inc.	United States	6,000	496,920
Equifax, Inc.	United States	1,990	476,625
Experian plc	United Kingdom	30,000	1,158,359
[a]FTI Consulting, Inc.	United States	99	13,525
IHS Markit Ltd.	United States	3,909	440,388
ManpowerGroup, Inc.	United States	3,611	429,384
Persol Holdings Co. Ltd.	Japan	4,100	80,968
Randstad NV	Netherlands	5,578	427,647

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Professional Services (continued)			
Robert Half International, Inc.	United States	5,087	$452,590
Verisk Analytics, Inc.	United States	6,296	1,100,037
Wolters Kluwer NV	Netherlands	4,415	443,806
			7,270,929
Real Estate Management & Development 0.4%			
[a]CBRE Group, Inc., A	United States	2,096	179,690
China Overseas Land & Investment Ltd.	China	149,500	339,008
CK Asset Holdings Ltd.	Hong Kong	121,830	838,552
Henderson Land Development Co. Ltd.	Hong Kong	68,000	321,791
LEG Immobilien SE	Germany	2,736	393,899
Mitsui Fudosan Co. Ltd.	Japan	6,800	157,255
Sun Hung Kai Properties Ltd.	Hong Kong	38,000	564,750
Swire Pacific Ltd., A	Hong Kong	53,000	359,105
			3,154,050
Road & Rail 0.7%			
Canadian Pacific Railway Ltd.	Canada	8,760	673,732
JB Hunt Transport Services, Inc.	United States	3,011	490,642
Landstar System, Inc.	United States	279	44,088
Nippon Express Co. Ltd.	Japan	3,100	236,411
Norfolk Southern Corp.	United States	2,900	769,689
Old Dominion Freight Line, Inc.	United States	1,119	284,002
Schneider National, Inc., B	United States	168	3,657
[a]Uber Technologies, Inc.	United States	4,138	207,397
Union Pacific Corp.	United States	10,508	2,311,024
			5,020,642
Semiconductors & Semiconductor Equipment 3.4%			
[a]Alphawave IP Group plc	United Kingdom	10,511	52,347
Analog Devices, Inc.	United States	10,900	1,876,544
Applied Materials, Inc.	United States	8,402	1,196,445
ASML Holding NV	Netherlands	2,407	1,661,738
ASML Holding NV, NYRS	Netherlands	1,822	1,258,711
Broadcom, Inc.	United States	187	89,169
[a]Cirrus Logic, Inc.	United States	152	12,938
[a]Enphase Energy, Inc.	United States	637	116,972
Intel Corp.	United States	26,947	1,512,805
KLA Corp.	United States	1,187	384,837
Lam Research Corp.	United States	945	614,912
Maxim Integrated Products, Inc.	United States	3,386	356,749
[a]Micron Technology, Inc.	United States	18,028	1,532,020
Monolithic Power Systems, Inc.	United States	2,129	795,075
NVIDIA Corp.	United States	3,177	2,541,918
NXP Semiconductors NV	China	6,677	1,373,592
[a]Qorvo, Inc.	United States	479	93,716
QUALCOMM, Inc.	United States	5,013	716,508
[a]Renesas Electronics Corp.	Japan	10,100	109,013
Skyworks Solutions, Inc.	United States	4,894	938,425
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	49,586	1,065,957
Teradyne, Inc.	United States	952	127,530
Texas Instruments, Inc.	United States	29,991	5,767,269
Tokyo Electron Ltd.	Japan	1,500	648,635
Xilinx, Inc.	United States	1,830	264,691
			25,108,516
Software 5.3%			
[a]Adobe, Inc.	United States	3,838	2,247,686

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Software (continued)			
[a]AppLovin Corp., A	United States	1,100	$82,687
[a]Aspen Technology, Inc.	United States	381	52,403
[a]Atlassian Corp. plc, A	United States	900	231,174
[a]Autodesk, Inc.	United States	3,342	975,530
[a]Avalara, Inc.	United States	2,880	465,984
AVEVA Group plc	United Kingdom	23,000	1,180,583
[a]Bill.com Holdings, Inc.	United States	4,500	824,310
[a]Cadence Design Systems, Inc.	United States	11,961	1,636,504
[a]Check Point Software Technologies Ltd.	Israel	1,400	162,582
Citrix Systems, Inc.	United States	624	73,177
[a]CyberArk Software Ltd.	United States	8,700	1,133,349
[a]Duck Creek Technologies, Inc.	United States	300	13,053
[a]Fair Isaac Corp.	United States	76	38,204
[a]Fortinet, Inc.	United States	384	91,465
Intuit, Inc.	United States	8,391	4,113,016
Microsoft Corp.	United States	55,313	14,984,292
Oracle Corp.	United States	24,822	1,932,145
[a]Paycom Software, Inc.	United States	800	290,776
[a]Procore Technologies, Inc.	United States	300	28,485
[a]PTC, Inc.	United States	4,921	695,140
[a]Qualtrics International, Inc., A	United States	700	26,775
Sage Group plc (The)	United Kingdom	105,000	994,657
[a]salesforce.com, Inc.	United States	2,353	574,767
SAP SE	Germany	3,633	510,333
[a]ServiceNow, Inc.	United States	3,955	2,173,470
SimCorp A/S	Denmark	7,500	942,117
[a]Synopsys, Inc.	United States	2,652	731,395
[a]Tyler Technologies, Inc.	United States	909	411,204
[a]VMware, Inc., A.	United States	206	32,954
[a]Workday, Inc., A	United States	3,220	768,743
			38,418,960
Specialty Retail 1.1%			
[a]AutoZone, Inc.	United States	211	314,858
Best Buy Co., Inc.	United States	5,315	611,119
Foot Locker, Inc.	United States	960	59,165
Home Depot, Inc. (The)	United States	4,530	1,444,572
Kingfisher plc	United Kingdom	82,374	415,779
L Brands, Inc.	United States	8,194	590,460
Lowe's Cos., Inc.	United States	9,497	1,842,133
[a]O'Reilly Automotive, Inc.	United States	700	396,347
Ross Stores, Inc.	United States	10,825	1,342,300
TJX Cos., Inc. (The)	United States	6,092	410,723
Tractor Supply Co.	United States	1,445	268,857
Williams-Sonoma, Inc.	United States	669	106,806
Yamada Holdings Co. Ltd.	Japan	33,600	155,384
			7,958,503
Technology Hardware, Storage & Peripherals 2.0%			
Apple, Inc.	United States	70,671	9,679,100
Brother Industries Ltd.	Japan	8,400	167,792
[a]Dell Technologies, Inc., C	United States	458	45,649
Hewlett Packard Enterprise Co.	United States	48,721	710,352
HP, Inc.	United States	58,788	1,774,810
Logitech International SA	Switzerland	2,789	338,703
NetApp, Inc.	United States	1,599	130,830
Samsung Electronics Co. Ltd.	South Korea	22,131	1,579,008

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Technology Hardware, Storage & Peripherals (continued)			
Xerox Holdings Corp.	United States	478	$11,228
			14,437,472
Textiles, Apparel & Luxury Goods 0.5%			
[a]Burberry Group plc	United Kingdom	2,611	74,678
Carter's, Inc.	United States	285	29,403
Hanesbrands, Inc.	United States	1,692	31,590
[a]Lululemon Athletica, Inc.	United States	824	300,735
NIKE, Inc., B	United States	19,444	3,003,904
Pandora A/S	Denmark	1,640	221,282
			3,661,592
Thrifts & Mortgage Finance 0.1%			
Housing Development Finance Corp. Ltd.	India	24,973	833,035
Tobacco 0.5%			
Altria Group, Inc.	United States	11,121	530,249
Imperial Brands plc	United Kingdom	44,572	961,164
Philip Morris International, Inc.	United States	20,091	1,991,219
			3,482,632
Trading Companies & Distributors 0.6%			
Fastenal Co.	United States	16,164	840,528
Ferguson plc	United States	11,049	1,537,328
Marubeni Corp.	Japan	74,600	649,709
Mitsui & Co. Ltd.	Japan	6,000	135,166
MSC Industrial Direct Co., Inc., A.	United States	301	27,009
[a]United Rentals, Inc.	United States	262	83,581
Watsco, Inc.	United States	214	61,341
WW Grainger, Inc.	United States	2,419	1,059,522
			4,394,184
Water Utilities 0.1%			
American Water Works Co., Inc.	United States	2,819	434,492
Wireless Telecommunication Services 0.1%			
KDDI Corp.	Japan	20,400	635,633
[a]T-Mobile US, Inc.	United States	629	91,098
			726,731
Total Common Stocks (Cost $292,790,625)			**421,369,684**
Management Investment Companies 3.0%			
Capital Markets 3.0%			
Schwab U.S. TIPS ETF	United States	234,247	14,642,780
[a,c]Templeton Global Bond VIP Fund, Class 1	United States	511,021	7,210,506
			21,853,286
Total Management Investment Companies (Cost $22,621,280)			**21,853,286**
Preferred Stocks 0.1%			
Automobiles 0.1%			
[d]Bayerische Motoren Werke AG, 2.53%	Germany	2,748	247,229
Chemicals 0.0%†			
[d]FUCHS PETROLUB SE, 2.41%	Germany	3,301	160,655

Franklin Allocation VIP Fund (continued)

	Country	Shares	Value
Preferred Stocks (continued)			
Health Care Equipment & Supplies 0.0%†			
[d]Sartorius AG, 0.24%	Germany	382	$198,851
Total Preferred Stocks (Cost $604,298)			**606,735**
		Principal Amount*	
Corporate Bonds 10.7%			
Aerospace & Defense 0.1%			
Lockheed Martin Corp., Senior Bond, 4.7%, 5/15/46	United States	200,000	265,201
Northrop Grumman Corp., Senior Bond, 5.25%, 5/01/50	United States	100,000	140,685
Raytheon Technologies Corp., Senior Bond, 4.5%, 6/01/42	United States	300,000	374,038
			779,924
Air Freight & Logistics 0.1%			
[b]DAE Funding LLC, Senior Note, 144A, 1.55%, 8/01/24	United Arab Emirates	200,000	199,974
FedEx Corp.,			
Senior Bond, 5.1%, 1/15/44	United States	400,000	514,213
Senior Bond, 4.75%, 11/15/45	United States	100,000	124,948
United Parcel Service, Inc.,			
Senior Bond, 3.75%, 11/15/47	United States	100,000	118,066
Senior Bond, 5.3%, 4/01/50	United States	100,000	146,647
			1,103,848
Airlines 0.1%			
[b]Delta Air Lines, Inc. / SkyMiles IP Ltd., Senior Secured Note, 144A, 4.5%, 10/20/25	United States	525,000	564,424
Banks 1.7%			
Bancolombia SA, Senior Note, 3%, 1/29/25	Colombia	650,000	668,363
Bank of America Corp.,			
L, Sub. Bond, 4.183%, 11/25/27	United States	960,000	1,076,127
Sub. Note, 4.2%, 8/26/24	United States	400,000	438,654
[b]BNP Paribas SA, Senior Bond, 144A, 3.052% to 1/13/30, FRN thereafter, 1/13/31	France	200,000	211,129
Citigroup, Inc.,			
Senior Bond, 2.572% to 6/03/30, FRN thereafter, 6/03/31	United States	700,000	720,323
Senior Note, 3.352% to 4/24/24, FRN thereafter, 4/24/25	United States	1,100,000	1,172,706
Credit Suisse Group Funding Guernsey Ltd., Senior Note, 3.8%, 9/15/22	Switzerland	1,200,000	1,249,016
HSBC Holdings plc,			
Senior Bond, 2.357% to 8/18/30, FRN thereafter, 8/18/31	United Kingdom	200,000	200,320
Senior Note, 1.645% to 8/18/25, FRN thereafter, 4/18/26	United Kingdom	525,000	532,296
Senior Note, 2.013% to 9/22/27, FRN thereafter, 9/22/28	United Kingdom	300,000	301,206
JPMorgan Chase & Co., Senior Bond, 3.54% to 5/01/27, FRN thereafter, 5/01/28	United States	1,200,000	1,320,114
[b]Standard Chartered plc, Senior Note, 144A, 4.05%, 4/12/26	United Kingdom	470,000	520,025
SVB Financial Group, Senior Note, 3.125%, 6/05/30	United States	100,000	106,624
Truist Bank, Sub. Note, 2.25%, 3/11/30	United States	400,000	406,367
Truist Financial Corp., Sub. Note, 3.875%, 3/19/29	United States	860,000	980,319
[b]UniCredit SpA, Senior Note, 144A, 1.982% to 6/03/26, FRN thereafter, 6/03/27	Italy	500,000	498,712
US Bancorp, Sub. Note, 3%, 7/30/29	United States	300,000	325,322
Wells Fargo & Co.,			
Senior Bond, 2.879% to 10/30/29, FRN thereafter, 10/30/30	United States	200,000	211,965
Senior Note, 2.1%, 7/26/21	United States	225,000	225,288

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Banks (continued)			
Wells Fargo Bank NA, Senior Note, 2.082% to 9/09/21, FRN thereafter, 9/09/22	United States	1,100,000	$1,103,712
			12,268,588
Beverages 0.1%			
Anheuser-Busch Cos. LLC / Anheuser-Busch InBev Worldwide, Inc., Senior Bond, 4.9%, 2/01/46	Belgium	100,000	126,797
Anheuser-Busch InBev Worldwide, Inc.,			
Senior Bond, 3.5%, 6/01/30	Belgium	420,000	467,627
Senior Bond, 5.8%, 1/23/59	Belgium	250,000	361,688
			956,112
Biotechnology 0.4%			
AbbVie, Inc.,			
Senior Bond, 4.85%, 6/15/44	United States	400,000	510,034
Senior Bond, 4.75%, 3/15/45	United States	300,000	377,800
Senior Bond, 4.25%, 11/21/49	United States	370,000	444,159
Senior Note, 3.8%, 3/15/25	United States	400,000	437,760
Senior Note, 3.2%, 11/21/29	United States	200,000	217,376
Amgen, Inc.,			
Senior Note, 2.2%, 2/21/27	United States	100,000	103,909
Senior Note, 2.45%, 2/21/30	United States	980,000	1,011,226
			3,102,264
Building Products 0.1%			
Carrier Global Corp., Senior Bond, 3.577%, 4/05/50	United States	430,000	457,034
Capital Markets 0.3%			
Goldman Sachs Group, Inc. (The),			
Senior Note, 3.5%, 1/23/25	United States	625,000	675,980
Sub. Note, 4.25%, 10/21/25	United States	400,000	447,466
Morgan Stanley, Senior Bond, 3.591% to 7/22/27, FRN thereafter, 7/22/28	United States	1,060,000	1,174,944
			2,298,390
Chemicals 0.1%			
EI du Pont de Nemours and Co., Senior Note, 1.7%, 7/15/25	United States	180,000	184,786
Sherwin-Williams Co. (The), Senior Bond, 2.3%, 5/15/30	United States	400,000	405,126
Westlake Chemical Corp., Senior Note, 3.375%, 6/15/30	United States	100,000	107,861
[b]Yara International ASA, Senior Note, 144A, 3.148%, 6/04/30	Brazil	100,000	107,134
			804,907
Consumer Finance 0.2%			
Capital One Financial Corp., Senior Note, 3.75%, 3/09/27	United States	1,035,000	1,151,222
Containers & Packaging 0.0%[†]			
WRKCo, Inc., Senior Bond, 3%, 6/15/33	United States	235,000	246,457
Diversified Financial Services 0.3%			
[b]CK Hutchison International 19 Ltd., Senior Note, 144A, 3.25%, 4/11/24	United Kingdom	635,000	676,642
[b]EDP Finance BV, Senior Note, 144A, 1.71%, 1/24/28	Portugal	700,000	694,318
[b]NTT Finance Corp., Senior Bond, 144A, 2.065%, 4/03/31	Japan	500,000	507,522
Shell International Finance BV, Senior Bond, 4.125%, 5/11/35	Netherlands	500,000	595,655
			2,474,137

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Diversified Telecommunication Services 0.4%			
AT&T, Inc.,			
Senior Note, 3.8%, 2/15/27	United States	920,000	$1,026,491
Senior Note, 2.3%, 6/01/27	United States	100,000	103,513
Bell Telephone Co. of Canada or Bell Canada (The), Senior Bond, 4.3%, 7/29/49	Canada	275,000	333,292
Orange SA, Senior Bond, 9%, 3/01/31	France	300,000	472,315
Verizon Communications, Inc.,			
Senior Bond, 2.55%, 3/21/31	United States	200,000	204,577
Senior Note, 1.45%, 3/20/26	United States	700,000	706,261
			2,846,449
Electric Utilities 0.8%			
Commonwealth Edison Co., Senior Bond, 4%, 3/01/48	United States	200,000	240,949
Duke Energy Corp., Senior Bond, 3.75%, 9/01/46	United States	200,000	214,266
Duke Energy Florida LLC, Senior Bond, 6.4%, 6/15/38	United States	200,000	296,531
[b]Enel Finance International NV,			
Senior Bond, 144A, 3.5%, 4/06/28	Italy	300,000	328,929
Senior Note, 144A, 4.25%, 9/14/23	Italy	1,200,000	1,293,790
Exelon Corp., Senior Bond, 4.05%, 4/15/30	United States	850,000	969,109
Georgia Power Co., Senior Bond, 4.3%, 3/15/42	United States	700,000	828,699
Southern Co. (The), A, Senior Bond, 3.7%, 4/30/30	United States	700,000	772,577
[b]State Grid Overseas Investment 2016 Ltd., Senior Note, 144A, 3.5%, 5/04/27	China	600,000	661,797
[b]Vistra Operations Co. LLC, Senior Secured Note, 144A, 3.55%, 7/15/24	United States	235,000	248,284
			5,854,931
Electronic Equipment, Instruments & Components 0.1%			
Flex Ltd., Senior Note, 4.875%, 5/12/30	United States	300,000	348,595
FLIR Systems, Inc., Senior Note, 2.5%, 8/01/30	United States	575,000	580,040
			928,635
Energy Equipment & Services 0.2%			
Baker Hughes a GE Co. LLC / Baker Hughes Co-Obligor, Inc., Senior Bond, 4.08%, 12/15/47	United States	485,000	555,134
[b]Schlumberger Holdings Corp., Senior Note, 144A, 3.75%, 5/01/24	United States	610,000	656,923
			1,212,057
Entertainment 0.1%			
NBCUniversal Media LLC, Senior Bond, 5.95%, 4/01/41	United States	200,000	288,641
Walt Disney Co. (The), Senior Bond, 2.65%, 1/13/31	United States	200,000	210,123
			498,764
Equity Real Estate Investment Trusts (REITs) 0.2%			
Alexandria Real Estate Equities, Inc., Senior Bond, 4.9%, 12/15/30	United States	300,000	366,332
Essex Portfolio LP, Senior Bond, 2.65%, 3/15/32	United States	360,000	365,983
Simon Property Group LP, Senior Note, 3.375%, 12/01/27	United States	595,000	648,928
			1,381,243
Food & Staples Retailing 0.1%			
Kroger Co. (The), Senior Bond, 5.4%, 1/15/49	United States	400,000	547,129
Walmart, Inc., Senior Bond, 3.95%, 6/28/38	United States	350,000	422,148
			969,277
Food Products 0.1%			
[b]Bimbo Bakeries USA, Inc., Senior Bond, 144A, 4%, 5/17/51	Mexico	400,000	431,423

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Food Products (continued)			
[b]JBS Finance Luxembourg SARL, Senior Bond, 144A, 3.625%, 1/15/32	United States	200,000	$200,138
			631,561
Health Care Equipment & Supplies 0.1%			
STERIS Irish FinCo. UnLtd. Co., Senior Bond, 3.75%, 3/15/51	United States	250,000	265,973
Senior Note, 2.7%, 3/15/31	United States	200,000	203,913
			469,886
Health Care Providers & Services 0.6%			
Anthem, Inc., Senior Bond, 5.1%, 1/15/44	United States	400,000	528,479
Senior Note, 4.101%, 3/01/28	United States	400,000	457,487
Centene Corp., Senior Note, 3%, 10/15/30	United States	450,000	462,839
Cigna Corp., Senior Note, 3.05%, 10/15/27	United States	550,000	594,509
CVS Health Corp., Senior Bond, 5.3%, 12/05/43	United States	500,000	664,506
Senior Bond, 5.125%, 7/20/45	United States	200,000	260,558
HCA, Inc., Senior Secured Bond, 4.5%, 2/15/27	United States	408,000	461,543
Senior Secured Note, 4.125%, 6/15/29	United States	300,000	338,067
Quest Diagnostics, Inc., Senior Bond, 2.8%, 6/30/31	United States	600,000	627,116
			4,395,104
Hotels, Restaurants & Leisure 0.1%			
Las Vegas Sands Corp., Senior Bond, 3.9%, 8/08/29	United States	650,000	692,516
Household Durables 0.1%			
Mohawk Industries, Inc., Senior Note, 3.625%, 5/15/30	United States	290,000	317,687
NVR, Inc., Senior Bond, 3%, 5/15/30	United States	200,000	212,377
			530,064
Household Products 0.1%			
[b]Kimberly-Clark de Mexico SAB de CV, Senior Bond, 144A, 2.431%, 7/01/31	Mexico	500,000	496,577
Independent Power and Renewable Electricity Producers 0.1%			
[b]Colbun SA, Senior Note, 144A, 3.95%, 10/11/27	Chile	200,000	218,829
Senior Note, 144A, 3.15%, 3/06/30	Chile	200,000	204,397
			423,226
Insurance 0.7%			
Aflac, Inc., Senior Bond, 4.75%, 1/15/49	United States	700,000	925,913
Allstate Corp. (The), Senior Bond, 4.2%, 12/15/46	United States	500,000	614,965
Aon Corp., Senior Note, 2.8%, 5/15/30	United States	500,000	525,505
Arch Capital Group Ltd., Senior Bond, 3.635%, 6/30/50	United States	800,000	864,236
Manulife Financial Corp., Sub. Bond, 4.061% to 2/24/27, FRN thereafter, 2/24/32	Canada	200,000	220,985
Marsh & McLennan Cos., Inc., Senior Bond, 4.9%, 3/15/49	United States	250,000	341,870
MetLife, Inc., Junior Sub. Bond, 6.4%, 12/15/36	United States	250,000	321,918
[b]Metropolitan Life Global Funding I, Secured Note, 144A, 3.6%, 1/11/24	United States	940,000	1,010,876

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Insurance (continued)			
Prudential plc, Senior Note, 3.125%, 4/14/30	United Kingdom	425,000	$460,261
			5,286,529
Interactive Media & Services 0.1%			
[b]Tencent Holdings Ltd.,			
Senior Note, 144A, 3.595%, 1/19/28	China	500,000	548,163
Senior Note, 144A, 2.39%, 6/03/30	China	500,000	498,735
			1,046,898
Internet & Direct Marketing Retail 0.3%			
Alibaba Group Holding Ltd.,			
Senior Bond, 2.125%, 2/09/31	China	200,000	196,803
Senior Bond, 4%, 12/06/37	China	300,000	337,557
Senior Bond, 4.2%, 12/06/47	China	800,000	927,338
Amazon.com, Inc., Senior Bond, 4.05%, 8/22/47	United States	500,000	611,073
			2,072,771
IT Services 0.2%			
Fiserv, Inc.,			
Senior Bond, 2.65%, 6/01/30	United States	200,000	207,287
Senior Note, 3.5%, 7/01/29	United States	870,000	958,158
			1,165,445
Machinery 0.1%			
Caterpillar, Inc.,			
Senior Bond, 3.25%, 4/09/50	United States	200,000	221,403
Senior Note, 2.6%, 4/09/30	United States	500,000	533,539
			754,942
Media 0.3%			
Charter Communications Operating LLC / Charter Communications Operating Capital, Senior Secured Bond, 2.8%, 4/01/31	United States	350,000	358,218
Comcast Corp.,			
Senior Bond, 4.25%, 1/15/33	United States	300,000	358,281
Senior Bond, 4.049%, 11/01/52	United States	500,000	596,294
Fox Corp.,			
Senior Bond, 5.476%, 1/25/39	United States	100,000	129,535
Senior Note, 4.709%, 1/25/29	United States	400,000	469,986
			1,912,314
Multiline Retail 0.0%†			
Dollar Tree, Inc., Senior Note, 4%, 5/15/25	United States	350,000	386,666
Multi-Utilities 0.3%			
Berkshire Hathaway Energy Co., Senior Bond, 6.125%, 4/01/36	United States	200,000	281,911
Dominion Energy, Inc., Senior Note, 4.25%, 6/01/28	United States	1,050,000	1,207,564
Public Service Enterprise Group, Inc., Senior Note, 2.875%, 6/15/24	United States	1,000,000	1,061,246
			2,550,721
Oil, Gas & Consumable Fuels 1.0%			
[b]Aker BP ASA, Senior Note, 144A, 3.75%, 1/15/30	Norway	500,000	540,085
BP Capital Markets America, Inc., Senior Note, 3.937%, 9/21/28	United States	100,000	114,145
Canadian Natural Resources Ltd., Senior Bond, 3.9%, 2/01/25	Canada	200,000	217,442
Cheniere Corpus Christi Holdings LLC, Senior Secured Note, 5.125%, 6/30/27	United States	200,000	232,773

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Oil, Gas & Consumable Fuels (continued)			
[b]Continental Resources, Inc., Senior Bond, 144A, 5.75%, 1/15/31	United States	300,000	$359,625
Energy Transfer LP, Senior Bond, 6.05%, 6/01/41	United States	500,000	636,142
Enterprise Products Operating LLC,			
Senior Bond, 3.125%, 7/31/29	United States	400,000	431,894
Senior Bond, 6.125%, 10/15/39	United States	700,000	985,052
Kinder Morgan, Inc.,			
Senior Bond, 5.55%, 6/01/45	United States	300,000	389,015
Senior Note, 4.3%, 3/01/28	United States	400,000	456,861
MPLX LP,			
Senior Bond, 5.5%, 2/15/49	United States	325,000	421,609
Senior Note, 4.875%, 12/01/24	United States	200,000	224,034
Senior Note, 4.875%, 6/01/25	United States	100,000	112,962
Reliance Industries Ltd., Senior Note, 2.06%, 1/15/26	India	625,000	646,087
[b]Sinopec Group Overseas Development 2018 Ltd., Senior Bond, 144A, 3.35%, 5/13/50	China	200,000	202,996
TransCanada PipeLines Ltd., Senior Bond, 4.25%, 5/15/28	Canada	500,000	574,954
Transcontinental Gas Pipe Line Co. LLC, Senior Note, 7.85%, 2/01/26	United States	400,000	508,491
Valero Energy Corp., Senior Note, 4%, 4/01/29	United States	435,000	486,171
			7,540,338
Paper & Forest Products 0.1%			
Suzano Austria GmbH,			
Senior Bond, 3.75%, 1/15/31	Brazil	225,000	236,250
Senior Bond, 3.125%, 1/15/32	Brazil	200,000	198,324
			434,574
Pharmaceuticals 0.3%			
AstraZeneca plc,			
Senior Bond, 4%, 9/18/42	United Kingdom	300,000	358,359
Senior Bond, 4.375%, 11/16/45	United Kingdom	450,000	561,039
[b]Royalty Pharma plc,			
Senior Bond, 144A, 2.2%, 9/02/30	United States	200,000	196,337
Senior Note, 144A, 1.75%, 9/02/27	United States	100,000	98,493
Takeda Pharmaceutical Co. Ltd.,			
Senior Bond, 3.175%, 7/09/50	Japan	400,000	405,144
Senior Note, 5%, 11/26/28	Japan	300,000	361,493
			1,980,865
Road & Rail 0.2%			
[b]Ashtead Capital, Inc., Senior Note, 144A, 4.125%, 8/15/25	United Kingdom	375,000	384,609
Burlington Northern Santa Fe LLC, Senior Bond, 4.9%, 4/01/44	United States	200,000	267,354
CSX Corp.,			
Senior Bond, 3.8%, 11/01/46	United States	200,000	229,328
Senior Bond, 4.75%, 11/15/48	United States	525,000	681,815
			1,563,106
Software 0.1%			
Microsoft Corp., Senior Note, 2.65%, 11/03/22	United States	420,000	432,098
ServiceNow, Inc., Senior Bond, 1.4%, 9/01/30	United States	250,000	234,848
			666,946
Specialty Retail 0.1%			
AutoNation, Inc., Senior Bond, 4.75%, 6/01/30	United States	100,000	118,402

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Specialty Retail (continued)			
AutoZone, Inc.,			
Senior Bond, 1.65%, 1/15/31	United States	265,000	$252,491
Senior Note, 3.75%, 4/18/29	United States	100,000	111,597
			482,490
Thrifts & Mortgage Finance 0.1%			
[b]BPCE SA, Sub. Bond, 144A, 5.15%, 7/21/24	France	600,000	668,791
Radian Group, Inc., Senior Note, 4.875%, 3/15/27	United States	350,000	381,668
			1,050,459
Tobacco 0.1%			
[b]Imperial Brands Finance plc,			
Senior Note, 144A, 3.5%, 7/26/26	United Kingdom	300,000	321,589
Senior Note, 144A, 4.25%, 7/21/25	United Kingdom	585,000	644,699
			966,288
Wireless Telecommunication Services 0.1%			
T-Mobile USA, Inc.,			
Senior Secured Bond, 3.3%, 2/15/51	United States	200,000	199,920
Senior Secured Note, 3.75%, 4/15/27	United States	325,000	359,900
Vodafone Group plc, Senior Bond, 6.15%, 2/27/37	United Kingdom	300,000	415,643
			975,463
Total Corporate Bonds (Cost $74,174,510)			**78,374,412**
Foreign Government and Agency Securities 0.9%			
[b]African Export-Import Bank (The), Senior Note, 144A, 3.994%, 9/21/29	Supranational[e]	500,000	527,402
Colombia Government Bond, Senior Bond, 5%, 6/15/45	Colombia	500,000	532,975
[b]Corp. Nacional del Cobre de Chile, Senior Bond, 144A, 4.5%, 8/01/47	Chile	200,000	236,733
[b]Electricite de France SA, Senior Note, 144A, 4.5%, 9/21/28	France	655,000	763,671
[b]Export-Import Bank of India, Senior Bond, 144A, 3.25%, 1/15/30	India	200,000	203,634
[b]Indonesia Government Bond, Senior Bond, 144A, 4.35%, 1/08/27	Indonesia	500,000	567,018
[b]Kazakhstan Government Bond, Senior Bond, 144A, 5.125%, 7/21/25	Kazakhstan	350,000	407,369
Mexico Government Bond,			
Senior Bond, 3.6%, 1/30/25	Mexico	200,000	220,208
Senior Note, 4.15%, 3/28/27	Mexico	500,000	565,923
Panama Notas del Tesoro, Senior Note, 3.75%, 4/17/26	Panama	450,000	486,389
[b]Pertamina Persero PT, Senior Bond, 144A, 4.7%, 7/30/49	Indonesia	200,000	217,112
Peru Government Bond,			
Senior Bond, 2.783%, 1/23/31	Peru	200,000	204,252
Senior Bond, 6.55%, 3/14/37	Peru	200,000	276,111
Philippines Government Bond, Senior Bond, 3.95%, 1/20/40	Philippines	310,000	345,121
[b]Romania Government Bond, Senior Bond, 144A, 5.125%, 6/15/48	Romania	200,000	245,521
[b]Russia Government Bond, Senior Bond, 144A, 5.1%, 3/28/35	Russia	400,000	476,504
Uruguay Government Bond,			
Senior Bond, 4.5%, 8/14/24	Uruguay	400,000	435,280
Senior Bond, 4.375%, 1/23/31	Uruguay	150,000	174,901
Total Foreign Government and Agency Securities (Cost $6,651,716)			**6,886,124**

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
U.S. Government and Agency Securities 13.1%			
Federal Agricultural Mortgage Corp., 2.9%, 1/03/22	United States	800,000	$811,565
FFCB, 3.17%, 3/07/28	United States	800,000	906,652
Tennessee Valley Authority, 5.88%, 4/01/36	United States	630,000	937,435
U.S. Treasury Bonds,			
6%, 2/15/26	United States	705,000	871,639
[f] 3.625%, 4/15/28	United States	109,000	242,799
4.5%, 2/15/36	United States	780,000	1,071,038
3.5%, 2/15/39	United States	21,000	26,275
1.125%, 8/15/40	United States	425,000	365,766
1.375%, 11/15/40	United States	307,000	275,892
2.875%, 5/15/43	United States	490,000	563,691
3.375%, 5/15/44	United States	15,000	18,708
3.125%, 8/15/44	United States	725,000	870,312
3%, 11/15/44	United States	160,000	188,413
2.5%, 2/15/46	United States	620,000	671,828
2.5%, 5/15/46	United States	5,129,000	5,558,153
2.25%, 8/15/46	United States	5,575,000	5,766,205
3.375%, 11/15/48	United States	990,000	1,264,416
3%, 2/15/49	United States	1,161,000	1,390,343
1.25%, 5/15/50	United States	707,000	577,503
1.375%, 8/15/50	United States	185,000	156,014
2.375%, 5/15/51	United States	35,000	37,376
U.S. Treasury Notes,			
1.75%, 4/30/22	United States	670,000	679,293
1.75%, 5/15/22	United States	1,670,000	1,694,341
1.875%, 5/31/22	United States	1,465,000	1,488,989
1.5%, 3/31/23	United States	150,000	153,378
2.75%, 11/15/23	United States	1,320,000	1,396,106
2.125%, 11/30/23	United States	1,120,000	1,168,584
2.125%, 3/31/24	United States	18,837,000	19,725,135
2%, 4/30/24	United States	1,345,000	1,404,947
2.25%, 4/30/24	United States	125,000	131,431
2.5%, 5/15/24	United States	150,000	158,915
2%, 5/31/24	United States	1,705,000	1,782,125
1.75%, 6/30/24	United States	178,000	184,891
2%, 6/30/24	United States	1,365,000	1,427,758
[f] 0.125%, 7/15/24	United States	800,000	967,788
1.75%, 7/31/24	United States	1,345,000	1,397,959
2.375%, 8/15/24	United States	1,640,000	1,736,574
1.25%, 8/31/24	United States	700,000	716,652
1.5%, 10/31/24	United States	4,650,000	4,799,127
1.5%, 11/30/24	United States	320,000	330,250
[f] 0.125%, 4/15/25	United States	750,000	837,195
0.25%, 6/30/25	United States	600,000	589,477
0.25%, 9/30/25	United States	2,340,000	2,291,189
0.375%, 11/30/25	United States	5,143,000	5,051,189
0.375%, 1/31/26	United States	7,603,000	7,451,831
0.5%, 2/28/26	United States	611,400	602,241
[f] 0.125%, 4/15/26	United States	350,000	387,878
0.875%, 6/30/26	United States	200,000	199,914
2.375%, 5/15/27	United States	1,280,000	1,378,300
0.5%, 6/30/27	United States	1,045,000	1,010,956
2.25%, 8/15/27	United States	2,038,800	2,180,959
2.25%, 11/15/27	United States	5,375,000	5,751,040
1.25%, 4/30/28	United States	1,200,000	1,203,938
3.125%, 11/15/28	United States	320,000	362,312
1.625%, 8/15/29	United States	235,000	240,398

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
U.S. Government and Agency Securities (continued)			
U.S. Treasury Notes, (continued)			
0.625%, 8/15/30	United States	900,000	$838,617
0.875%, 11/15/30	United States	750,000	713,320
1.125%, 2/15/31	United States	200,000	194,187
United States International Development Finance Corp., 2.12%, 3/20/24	United States	400,000	409,484
Total U.S. Government and Agency Securities (Cost $97,088,431)			**95,610,691**
Asset-Backed Securities 0.5%			
Airlines 0.1%			
American Airlines Pass-Through Trust, 2016-3, A, 3.25%, 10/15/28	United States	438,525	427,492
United Airlines Pass-Through Trust,			
2016-1, A, 3.45%, 7/07/28	United States	81,532	83,119
2019-2, A, 2.9%, 5/01/28	United States	191,137	190,872
2020-1, B, 4.875%, 7/15/27	United States	291,150	309,208
			1,010,691
Banks 0.1%			
Capital One Multi-Asset Execution Trust, 2017-A6, A6, 2.29%, 7/15/25	United States	600,000	615,207
Consumer Finance 0.2%			
American Express Credit Account Master Trust, 2019-1, A, 2.87%, 10/15/24	United States	600,000	612,112
Discover Card Execution Note Trust, 2019-A1, A1, 3.04%, 7/15/24	United States	500,000	507,819
			1,119,931
Diversified Financial Services 0.1%			
BA Credit Card Trust, 2018-A3, A3, 3.1%, 12/15/23	United States	500,000	500,580
[b]CF Hippolyta LLC,			
2020-1, A1, 144A, 1.69%, 7/15/60	United States	152,701	155,311
2021-1A, A1, 144A, 1.53%, 3/15/61	United States	108,000	108,840
			764,731
Total Asset-Backed Securities (Cost $3,497,766)			**3,510,560**
Mortgage-Backed Securities 9.9%			
Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 2.3%			
FHLMC Gold Pools, 30 Year, 4.5%, 1/01/49	United States	1,963,898	2,170,945
FHLMC Pool, 15 Year, 2%, 10/01/35	United States	369,947	383,193
FHLMC Pool, 15 Year, 3%, 8/01/34	United States	78,984	83,226
FHLMC Pool, 30 Year, 2%, 11/01/50	United States	375,893	380,723
FHLMC Pool, 30 Year, 2.5%, 10/01/50 - 7/01/51	United States	2,205,478	2,285,148
FHLMC Pool, 30 Year, 3%, 3/01/50	United States	3,058,411	3,227,812
FHLMC Pool, 30 Year, 3.5%, 2/01/47	United States	2,701,106	2,911,533
FHLMC Pool, 30 Year, 3.5%, 4/01/50	United States	1,966,994	2,127,318
FHLMC Pool, 30 Year, 4%, 5/01/47 - 9/01/49	United States	1,327,601	1,441,550
FHLMC Pool, 30 Year, 4.5%, 10/01/48 - 1/01/49	United States	1,697,004	1,876,784
			16,888,232
Federal National Mortgage Association (FNMA) Fixed Rate 3.3%			
FNMA, 15 Year, 2%, 9/01/35	United States	2,634,996	2,729,711
FNMA, 15 Year, 2%, 10/01/35 - 7/01/36	United States	2,204,426	2,276,253
FNMA, 15 Year, 2.5%, 10/01/35 - 7/01/36	United States	1,395,144	1,459,610
FNMA, 30 Year, 2%, 5/01/51 - 7/01/51	United States	2,113,292	2,135,866
FNMA, 30 Year, 2.5%, 7/01/51	United States	2,294,000	2,375,621

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
Mortgage-Backed Securities (continued)			
Federal National Mortgage Association (FNMA) Fixed Rate (continued)			
FNMA, 30 Year, 2.5%, 9/01/50 - 10/01/50	United States	2,026,967	$2,116,498
FNMA, 30 Year, 3%, 4/01/51	United States	2,821,946	2,961,475
FNMA, 30 Year, 3%, 7/01/51	United States	2,385,000	2,499,886
FNMA, 30 Year, 3%, 8/01/50 - 9/01/50	United States	753,060	797,765
FNMA, 30 Year, 3.5%, 11/01/46 - 11/01/50	United States	1,396,179	1,497,164
FNMA, 30 Year, 4%, 8/01/49 - 1/01/50	United States	1,753,095	1,911,228
FNMA, 30 Year, 4.5%, 2/01/50	United States	1,322,693	1,449,043
			24,210,120
Government National Mortgage Association (GNMA) Fixed Rate 4.3%			
GNMA II, Single-family, 30 Year, 2%, 11/20/50	United States	6,013,680	6,130,910
GNMA II, Single-family, 30 Year, 2%, 6/20/51	United States	400,000	410,890
GNMA II, Single-family, 30 Year, 2.5%, 11/20/50	United States	5,969,921	6,182,317
GNMA II, Single-family, 30 Year, 2.5%, 3/20/51	United States	3,329,319	3,449,719
GNMA II, Single-family, 30 Year, 2.5%, 8/20/50 - 6/20/51	United States	2,902,338	3,008,554
GNMA II, Single-family, 30 Year, 3%, 2/20/51	United States	2,245,689	2,353,685
GNMA II, Single-family, 30 Year, 3%, 9/20/47 - 4/20/51	United States	4,565,462	4,789,389
GNMA II, Single-family, 30 Year, 3.5%, 9/20/47	United States	2,842,552	3,008,798
GNMA II, Single-family, 30 Year, 3.5%, 5/20/47	United States	1,485,607	1,576,847
			30,911,109
Total Mortgage-Backed Securities (Cost $72,527,994)			**72,009,461**
Municipal Bonds 0.6%			
Arizona 0.1%			
Maricopa County Union High School District No. 210-Phoenix, GO, 2020 C, 5%, 7/01/31	United States	200,000	259,675
California 0.1%			
California Health Facilities Financing Authority, State of California Personal Income Tax, Revenue, Senior Lien, 2019, 2.934%, 6/01/32	United States	65,000	69,671
State of California Personal Income Tax, Revenue, Senior Lien, 2019, 2.984%, 6/01/33	United States	55,000	58,817
State of California Personal Income Tax, Revenue, Senior Lien, 2019, 3.034%, 6/01/34	United States	40,000	42,735
Foothill-Eastern Transportation Corridor Agency, Revenue, 2019 A, Refunding, 4.094%, 1/15/49	United States	35,000	37,132
Gilroy Unified School District, GO, 2019, Refunding, 3.364%, 8/01/47	United States	140,000	144,565
State of California, GO, 2.5%, 10/01/29	United States	500,000	530,468
			883,388
Florida 0.1%			
County of Broward, Airport System, Revenue, 2019 C, Refunding, 3.477%, 10/01/43	United States	70,000	73,196
County of Sarasota, Revenue, 2020, 5%, 10/01/34	United States	500,000	653,784
			726,980
Illinois 0.0%†			
State of Illinois, GO, 2003, 5.1%, 6/01/33	United States	125,000	147,081
Massachusetts 0.1%			
Massachusetts State College Building Authority, Revenue, 2019 C, Refunding, 3.373%, 5/01/43	United States	230,000	239,306

Franklin Allocation VIP Fund (continued)

	Country	Principal Amount*	Value
Municipal Bonds (continued)			
New Jersey 0.0%†			
State of New Jersey, GO, 2020 A, 3%, 6/01/32	United States	110,000	$125,051
New York 0.0%†			
Metropolitan Transportation Authority, Revenue, 2020 E, Refunding, 4%, 11/15/45	United States	95,000	111,072
Ohio 0.0%†			
Greenville City School District, GO, 2019, Refunding, 3.541%, 1/01/51	United States	160,000	164,000
Pennsylvania 0.1%			
Commonwealth Financing Authority, Revenue, 2021 A, 2.991%, 6/01/42	United States	625,000	642,760
University of Pittsburgh-of the Commonwealth System of Higher Education, Revenue, 2017 C, Refunding, 3.005%, 9/15/41	United States	250,000	262,345
			905,105
Texas 0.1%			
City of Austin, Electric Utility, Revenue, 2008, Refunding, AGMC Insured, 6.262%, 11/15/32	United States	355,000	445,531
Total Municipal Bonds (Cost $3,844,617)			**4,007,189**
Total Long Term Investments (Cost $573,801,237)			**704,228,142**

Short Term Investments 3.1%

	Country	Shares	Value
Money Market Funds 3.1%			
[c,g]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	22,473,141	22,473,141
Total Money Market Funds (Cost $22,473,141)			**22,473,141**
Total Short Term Investments (Cost $22,473,141)			**22,473,141**
Total Investments (Cost $596,274,378) 99.6%			**$726,701,283**
Other Assets, less Liabilities 0.4%			**3,318,598**
Net Assets 100.0%			**$730,019,881**

* The principal amount is stated in U.S. dollars unless otherwise indicated.
† Rounds to less than 0.1% of net assets.
[a] Non-income producing.
[b] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $25,377,113, representing 3.5% of net assets.
[c] See Note 3(e) regarding investments in affiliated management investment companies.
[d] Variable rate security. The rate shown represents the yield at period end.
[e] A supranational organization is an entity formed by two or more central governments through international treaties.
[f] Principal amount of security is adjusted for inflation. See Note 1(f).
[g] The rate shown is the annualized seven-day effective yield at period end.

Franklin Allocation VIP Fund (continued)

At June 30, 2021, the Fund had the following futures contracts outstanding. See Note 1(c).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Equity contracts					
S&P 500 E-Mini Index	Long	132	$28,304,760	9/17/21	$518,082
Interest rate contracts					
U.S. Treasury 10 Year Notes	Short	164	21,730,000	9/21/21	(87,391)
U.S. Treasury 10 Year Notes	Long	30	3,975,000	9/21/21	14,576
U.S. Treasury Long Bonds	Short	5	803,750	9/21/21	1,243
Total Futures Contracts					$446,510

*As of period end.

At June 30, 2021, the Fund had the following credit default swap contracts outstanding. See Note 1(c).

Credit Default Swap Contracts

Description	Periodic Payment Rate Received (Paid)	Payment Frequency	Counter-party	Maturity Date	Notional Amount[a]	Value	Unamortized Upfront Payments (Receipts)	Unrealized Appreciation (Depreciation)	Rating[b]
OTC Swap Contracts									
Contracts to Sell Protection[c][d]									
Single Name									
Nordstrom, Inc. .	1.00%	Quarterly	CITI	6/20/26	200,000	$(11,052)	$(12,929)	$1,877	BB+
Nordstrom, Inc. .	1.00%	Quarterly	JPHQ	6/20/26	200,000	(11,053)	(9,922)	(1,131)	BB+
Total OTC Swap Contracts						$(22,105)	$(22,851)	$746	
Total Credit Default Swap Contracts						$(22,105)	$(22,851)	$746	

[a]In U.S. dollars unless otherwise indicated. For contracts to sell protection, the notional amount is equal to the maximum potential amount of the future payments and no recourse provisions have been entered into in association with the contracts.
[b]Based on Standard and Poor's (S&P) Rating for single name swaps and internal ratings for index swaps. Internal ratings based on mapping into equivalent ratings from external vendors.
[c]Performance triggers for settlement of contract include default, bankruptcy or restructuring for single name swaps, and failure to pay or bankruptcy of the underlying securities for traded index swaps.
[d]The fund enters contracts to sell protection to create a long credit position.

See Note 8 regarding other derivative information.

See Abbreviations on page FFA-52.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Allocation VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$565,587,904
Cost - Non-controlled affiliates (Note 3e)	30,686,474
Value - Unaffiliated issuers	$697,017,636
Value - Non-controlled affiliates (Note 3e)	29,683,647
Cash	6,965
Foreign currency, at value (cost $962,043)	957,283
Receivables:	
Investment securities sold	469,247
Capital shares sold	168,610
Dividends and interest	1,954,091
Deposits with brokers for:	
Futures contracts	1,731,825
Variation margin on futures contracts	8,872
Unrealized appreciation on OTC swap contracts	1,877
Total assets	732,000,053
Liabilities:	
Payables:	
Investment securities purchased	655,343
Capital shares redeemed	627,171
Management fees	338,674
Distribution fees	197,670
OTC swap contracts (upfront receipts $23,297)	22,851
Unrealized depreciation on OTC swap contracts	1,131
Deferred tax	27,597
Accrued expenses and other liabilities	109,735
Total liabilities	1,980,172
Net assets, at value	$730,019,881
Net assets consist of:	
Paid-in capital	$565,889,674
Total distributable earnings (losses)	164,130,207
Net assets, at value	$730,019,881

Statement of Assets and Liabilities (continued)

June 30, 2021 (unaudited)

	Franklin Allocation VIP Fund
Class 1:	
Net assets, at value	$808,636
Shares outstanding	140,101
Net asset value and maximum offering price per share	$5.77
Class 2:	
Net assets, at value	$309,707,335
Shares outstanding	54,152,122
Net asset value and maximum offering price per share	$5.72
Class 4:	
Net assets, at value	$419,503,910
Shares outstanding	70,829,814
Net asset value and maximum offering price per share	$5.92

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Allocation VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $186,627)	
Unaffiliated issuers	$4,342,001
Non-controlled affiliates (Note 3e)	921
Interest:	
Unaffiliated issuers	2,919,662
Total investment income	7,262,584
Expenses:	
Management fees (Note 3a)	2,208,695
Distribution fees: (Note 3c)	
Class 2	492,324
Class 4	714,883
Custodian fees (Note 4)	8,420
Reports to shareholders	57,234
Professional fees	47,578
Trustees' fees and expenses	2,653
Other	35,795
Total expenses	3,567,582
Expense reductions (Note 4)	(7)
Expenses waived/paid by affiliates (Note 3e and 3f)	(132,376)
Net expenses	3,435,199
Net investment income	3,827,385
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments: (net of foreign taxes of $3,731)	
Unaffiliated issuers	36,954,667
Non-controlled affiliates (Note 3e)	(115,461)
Foreign currency transactions	(79,314)
Futures contracts	5,436,034
Swap contracts	729
Net realized gain (loss)	42,196,655
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	8,420,798
Non-controlled affiliates (Note 3e)	(95,185)
Translation of other assets and liabilities denominated in foreign currencies	(34,986)
Futures contracts	180,302
Swap contracts	746
Change in deferred taxes on unrealized appreciation	20,907
Net change in unrealized appreciation (depreciation)	8,492,582
Net realized and unrealized gain (loss)	50,689,237
Net increase (decrease) in net assets resulting from operations	$54,516,622

Statements of Changes in Net Assets

	Franklin Allocation VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	$3,827,385	$11,362,253
Net realized gain (loss)	42,196,655	(9,609,886)
Net change in unrealized appreciation (depreciation)	8,492,582	82,252,924
Net increase (decrease) in net assets resulting from operations	54,516,622	84,005,291
Distributions to shareholders:		
Class 1	(15,547)	(227,036)
Class 2	(7,020,699)	(106,811,345)
Class 4	(6,571,792)	(104,689,179)
Total distributions to shareholders	(13,608,038)	(211,727,560)
Capital share transactions: (Note 2)		
Class 1	(41,951)	104,749
Class 2	(108,128,949)	61,121,480
Class 4	(11,536,361)	64,739,571
Total capital share transactions	(119,707,261)	125,965,800
Net increase (decrease) in net assets	(78,798,677)	(1,756,469)
Net assets:		
Beginning of period	808,818,558	810,575,027
End of period	$730,019,881	$808,818,558

Notes to Financial Statements (unaudited)

Franklin Allocation 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). Franklin Allocation 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. At June 30, 2021, 43.24% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. 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.

Equity securities, exchange traded funds and derivative financial instruments listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the 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 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

Franklin Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's securities to the latest indications of fair value at 4 p.m Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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

Franklin Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

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. At June 30, 2021, the Fund had OTC derivatives in a net liability position for such contracts of $1,131.

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.

The Fund entered into exchange traded futures contracts primarily to manage and/or gain exposure to interest rate and equity price risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. 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.

The Fund entered into credit default swap contracts primarily to manage and/or gain exposure to credit risk. A credit default swap is an agreement between the Fund and a counterparty whereby the buyer of the contract receives credit protection and the seller of the contract guarantees the credit worthiness of a referenced debt obligation. These agreements may be privately negotiated in the over-the-counter market (OTC credit default swaps) or may be executed in a multilateral trade facility platform, such as a registered exchange (centrally cleared credit default swaps). The underlying referenced debt obligation may be a single issuer of corporate or sovereign debt, a credit index, a basket of issuers or indices, or a tranche of a credit index or basket of issuers or indices. In the event of a default of the underlying referenced debt obligation, the buyer is entitled to receive the notional amount of the credit default swap contract from the seller in exchange for the referenced debt obligation, a net settlement amount equal to the notional amount of the credit default swap less the recovery value of the referenced debt obligation, or other agreed upon amount. For centrally cleared credit default 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, the buyer pays the seller a periodic stream of payments, provided that no event of default has occurred. Such periodic payments are accrued daily as an unrealized appreciation or depreciation until the payments are made, at which time they are realized. Upfront payments and receipts are reflected in the Statement of Assets and Liabilities and represent compensating factors between stated terms of the credit default swap agreement and prevailing market conditions (credit spreads and other

Franklin Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

relevant factors). These upfront payments and receipts are amortized over the term of the contract as a realized gain or loss in the Statement of Operations.

See Note 8 regarding other derivative information.

d. Mortgage Dollar Rolls

The Fund enters into mortgage dollar rolls, typically on a TBA basis. Mortgage dollar rolls are agreements between the Fund and a financial institution where the Fund sells (or buys) mortgage-backed securities for delivery on a specified date and simultaneously contracts to repurchase (or sell) substantially similar (same type, coupon, and maturity) securities at a future date and at a predetermined price. Gains or losses are realized on the initial sale, and the difference between the repurchase price and the sale price is recorded as an unrealized gain or loss to the Fund upon entering into the mortgage dollar roll. In addition, the Fund may invest the cash proceeds that are received from the initial sale. During the period between the sale and repurchase, the Fund is not entitled to principal and interest paid on the mortgage backed securities. Transactions in mortgage dollar rolls are accounted for as purchases and sales and may result in an increase to the Fund's portfolio turnover rate. The risks of mortgage dollar roll transactions include the potential inability of the counterparty to fulfill its obligations.

e. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

f. 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. Paydown gains and losses are recorded as an adjustment to interest income. Dividend income, capital gain distributions are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

Franklin Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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

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.

g. 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.

h. 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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	5,345	$30,296	7,931	$46,123
Shares issued in reinvestment of distributions	2,704	15,547	47,596	227,036
Shares redeemed	(15,689)	(87,794)	(30,469)	(168,410)
Net increase (decrease)	(7,640)	$(41,951)	25,058	$104,749
Class 2 Shares:				
Shares sold	1,540,360	$8,573,073	3,511,007	$20,473,913
Shares issued in reinvestment of distributions	1,231,702	7,020,699	22,581,680	106,811,345
Shares redeemed	(22,005,591)	(123,722,721)	(11,902,724)	(66,163,778)
Net increase (decrease)	(19,233,529)	$(108,128,949)	14,189,963	$61,121,480
Class 4 Shares:				
Shares sold	923,440	$5,339,540	2,339,473	$13,610,746
Shares issued in reinvestment of distributions	1,113,863	6,571,792	21,365,139	104,689,179
Shares redeemed	(4,055,676)	(23,447,693)	(9,182,946)	(53,560,354)
Net increase (decrease)	(2,018,373)	$(11,536,361)	14,521,666	$64,739,571

Franklin Allocation VIP Fund (continued)

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
Templeton Global Advisors Limited (Global Advisors)	Investment manager
Franklin Templeton Institutional, LLC (FT Institutional)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee to Advisers of 0.55% per year of the average daily net assets of the Fund.

Under a subadvisory agreement, Global Advisors and FT Institutional, affiliates of Advisers, provide subadvisory services to the Fund. The subadvisory fee is paid by Advisers based on Fund's average daily net assets, and is not an additional expense of the Fund.

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 0.35% per year of its average daily net assets of each class. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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. As defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund’s outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

Franklin Allocation VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Allocation VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	$24,011,384	$63,976,980	$(65,515,223)	$—	$—	$22,473,141	22,473,141	$921
Templeton Global Bond VIP Fund, Class 1	7,821,152	—	(400,000)	(115,461)	(95,185)	7,210,506	511,021	—
Total Affiliated Securities	$31,832,536	$63,976,980	$(65,915,223)	$(115,461)	$(95,185)	$29,683,647		$921

f. Waiver and Expense Reimbursements

Advisers has contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding distribution fees and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) and acquired fund fees and expenses for each class of the Fund do not exceed 0.57%, based on the average net assets of each class until April 30, 2022. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, 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, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	$5,645,804

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$602,750,592
Unrealized appreciation	$137,244,697
Unrealized depreciation	(12,869,600)
Net unrealized appreciation (depreciation)	$124,375,097

Franklin Allocation VIP Fund (continued)

5. Income Taxes (continued)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of passive foreign investment company shares, bond discounts and premiums, foreign currency transactions and wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $225,369,194 and $344,245,262, respectively.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

8. Other Derivative Information

At June 30, 2021, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Franklin Allocation VIP Fund				
Interest rate contracts				
	Variation margin on futures contracts	$15,819[a]	Variation margin on futures contracts	$87,391[a]
Credit contracts				
	OTC swap contracts (upfront payments)	—	OTC swap contracts (upfront receipts)	22,851
	Unrealized appreciation on OTC swap contracts	1,877	Unrealized depreciation on OTC swap contracts	1,131
Equity contracts				
	Variation margin on futures contracts	518,082[a]	Variation margin on futures contracts	—
Total		$535,778		$111,373

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

Franklin Allocation VIP Fund (continued)

8. Other Derivative Information (continued)

For the period ended June 30, 2021, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Franklin Allocation VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts				
	Futures contracts	$758,240	Futures contracts	$(86,670)
Credit contracts				
	Swap contracts	729	Swap contracts	746
Equity Contracts				
	Futures contracts	4,677,794	Futures contracts	266,972
Total		$5,436,763		$181,048

For the period ended June 30, 2021, the average month end notional amount of futures contracts and swap contracts represented $62,305,242 and $114,286 respectively.

See Note 1(c) regarding derivative financial instruments.

9. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

10. 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.)

Franklin Allocation VIP Fund (continued)

10. Fair Value Measurements (continued)

- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Allocation VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$7,411,584	$2,785,560	$—	$10,197,144
Air Freight & Logistics	2,575,131	2,170,400	—	4,745,531
Airlines	77,352	358,044	—	435,396
Auto Components	455,170	1,367,314	—	1,822,484
Automobiles	99,236	4,462,413	—	4,561,649
Banks	5,599,837	9,799,365	—	15,399,202
Beverages	5,375,311	1,151,275	—	6,526,586
Biotechnology	6,471,569	2,857,840	—	9,329,409
Building Products	2,908,066	1,952,477	—	4,860,543
Capital Markets	10,748,743	5,363,791	—	16,112,534
Chemicals	10,779,470	6,632,817	—	17,412,287
Commercial Services & Supplies	2,118,319	235,533	—	2,353,852
Communications Equipment	999,643	—	—	999,643
Construction & Engineering	—	912,364	—	912,364
Construction Materials	585,060	78,232	—	663,292
Consumer Finance	1,225,090	—	—	1,225,090
Containers & Packaging	220,036	—	—	220,036
Distributors	305,123	—	—	305,123
Diversified Consumer Services	1,276,405	—	—	1,276,405
Diversified Financial Services	750,940	1,437,804	—	2,188,744
Diversified Telecommunication Services	792,434	2,898,732	—	3,691,166
Electric Utilities	2,680,506	—	—	2,680,506
Electrical Equipment	2,226,470	663,497	—	2,889,967
Electronic Equipment, Instruments & Components	2,501,168	201,468	—	2,702,636
Energy Equipment & Services	84,226	883,245	—	967,471
Entertainment	2,749,232	1,703,218	—	4,452,450
Equity Real Estate Investment Trusts (REITs)	4,859,009	701,946	—	5,560,955
Food & Staples Retailing	3,993,427	863,046	—	4,856,473
Food Products	1,956,080	827,840	—	2,783,920
Gas Utilities	74,677	671,598	—	746,275
Health Care Equipment & Supplies	16,813,161	6,015,630	—	22,828,791
Health Care Providers & Services	4,552,085	1,161,103	—	5,713,188
Health Care Technology	1,452,355	—	—	1,452,355
Hotels, Restaurants & Leisure	3,516,443	—	—	3,516,443
Household Durables	835,624	1,948,009	—	2,783,633
Household Products	3,451,391	—	—	3,451,391
Industrial Conglomerates	5,912,071	3,634,532	—	9,546,603
Insurance	851,972	1,945,009	—	2,796,981
Interactive Media & Services	15,926,656	598,479	—	16,525,135
Internet & Direct Marketing Retail	10,027,965	3,551,512	—	13,579,477
IT Services	18,368,324	4,216,267	—	22,584,591
Life Sciences Tools & Services	7,930,743	1,131,101	—	9,061,844
Machinery	7,597,420	2,824,598	—	10,422,018
Marine	—	386,683	—	386,683
Media	2,084,241	3,349,422	—	5,433,663

Franklin Allocation VIP Fund (continued)

10. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Allocation VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Metals & Mining	$2,238,958	$3,680,240	$—	$5,919,198
Multiline Retail	3,256,385	850,147	—	4,106,532
Multi-Utilities	1,581,363	1,013,751	—	2,595,114
Oil, Gas & Consumable Fuels	4,263,526	4,553,948	—	8,817,474
Paper & Forest Products	—	232,764	—	232,764
Personal Products	776,213	2,137,971	—	2,914,184
Pharmaceuticals	12,043,263	6,877,488	—	18,920,751
Professional Services	4,649,904	2,621,025	—	7,270,929
Real Estate Management & Development	179,690	2,974,360	—	3,154,050
Road & Rail	4,784,231	236,411	—	5,020,642
Semiconductors & Semiconductor Equipment	21,623,173	3,485,343	—	25,108,516
Software	34,791,270	3,627,690	—	38,418,960
Specialty Retail	7,387,340	571,163	—	7,958,503
Technology Hardware, Storage & Peripherals	12,351,969	2,085,503	—	14,437,472
Textiles, Apparel & Luxury Goods	3,365,632	295,960	—	3,661,592
Thrifts & Mortgage Finance	—	833,035	—	833,035
Tobacco	2,521,468	961,164	—	3,482,632
Trading Companies & Distributors	2,071,981	2,322,203	—	4,394,184
Water Utilities	434,492	—	—	434,492
Wireless Telecommunication Services	91,098	635,633	—	726,731
Management Investment Companies	21,853,286	—	—	21,853,286
Preferred Stocks	—	606,735	—	606,735
Corporate Bonds	—	78,374,412	—	78,374,412
Foreign Government and Agency Securities	—	6,886,124	—	6,886,124
U.S. Government and Agency Securities	—	95,610,691	—	95,610,691
Asset-Backed Securities	—	3,510,560	—	3,510,560
Mortgage-Backed Securities	—	72,009,461	—	72,009,461
Municipal Bonds	—	4,007,189	—	4,007,189
Short Term Investments	22,473,141	—	—	22,473,141
Total Investments in Securities	$343,958,148	$382,743,135[a]	$—	$726,701,283
Other Financial Instruments:				
Futures contracts	$533,901	$—	$—	$533,901
Swap contracts	—	1,877	—	1,877
Total Other Financial Instruments	$533,901	$1,877	$—	$535,778
Liabilities:				
Other Financial Instruments:				
Futures contracts	$87,391	$—	$—	$87,391
Swap contracts	—	1,131	—	1,131
Total Other Financial Instruments	$87,391	$1,131	$—	$88,522

[a] Includes foreign securities valued at $122,344,698, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

11. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference

Franklin Allocation VIP Fund (continued)

10. Fair Value Measurements (continued)

rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

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.

Abbreviations

Counterparty	
CITI	Citibank NA
JPHQ	JPMorgan Chase Bank NA

Selected Portfolio	
ADR	American Depositary Receipt
AGMC	Assured Guaranty Municipal Corp.
CDI	CREST Depository Interest
ETF	Exchange-Traded Fund
FFCB	Federal Farm Credit Banks Funding Corp.
FHLMC	Federal Home Loan Mortgage Corp.
FNMA	Federal National Mortgage Association
FRN	Floating Rate Note
GNMA	Government National Mortgage Association
GO	General Obligation
NYRS	New York Registry Shares
TIPS	Treasury Inflation-Protected Securities

Franklin DynaTech VIP Fund

This semiannual report for Franklin DynaTech VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +14.09% total return* for the six-month period ended June 30, 2021.
*The Fund has an expense reduction and a fee waiver associated with any investments it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/22. Fund investment results reflect the expense reduction and fee waiver; without these reductions, the results would have been lower.

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

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

Franklin DynaTech VIP Fund

Formerly, Flex Cap Growth VIP Fund

Fund Goal and Main Investments

The Fund seeks capital appreciation. Under normal market conditions, the Fund invests predominantly in equity securities of companies that the investment manager believes are leaders in innovation, take advantage of new technologies, have superior management and benefit from new industry conditions in the dynamically changing global economy.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risk of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. Smaller, midsized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have experienced more price volatility than larger-company stocks, especially over the short term. Foreign securities involve special risks, including currency fluctuations and economic and political uncertainties. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's new primary benchmark, the Russell 1000® Growth Index posted a +12.99% total return. The Fund's secondary benchmark, the Standard & Poor's 500® Index (S&P 500®) posted a +15.25 % total return for the same period.[1] The Fund's old primary benchmark, the Russell 3000® Growth Index, posted a +12.71% total return for the same period.

Portfolio Composition
6/30/21

	% of Total Net Assets
Software	21.4%
IT Services	15.7%
Internet & Direct Marketing Retail	10.7%
Interactive Media & Services	9.5%
Semiconductors & Semiconductor Equipment	8.8%
Health Care Equipment & Supplies	6.3%
Life Sciences Tools & Services	5.5%
Entertainment	4.2%
Capital Markets	2.1%
Health Care Technology	1.8%
Automobiles	1.6%
Biotechnology	1.5%
Equity Real Estate Investment Trusts (REITs)	1.1%
Other	8.7%
Short-Term Investments & Other Net Assets	1.1%

Economic and Market Overview

U.S. equities, as measured by the S&P 500, posted a +15.25% total return for the six months ended June 30, 2021.[1] Stocks benefited from the continued economic recovery, accommodative monetary policy, additional fiscal stimulus measures, implementation of novel coronavirus (COVID-19) vaccination programs and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. The progress toward a bipartisan infrastructure bill further bolstered investor sentiment, aiding equities to reach new all-time price highs toward period-end.

The U.S. economic recovery accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels, as the lifting of many COVID-19 restrictions and strong consumer spending bolstered growth. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials. The unemployment rate declined from 6.7% in December 2020 to 5.9% in June 2021 as job openings grew, but a relative lack of available workers fueled wage growth, adding to some investors' inflation concerns.[2]

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.

2. Source: Bureau of Labor Statistics.

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).

In an effort to support the economy, the U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25%. The Fed also maintained quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended bond purchasing. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

Investment Strategy

We use fundamental, bottom-up research to seek companies meeting our criteria of growth potential, quality and valuation. The research may include consideration of cash flow, income statements, balance sheet, and notes to them and its analysis typically includes forecasts of multiple possible future outcomes. In seeking sustainable growth characteristics, we look for companies we believe can produce sustainable earnings and cash flow growth, evaluating the long-term market opportunity and competitive structure of an industry to target leaders and emerging leaders. We define quality companies as those with strong and improving competitive positions in attractive markets. We also believe important attributes of quality are experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation and returns on capital employed. Our valuation analysis includes a range of potential outcomes based on an assessment of multiple scenarios. In assessing value, we consider whether security prices fully reflect the balance of the sustainable growth opportunities relative to business and financial risks.

Manager's Discussion

During the six months under review, stock selection and an underweighting in the information technology (IT) sector contributed to relative returns. An overweighting and stock selection in the communication services sector and stock selection and an underweighting in the consumer staples sector also helped relative performance.

In IT, chipmakers NVIDIA (not part of the index) and ASML Holding contributed to relative results. Both companies have benefited from the semiconductor chip shortage, which raised demand for their products. Electronic signature company DocuSign also contributed, with subscription revenue and billings growth driving investor sentiment. While the company is benefiting from work-from-home trends in the near-term, we believe there is a large and underpenetrated market for the digital transformation of contracts and other types of agreements that require electronic signatures.

Top 10 Holdings
6/30/21

Company Industry, *Country*	% of Total Net Assets
Amazon.com, Inc. *Internet & Direct Marketing Retail, United States*	6.5%
Microsoft Corp. *Software, United States*	3.1%
NVIDIA Corp. *Semiconductors & Semiconductor Equipment, United States*	3.0%
Alphabet, Inc. *Interactive Media & Services, United States*	3.0%
Shopify, Inc. *IT Services, Canada*	2.8%
PayPal Holdings, Inc. *IT Services, United States*	2.7%
Facebook, Inc. *Interactive Media & Services, United States*	2.7%
Sea Ltd. *Entertainment, Taiwan*	2.6%
ServiceNow, Inc. *Software, United States*	2.1%
Adyen NV *IT Services, Netherlands*	1.9%

In communication services, Singapore-based Sea (not part of the index) was a significant relative contributor. The company continued to generate strong revenue from its online gaming and shopping platforms, which have been more widely adopted since the pandemic.

In consumer staples, the Fund's lack of positions in several poorly performing companies contributed to relative returns.

Elsewhere, life sciences and diagnostics company Danaher contributed to relative performance. The company has benefited from a combination of stronger-than-expected COVID-19 tailwinds and a broadening and strengthening of non-COVID-19-related business.

In contrast, stock selection in the consumer discretionary and industrials sectors and an overweighting in the utilities sector detracted from relative performance.

In consumer discretionary, ongoing regulatory issues imposed by the Chinese government continued to pressure the shares of e-commerce giant Alibaba Group Holding (not part of the index; not held at period-end). Results in the sector were also hindered by a position in MercadoLibre (not part of the index). The Latin American online marketplace has seen its stock trending downward since the start of 2021 in spite of strong business momentum in the e-commerce space.

In industrials, data analytics provider Verisk Analytics (not held at period-end) significantly detracted from relative performance as the company faced COVID-19 headwinds in its energy and financials businesses, which weakened margins.

In utilities, clean energy company NextEra Energy (not part of the index) was a relative detractor.

Elsewhere, cloud computing specialist ServiceNow and customer relationship management software company salesforce.com hurt relative performance.

Thank you for your participation in Franklin DynaTech VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,140.90	$4.99	$1,020.14	$4.71	0.94%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

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SUPPLEMENT DATED MARCH 15, 2021
TO THE PROSPECTUSES DATED MAY 1, 2020
FOR FRANKLIN FLEX CAP GROWTH VIP FUND
(a series of Franklin Templeton Variable Insurance Products Trust)

The prospectus is amended as follows:

I. The Board of Trustees recently approved various changes to the Franklin Flex Cap Growth VIP Fund (the "Fund") to be effective on or about May 1, 2021. Among other things, the proposals approved by the Board include changing the name of the Fund to the "Franklin DynaTech VIP Fund," changing the Fund's investment philosophy to focus on equity securities of companies that the investment manager believes are leaders in innovation, take advantage of new technologies, have superior management, and benefit from new industry conditions in the dynamically changing global economy; and reducing the Fund's investment management fee so that the Fund will pay the investment manager fees according to the following fee schedule:

- 0.63% of the value of its net assets up to and including $100 million;
- 0.50% of the value of its net assets over $100 million up to and including $250 million;
- 0.45% of the value of its net assets over $250 million up to and including $7.5 billion;
- 0.44% of the value of its net assets over $7.5 billion up to and including $10 billion;
- 0.43% of the value of its net assets over $10 billion up to and including $12.5 billion;
- 0.42% of the value of its net assets over $12.5 billion up to and including $15 billion;
- 0.40% of the value of its net assets over $15 billion.

Please keep this supplement with your prospectus for future reference.

Financial Highlights

Franklin DynaTech VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$10.92	$8.06	$6.46	$7.46	$5.89	$7.09
Income from investment operations[a]:						
Net investment (loss)[b]	(0.03)	(0.03)	(0.01)	(0.02)	(0.01)	(0.03)
Net realized and unrealized gains (losses)	1.54	3.47	1.99	0.42	1.60	(0.20)
Total from investment operations	1.51	3.44	1.98	0.40	1.59	(0.23)
Less distributions from:						
Net realized gains	(0.78)	(0.58)	(0.38)	(1.40)	(0.02)	(0.97)
Net asset value, end of period	$11.65	$10.92	$8.06	$6.46	$7.46	$5.89
Total return[c]	14.09%	44.88%	31.16%	3.14%	26.94%	(2.89)%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.15%	1.31%	1.33%	1.30%	1.35%	1.36%
Expenses net of waiver and payments by affiliates	0.94%	0.96%[e]	0.96%[e]	0.96%[e]	0.96%	0.96%
Net investment (loss)	(0.61)%	(0.36)%	(0.19)%	(0.20)%	(0.20)%	(0.44)%
Supplemental data						
Net assets, end of period (000's)	$135,240	$125,731	$97,964	$69,233	$81,084	$73,337
Portfolio turnover rate	55.50%	15.70%	26.29%	15.17%	52.12%	17.76%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.

Franklin DynaTech VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$10.40	$7.71	$6.20	$7.21	$5.70	$6.90
Income from investment operations[a]:						
Net investment (loss)[b]	(0.04)	(0.04)	(0.02)	(0.02)	(0.02)	(0.03)
Net realized and unrealized gains (losses)	1.47	3.31	1.91	0.41	1.55	(0.20)
Total from investment operations	1.43	3.27	1.89	0.39	1.53	(0.23)
Less distributions from:						
Net realized gains	(0.78)	(0.58)	(0.38)	(1.40)	(0.02)	(0.97)
Net asset value, end of period	$11.05	$10.40	$7.71	$6.20	$7.21	$5.70
Total return[c]	14.02%	44.71%	31.03%	3.10%	26.78%	(2.98)%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.25%	1.41%	1.43%	1.40%	1.45%	1.46%
Expenses net of waiver and payments by affiliates	1.04%	1.06%[e]	1.06%[e]	1.06%[e]	1.06%	1.06%
Net investment (loss)	(0.71)%	(0.47)%	(0.29)%	(0.30)%	(0.30)%	(0.54)%
Supplemental data						
Net assets, end of period (000's)	$38,872	$38,425	$31,761	$29,681	$30,112	$27,163
Portfolio turnover rate	55.50%	15.70%	26.29%	15.17%	52.12%	17.76%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments (unaudited), June 30, 2021

Franklin DynaTech VIP Fund

	Country	Shares	Value
Common Stocks 98.9%			
Aerospace & Defense 0.4%			
[a]Axon Enterprise, Inc.	United States	3,270	$578,136
[a]TransDigm Group, Inc.	United States	242	156,644
			734,780
Automobiles 1.6%			
[a]Tesla, Inc.	United States	4,123	2,802,403
Banks 0.3%			
[a]SVB Financial Group	United States	844	469,627
Biotechnology 1.5%			
[a,b]Applied Molecular Transport, Inc.	United States	4,024	184,058
[a]Argenx SE	Netherlands	1,992	601,068
[a]BioNTech SE, ADR	Germany	1,301	291,268
[a]Intellia Therapeutics, Inc.	United States	1,760	284,961
[a]Moderna, Inc.	United States	2,252	529,175
[a]Natera, Inc.	United States	6,609	750,320
			2,640,850
Capital Markets 2.1%			
Moody's Corp.	United States	1,669	604,795
MSCI, Inc.	United States	3,300	1,759,164
Tradeweb Markets, Inc., A	United States	14,844	1,255,209
			3,619,168
Commercial Services & Supplies 0.0%†			
[a]ACV Auctions, Inc., A	United States	500	12,815
Consumer Finance 0.0%†			
[a]Upstart Holdings, Inc.	United States	191	23,856
Diversified Consumer Services 0.3%			
[a]Chegg, Inc.	United States	7,318	608,199
Electric Utilities 0.6%			
NextEra Energy, Inc.	United States	13,433	984,370
Electronic Equipment, Instruments & Components 1.0%			
Amphenol Corp., A	United States	7,854	537,292
Keyence Corp.	Japan	1,139	573,679
[a]Keysight Technologies, Inc.	United States	1,373	212,005
[a]Zebra Technologies Corp., A	United States	830	439,476
			1,762,452
Entertainment 4.2%			
Activision Blizzard, Inc.	United States	5,718	545,726
[a]Netflix, Inc.	United States	1,190	628,570
Nintendo Co. Ltd.	Japan	976	564,835
[a]ROBLOX Corp., A	United States	12,162	1,094,337
[a]Sea Ltd., ADR	Taiwan	16,492	4,528,703
			7,362,171
Equity Real Estate Investment Trusts (REITs) 1.1%			
Crown Castle International Corp.	United States	3,321	647,927
Equinix, Inc.	United States	488	391,669
SBA Communications Corp.	United States	2,646	843,280
			1,882,876
Food Products 0.0%†			
[a]Oatly Group AB, ADR	United States	400	9,784

Franklin DynaTech VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Health Care Equipment & Supplies 6.3%			
Abbott Laboratories	United States	9,910	$1,148,866
[a]CryoPort, Inc.	United States	1,752	110,551
Danaher Corp.	United States	9,636	2,585,917
[a]DexCom, Inc.	United States	642	274,134
[a]Edwards Lifesciences Corp.	United States	7,959	824,314
[a]IDEXX Laboratories, Inc.	United States	4,164	2,629,774
[a]Inari Medical, Inc.	United States	5,495	512,574
[a]Intuitive Surgical, Inc.	United States	1,550	1,425,442
STERIS plc	United States	3,289	678,521
Stryker Corp.	United States	3,272	849,836
			11,039,929
Health Care Providers & Services 0.8%			
[a]Accolade, Inc.	United States	600	32,586
[a]Guardant Health, Inc.	United States	4,262	529,298
[a]LifeStance Health Group, Inc.	United States	7,700	214,522
UnitedHealth Group, Inc.	United States	1,326	530,983
			1,307,389
Health Care Technology 1.8%			
[a]Doximity, Inc., A	United States	800	46,560
[a]Inspire Medical Systems, Inc.	United States	4,955	957,603
[a]Veeva Systems, Inc., A	United States	6,612	2,056,002
			3,060,165
Hotels, Restaurants & Leisure 0.5%			
[a]Airbnb, Inc., A	United States	1,130	173,048
[a]Booking Holdings, Inc.	United States	328	717,694
			890,742
Industrial Conglomerates 0.4%			
Roper Technologies, Inc.	United States	1,332	626,306
Interactive Media & Services 9.5%			
[a]Adevinta ASA	France	6,283	120,536
[a]Alphabet, Inc., A	United States	1,687	4,119,300
[a]Alphabet, Inc., C	United States	416	1,042,629
[a]Facebook, Inc., A	United States	13,643	4,743,808
[a]Match Group, Inc.	United States	6,138	989,752
[a]Pinterest, Inc., A	United States	16,435	1,297,543
[a]Snap, Inc., A	United States	16,575	1,129,420
Tencent Holdings Ltd.	China	32,966	2,482,077
[a,c]Trustpilot Group plc, 144A, Reg S	United Kingdom	11,374	53,719
[a]ZoomInfo Technologies, Inc., A	United States	11,635	606,998
			16,585,782
Internet & Direct Marketing Retail 10.7%			
[a]Amazon.com, Inc.	United States	3,302	11,359,408
[a]Chewy, Inc., A	United States	13,268	1,057,592
[a,c]Delivery Hero SE, 144A, Reg S	Saudi Arabia	4,619	610,342
[a]DoorDash, Inc., A	United States	265	47,258
[a]Fiverr International Ltd.	Israel	6,593	1,598,737
[a,c]Meituan Dianping, B, 144A, Reg S	China	6,400	264,006
[a]MercadoLibre, Inc.	Argentina	1,977	3,079,751
[a]Ozon Holdings plc, ADR	Russia	797	46,720
[a]THG plc	United Kingdom	13,398	113,062
[a,c]Zalando SE, 144A, Reg S	Germany	3,321	401,675
			18,578,551

Franklin DynaTech VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
IT Services 15.7%			
[a,c]Adyen NV, 144A, Reg S	Netherlands	1,320	$3,237,350
[a]Afterpay Ltd.	Australia	3,981	353,284
[a]EPAM Systems, Inc.	United States	2,310	1,180,317
[a]Globant SA	United States	1,658	363,400
[a]Marqeta, Inc., A.	United States	6,300	176,841
Mastercard, Inc., A	United States	6,575	2,400,467
[a]MongoDB, Inc.	United States	1,666	602,292
[a,c]Nuvei Corp., 144A, Reg S	Canada	3,880	320,100
[a]Okta, Inc.	United States	2,328	569,615
[a]Paymentus Holdings, Inc., A	United States	2,800	99,400
[a]PayPal Holdings, Inc.	United States	16,227	4,729,846
[a]Shopify, Inc., A	Canada	3,298	4,822,622
[a]Snowflake, Inc., A	United States	1,355	327,639
[a]Square, Inc., A	United States	10,531	2,567,458
[a]Twilio, Inc., A.	United States	6,605	2,603,427
Visa, Inc., A.	United States	8,562	2,001,967
[a]Wix.com Ltd.	Israel	3,321	964,020
			27,320,045
Life Sciences Tools & Services 5.5%			
[a]10X Genomics, Inc., A.	United States	3,760	736,283
[a]Bio-Rad Laboratories, Inc., A.	United States	861	554,734
Bio-Techne Corp.	United States	810	364,711
[a]Evotec SE.	Germany	3,162	143,452
[a]Illumina, Inc.	United States	2,615	1,237,444
Lonza Group AG	Switzerland	1,657	1,174,741
[a]Maravai LifeSciences Holdings, Inc., A	United States	6,150	256,640
[a]Olink Holding AB, ADR	Sweden	500	17,210
[a]Repligen Corp.	United States	5,308	1,059,583
Thermo Fisher Scientific, Inc.	United States	4,421	2,230,262
[a,c]Wuxi Biologics Cayman, Inc., 144A, Reg S	China	98,000	1,794,397
			9,569,457
Media 0.8%			
[a]Charter Communications, Inc., A	United States	892	643,533
[a]Liberty Broadband Corp., A	United States	4,926	828,406
			1,471,939
Pharmaceuticals 1.0%			
[a]Catalent, Inc.	United States	9,845	1,064,441
Zoetis, Inc.	United States	3,247	605,111
			1,669,552
Professional Services 0.6%			
[a]CoStar Group, Inc.	United States	13,150	1,089,083
Road & Rail 0.5%			
[a]DiDi Global, Inc., ADR.	China	14,400	203,616
[a,b]TuSimple Holdings, Inc., A.	United States	1,200	85,488
[a]Uber Technologies, Inc.	United States	10,561	529,317
			818,421
Semiconductors & Semiconductor Equipment 8.8%			
[a]Alphawave IP Group plc	United Kingdom	17,100	85,162
Analog Devices, Inc.	United States	6,172	1,062,572
ASML Holding NV, NYRS	Netherlands	3,813	2,634,173
[a]Enphase Energy, Inc.	United States	350	64,270
Entegris, Inc.	United States	5,138	631,820
Infineon Technologies AG	Germany	1,631	65,610

Franklin DynaTech VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Semiconductors & Semiconductor Equipment (continued)			
Intel Corp.	United States	4,883	$274,132
KLA Corp.	United States	2,096	679,544
Lam Research Corp.	United States	3,303	2,149,262
Monolithic Power Systems, Inc.	United States	3,292	1,229,397
NVIDIA Corp.	United States	6,483	5,187,048
Taiwan Semiconductor Manufacturing Co. Ltd., ADR	Taiwan	5,379	646,341
Teradyne, Inc.	United States	3,831	513,201
Texas Instruments, Inc.	United States	457	87,881
			15,310,413
Software 21.4%			
[a]Adobe, Inc.	United States	3,966	2,322,648
[a]ANSYS, Inc.	United States	2,719	943,656
[a]Aspen Technology, Inc.	United States	1,263	173,713
[a]Atlassian Corp. plc, A	United States	6,609	1,697,588
[a]Autodesk, Inc.	United States	3,793	1,107,177
[a]Avalara, Inc.	United States	6,065	981,317
Bentley Systems, Inc., B	United States	1,400	90,692
[a]Bill.com Holdings, Inc.	United States	1,282	234,837
[a]Cadence Design Systems, Inc.	United States	7,902	1,081,152
[a]Cerence, Inc.	United States	9,943	1,061,017
[a]Coupa Software, Inc.	United States	1,693	443,752
[a]Crowdstrike Holdings, Inc., A	United States	5,073	1,274,896
[a]Datadog, Inc., A	United States	6,551	681,828
[a]DocuSign, Inc.	United States	9,563	2,673,528
[a]DoubleVerify Holdings, Inc.	United States	1,900	80,446
[a]Five9, Inc.	United States	2,367	434,084
[a]Fortinet, Inc.	United States	13	3,096
[a]HubSpot, Inc.	United States	4,486	2,614,082
Intuit, Inc.	United States	6,545	3,208,163
[a]Lightspeed POS, Inc.	Canada	1,418	118,667
[a]Lightspeed POS, Inc.	Canada	700	58,527
Microsoft Corp.	United States	19,792	5,361,653
[a]Monday.com Ltd.	United States	900	201,231
[a]Palo Alto Networks, Inc.	United States	46	17,068
[a,b]Procore Technologies, Inc.	United States	1,313	124,669
[a]Q2 Holdings, Inc.	United States	2,729	279,941
[a]RingCentral, Inc., A	United States	1,652	480,038
[a]salesforce.com, Inc.	United States	6,601	1,612,426
[a]SentinelOne, Inc., A	United States	3,000	127,500
[a]ServiceNow, Inc.	United States	6,593	3,623,183
[a]Sprinklr, Inc., A	United States	7,400	152,366
[a]Synopsys, Inc.	United States	6,319	1,742,717
[a]Tyler Technologies, Inc.	United States	1,439	650,960
[a]UiPath, Inc., A	United States	1,800	122,274
[a]Workday, Inc., A	United States	3,613	862,568
[a]Xero Ltd.	New Zealand	1,296	133,280
[a]Zendesk, Inc.	United States	3,505	505,912
			37,282,652
Specialty Retail 0.7%			
[a,c]Auto1 Group SE, 144A, Reg S	Germany	582	25,571
[a]Carvana Co.	United States	3,939	1,188,869
			1,214,440

Franklin DynaTech VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Technology Hardware, Storage & Peripherals 0.8%			
Apple, Inc.	United States	10,560	$1,446,298
Total Common Stocks (Cost $108,274,126)			**172,194,515**

Short Term Investments 1.6%

	Country	Shares	Value
Money Market Funds 1.4%			
[d,e]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	2,484,061	2,484,061
Total Money Market Funds (Cost $2,484,061)			**2,484,061**
[f]**Investments from Cash Collateral Received for Loaned Securities 0.2%**			
Money Market Funds 0.2%			
[d,e]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	365,920	365,920
Total Investments from Cash Collateral Received for Loaned Securities (Cost $365,920)			**365,920**
Total Short Term Investments (Cost $2,849,981)			**2,849,981**
Total Investments (Cost $111,124,107) 100.5%			**$175,044,496**
Other Assets, less Liabilities (0.5)%			**(932,609)**
Net Assets 100.0%			**$174,111,887**

See Abbreviations on page FD-24.

[†] Rounds to less than 0.1% of net assets.
[a] Non-income producing.
[b] A portion or all of the security is on loan at June 30, 2021. See Note 1(b).
[c] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $6,707,160, representing 3.9% of net assets.
[d] See Note 3(e) regarding investments in affiliated management investment companies.
[e] The rate shown is the annualized seven-day effective yield at period end.
[f] See Note 1(b) regarding securities on loan.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin DynaTech VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$108,274,126
Cost - Non-controlled affiliates (Note 3e)	2,849,981
Value - Unaffiliated issuers (Includes securities loaned of $366,116)	$172,194,515
Value - Non-controlled affiliates (Note 3e)	2,849,981
Cash	1,128
Foreign currency, at value (cost $11,338)	11,252
Receivables:	
Investment securities sold	135,238
Capital shares sold	160,001
Dividends	19,553
Total assets	175,371,668
Liabilities:	
Payables:	
Investment securities purchased	596,973
Capital shares redeemed	142,551
Management fees	78,569
Distribution fees	37,243
Payable upon return of securities loaned (Note 1b)	365,920
Accrued expenses and other liabilities	38,525
Total liabilities	1,259,781
Net assets, at value	$174,111,887
Net assets consist of:	
Paid-in capital	$53,207,662
Total distributable earnings (losses)	120,904,225
Net assets, at value	$174,111,887

	Franklin DynaTech VIP Fund
Class 2:	
Net assets, at value	$135,239,531
Shares outstanding	11,610,167
Net asset value and maximum offering price per share	$11.65
Class 4:	
Net assets, at value	$38,872,356
Shares outstanding	3,518,599
Net asset value and maximum offering price per share	$11.05

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin DynaTech VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $2,012)	
Unaffiliated issuers	$263,431
Non-controlled affiliates (Note 3e)	99
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	4,919
Non-controlled affiliates (Note 3e)	16
Total investment income	268,465
Expenses:	
Management fees (Note 3a)	673,411
Distribution fees: (Note 3c)	
Class 2	155,718
Class 4	64,677
Custodian fees (Note 4)	579
Reports to shareholders	23,979
Professional fees	28,524
Trustees' fees and expenses	779
Other	3,840
Total expenses	951,507
Expenses waived/paid by affiliates (Note 3e and 3f)	(172,928)
Net expenses	778,579
Net investment income (loss)	(510,114)
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	57,598,179
Foreign currency transactions	(6,008)
Net realized gain (loss)	57,592,171
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(35,276,359)
Translation of other assets and liabilities denominated in foreign currencies	366
Net change in unrealized appreciation (depreciation)	(35,275,993)
Net realized and unrealized gain (loss)	22,316,178
Net increase (decrease) in net assets resulting from operations	$21,806,064

Statements of Changes in Net Assets

	Franklin DynaTech VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss)	$(510,114)	$(528,553)
Net realized gain (loss)	57,592,171	10,941,529
Net change in unrealized appreciation (depreciation)	(35,275,993)	38,261,628
Net increase (decrease) in net assets resulting from operations	21,806,064	48,674,604
Distributions to shareholders:		
Class 2	(8,441,222)	(6,270,140)
Class 4	(2,584,190)	(2,134,830)
Total distributions to shareholders	(11,025,412)	(8,404,970)
Capital share transactions: (Note 2)		
Class 2	1,089,124	(2,125,752)
Class 4	(1,914,319)	(3,712,359)
Total capital share transactions	(825,195)	(5,838,111)
Net increase (decrease) in net assets	9,955,457	34,431,523
Net assets:		
Beginning of period	164,156,430	129,724,907
End of period	$174,111,887	$164,156,430

Notes To Financial Statements (unaudited)

Franklin DynaTech 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). Franklin DynaTech 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 two classes of shares: 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.

Effective May 1, 2021, Franklin Flex Cap Growth VIP Fund was renamed Franklin DynaTech VIP Fund.

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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

Franklin DynaTech VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

b. Securities Lending

The Fund Participates in an agency based securities lending program to earn additional income. The Fund receives cash collateral against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. The collateral is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to the collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

c. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

d. 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. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

Franklin DynaTech VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

e. 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.

f. 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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 2 Shares:				
Shares sold	749,729	$8,405,664	4,213,499	$37,146,503
Shares issued in reinvestment of distributions	761,156	8,441,222	752,718	6,270,140
Shares redeemed	(1,417,906)	(15,757,762)	(5,601,791)	(45,542,395)
Net increase (decrease)	92,979	$1,089,124	(635,574)	$(2,125,752)
Class 4 Shares:				
Shares sold	223,528	$2,401,431	656,101	$5,754,240
Shares issued in reinvestment of distributions	245,645	2,584,190	268,870	2,134,830
Shares redeemed	(646,697)	(6,899,940)	(1,349,107)	(11,601,429)
Net increase (decrease)	(177,524)	$(1,914,319)	(424,136)	$(3,712,359)

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 Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

Franklin DynaTech VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees

Effective May 1, 2021, 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
0.630%	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

Prior to May 1, 2021, the Fund paid fees to Advisers based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
1.000%	Up to and including $100 million
0.900%	Over $100 million, up to and including $250 million
0.850%	Over $250 million, up to and including $10 billion
0.800%	Over $10 billion, up to and including $12.5 billion
0.775%	Over $12.5 billion, up to and including $15 billion
0.750%	In excess of $15 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.832% 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 a distribution plan 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 0.35% per year of its average daily net asset of Class 2 and Class 4, respectively. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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. As defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund’s outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not

Franklin DynaTech VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin DynaTech VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$3,334,677	$21,547,650	$(22,398,266)	$—	$—	$2,484,061	2,484,061	$99
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$466,550	$6,914,616	$(7,015,246)	$—	$—	$365,920	365,920	$16
Total Affiliated Securities	$3,801,227	$28,462,266	$(29,413,512)	$—	$—	$2,849,981		$115

f. Waiver and Expense Reimbursements

Advisers have contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding distribution fees and acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund does not exceed 0.71% based on the average net assets of each class until April 30, 2022. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund’s custodian expenses. During the period ended June 30, 2021, there were no credits earned.

5. Income Taxes

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$111,222,474
Unrealized appreciation.	$64,798,251
Unrealized depreciation.	(976,229)
Net unrealized appreciation (depreciation)	$63,822,022

Franklin DynaTech VIP Fund (continued)

5. Income Taxes (continued)

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

6. Investment Transactions

Purchases and sales (excluding short term securities) for the period ended June 30, 2021, aggregated $89,443,078 and $100,451,982, respectively.

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $365,920 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

8. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

9. 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.

Franklin DynaTech VIP Fund (continued)

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin DynaTech VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$734,780	$—	$—	$734,780
Automobiles	2,802,403	—	—	2,802,403
Banks	469,627	—	—	469,627
Biotechnology	2,039,782	601,068	—	2,640,850
Capital Markets	3,619,168	—	—	3,619,168
Commercial Services & Supplies	12,815	—	—	12,815
Consumer Finance	23,856	—	—	23,856
Diversified Consumer Services	608,199	—	—	608,199
Electric Utilities	984,370	—	—	984,370
Electronic Equipment, Instruments & Components	1,188,773	573,679	—	1,762,452
Entertainment	6,797,336	564,835	—	7,362,171
Equity Real Estate Investment Trusts (REITs)	1,882,876	—	—	1,882,876
Food Products	9,784	—	—	9,784
Health Care Equipment & Supplies	11,039,929	—	—	11,039,929
Health Care Providers & Services	1,307,389	—	—	1,307,389
Health Care Technology	3,060,165	—	—	3,060,165
Hotels, Restaurants & Leisure	890,742	—	—	890,742
Industrial Conglomerates	626,306	—	—	626,306
Interactive Media & Services	13,983,169	2,602,613	—	16,585,782
Internet & Direct Marketing Retail	17,302,528	1,276,023	—	18,578,551
IT Services	23,729,411	3,590,634	—	27,320,045
Life Sciences Tools & Services	6,456,867	3,112,590	—	9,569,457
Media	1,471,939	—	—	1,471,939
Pharmaceuticals	1,669,552	—	—	1,669,552
Professional Services	1,089,083	—	—	1,089,083
Road & Rail	818,421	—	—	818,421
Semiconductors & Semiconductor Equipment	15,244,803	65,610	—	15,310,413
Software	37,149,372	133,280	—	37,282,652
Specialty Retail	1,214,440	—	—	1,214,440
Technology Hardware, Storage & Peripherals	1,446,298	—	—	1,446,298
Short Term Investments	2,849,981	—	—	2,849,981
Total Investments in Securities	$162,524,164	$12,520,332[a]	$—	$175,044,496

[a] Includes foreign securities valued at $12,520,332, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

Franklin DynaTech VIP Fund (continued)

11. 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.

Abbreviations

Selected Portfolio	
ADR	American Depositary Receipt
NYRS	New York Registry Shares

Franklin Global Real Estate VIP Fund

This semiannual report for Franklin Global Real Estate VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +15.18% total return* for the six-month period ended June 30, 2021.
*The Fund has an expense reduction contractually guaranteed through 4/30/22. Fund investment results reflect the expense reduction; without this reduction, the results would have been lower.

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

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

Franklin Global Real Estate VIP Fund

Fund Goal and Main Investments

The Fund seeks high total return. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of companies located anywhere in the world that operate in the real estate sector, including: real estate investment trusts (REITs) and similar REIT-like entities domiciled outside the U.S.; companies qualifying under U.S. federal tax law as REITs; and companies that derive at least half of their assets or revenues from the ownership, management, development or sale of residential or commercial real estate (such as real estate operating or service companies).

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund concentrates in real estate securities, which involve special risks, such as declines in the value of real estate and increased susceptibility to adverse economic or regulatory developments affecting the sector. The Fund's investments in REITs involve additional risks; since REITs typically are invested in a limited number of projects or in a particular market segment, they are more susceptible to adverse developments affecting a single project or market segment than more broadly diversified investments. Foreign investing, especially in emerging markets, involves additional risks such as currency and market volatility, as well as political and social instability. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the FTSE® EPRA®/NAREIT® Developed Index posted a +16.11% total return for the same period.[1]

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI All Country World Index-NR, posted a +12.30% total return for the six months ended June 30, 2021.[1] Global equities benefited from monetary and fiscal stimulus measures, rebounding economic activity and easing novel coronavirus (COVID-19) pandemic restrictions in many regions. The implementation of vaccination programs and additional fiscal stimulus measures led many equity markets to reach new all-time price highs.

Portfolio Composition
6/30/21

	% of Total Net Assets
Equity Real Estate Investment Trusts (REITs)	78.6%
Real Estate Management & Development	18.8%
Other	0.8%
Short-Term Investments & Other Net Assets	1.8%

In the U.S., the economy continued to recover and equities rallied amid an accommodative monetary policy, additional fiscal stimulus measures and ongoing vaccination programs. The lifting of many COVID-19 restrictions and strong consumer spending also supported the economy. Gross domestic product (GDP) growth accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels. The rebound in corporate earnings and progress toward a bipartisan infrastructure plan further bolstered investor sentiment. The U.S. Federal Reserve kept the federal funds target rate at a record-low range of 0.00%–0.25% and continued its program of open-ended bond purchases to help keep markets functioning.

The economic recovery in the eurozone was relatively weak, as quarter-over-quarter GDP growth contracted during 2021's first quarter. GDP growth rates were mostly negative among the region's largest economies amid renewed lockdowns, delays in COVID-19 vaccine distribution and weak consumer spending. Nevertheless, optimism that successful vaccine programs would lift global growth helped European developed market equities, as measured by the MSCI Europe Index-NR, to post a +11.80% total return for the six months under review.[1]

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR, posted a +4.54% total return for the six-month period.[1] The region's economic recovery was pressured by weak domestic demand, most notably in China, despite improvement in manufacturing and exports. Asian equity markets experienced volatility near period-end due to inflation concerns, rising COVID-19 infection rates in many countries, especially India, and renewed lockdowns.

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).

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR, posted a +7.45% total return for the six months under review.[1] The recovery in oil and industrial metals prices supported global emerging market equities. Late in the period, higher COVID-19 cases in some countries, limited vaccine rollouts and concerns about rising interest rates and inflation amid higher commodity prices dampened investor enthusiasm in global emerging market equities.

Investment Strategy

We seek to limit price volatility by investing across markets and property types. When selecting investments for the Fund's portfolio, we apply a "bottom-up" stock selection process that incorporates macro-level views in the evaluation process. Our portfolio construction process combines bottom-up analysis of individual stock and real estate market fundamentals and top-down macro overlays to provide country/regional, property type and company size perspectives in identifying international/local cyclical and thematic trends that highlight investment opportunities.

Manager's Discussion

During the six months under review, the Fund's performance relative to the FTSE EPRA/NAREIT Developed Index was supported by stock selection in the healthcare property sector and an underweighting and stock selection in the diversified sector. The positive effects from both these sectors came almost exclusively from a lack of exposure to stocks that underperformed a real estate market that advanced strongly during the period.

An underweighting in the retail property sector also helped relative performance. Contributors included Regency Centers, an owner of mostly grocery-anchored shopping centers located in affluent and densely populated trade areas across the U.S. Like many other retail landlords, Regency was severely impacted by the government mandated lockdowns and restrictions relating to the COVID-19 pandemic. The announcement of the vaccine and rollout plans produced a dramatic shift in sentiment about the economic recovery and brought a better fundamental outlook for Regency's business. Accordingly, we increased our position in the company during the first half of 2021. The company's first-quarter 2021 results highlighted solid leasing activity and reductions in bad debt while the improved outlook was evidenced by a material increase to its full-year 2021 guidance. SmartCentres (not held at period-end), a REIT which owns approximately 150 predominantly Walmart-anchored shopping centers across Canada, also contributed. Amid the broader challenges facing retail real estate as a consequence of COVID-19, such as prolonged store closures and reduced rent collections, SmartCentres' operating metrics held up relatively well owing to the company' suburban footprint and defensive tenant line-up, namely its high concentration of essential service tenants. Recent results highlight the relative stability with stable rent collections and portfolio occupancy remaining at the 97% level.

Top 10 Countries
6/30/21

	% of Total Net Assets
United States	55.8%
Japan	10.5%
United Kingdom	6.0%
Germany	5.2%
Hong Kong	4.1%
Australia	3.8%
Singapore	3.1%
Canada	2.7%
Sweden	2.0%
Spain	1.7%

Other individual contributors to relative performance included American Homes 4 Rent, an owner, operator and developer of single-family rental housing across the U.S. With a portfolio of approximately 54,000 homes mostly in the Southeastern and Southwestern regions of the country, the company has continued to benefit from demographic shifts driving increased demand for single-family rentals versus a backdrop of sustained under-production of detached houses dating back to the Global Financial Crisis. The COVID-19 pandemic has accelerated such demand trends (namely migration from urban and apartment living), with the company experiencing record strength in operating metrics as evidenced by portfolio occupancy rising to nearly 98% and double-digit new lease rent spreads achieved thus far in 2021.

Conversely, stock selection in the office space sector detracted from relative performance during the period. Performance in the sector was hurt by Alexandria Real Estate Equities, a developer, owner and operator of life science office and lab clusters in the U.S. This specific focus on life science minimized concern about risks to cash collections, occupancy and rental rates through the depths of the pandemic, driving significant outperformance. As concern about the pandemic shifted into optimism around reopening over the past six months, however, this relative stability became a drag as the company had little negative impact

from which to recover. Despite the recent underperformance, we remain positively biased to Alexandria because the company's unique cluster model minimizes competitive supply risk, leading to what we view as stable occupancy and industry-leading leasing economics which drives sustainable cash flow growth.

An underweighting in the regional malls sector also hurt relative performance. Significant detractors included our underweighted position in Simon Property Group. Simon is one of the largest owners of retail real estate in the world, primarily regional malls in the U.S. Despite possessing a relatively high-quality portfolio and a better balance sheet than most of its shopping mall peers, we have maintained an underweight to Simon as we see the outlook for their assets as challenged, amid increasing e-commerce adoption. The emergence of COVID-19 only served to accelerate such trends, in addition to hampering rent collecting ability due to the store closures. However, the arrival of positive vaccine news in November 2020 sparked a significant rotation into value stocks and reopening themes which benefited Simon, leading to share price outperformance over the period. Nevertheless, we maintain a less-favorable view of the firm's long-term prospects and anticipate a long road of rent and valuation declines in the years ahead.

An underweighting in the storage property sector and stock selection in the industrial property sector hurt relative results as well. In industrial property, detractors included Singaporean industrial REIT Mapletree Logistics Trust, which owns and operates industrial warehouses and logistics facilities across the Asia Pacific region. The sudden, significant shift to e-commerce consumption made industrial/logistics one of the beneficiaries of the pandemic, and while demand remains very robust as the pandemic ebbs, the subsector does not have any tailwinds from economic reopenings. Moreover, like most industrial/logistics REITs globally, the company trades at a healthy premium to net asset value, making it a common source of funds for reopening-focused trades. Despite the recent underperformance, we remain favorably biased to industrial real estate globally given strong secular trends favoring demand growth and limiting supply availability.

Thank you for your participation in Franklin Global Real Estate VIP Fund. We look forward to serving your future investment needs.

Top 10 Holdings
6/30/21

Company *Industry, Country*	% of Total Net Assets
Prologis, Inc. *Equity Real Estate Investment Trusts (REITs), United States*	5.9%
Vonovia SE *Real Estate Management & Development, Germany*	3.2%
AvalonBay Communities, Inc. *Equity Real Estate Investment Trusts (REITs), United States*	3.1%
Equinix, Inc. *Equity Real Estate Investment Trusts (REITs), United States*	3.0%
Public Storage *Equity Real Estate Investment Trusts (REITs), United States*	2.8%
Welltower, Inc. *Equity Real Estate Investment Trusts (REITs), United States*	2.7%
Healthpeak Properties, Inc. *Equity Real Estate Investment Trusts (REITs), United States*	2.7%
Alexandria Real Estate Equities, Inc. *Equity Real Estate Investment Trusts (REITs), United States*	2.5%
UDR, Inc. *Equity Real Estate Investment Trusts (REITs), United States*	2.5%
Segro plc *Equity Real Estate Investment Trusts (REITs), United Kingdom*	2.4%

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,151.80	$6.66	$1,018.60	$6.25	1.25%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Franklin Global Real Estate VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.66	$17.99	$15.41	$16.96	$15.83	$15.93
Income from investment operations[a]:						
Net investment income[b]	0.16	0.39	0.29	0.33	0.17	0.30[c]
Net realized and unrealized gains (losses)	2.11	(1.59)	3.15	(1.41)	1.52	(0.16)
Total from investment operations	2.27	(1.20)	3.44	(1.08)	1.69	0.14
Less distributions from:						
Net investment income	(0.18)	(0.54)	(0.50)	(0.47)	(0.56)	(0.24)
Net realized gains	(0.37)	(1.59)	(0.36)	—	—	—
Total distributions	(0.55)	(2.13)	(0.86)	(0.47)	(0.56)	(0.24)
Net asset value, end of period	$16.38	$14.66	$17.99	$15.41	$16.96	$15.83
Total return[d]	15.29%	(5.17)%	22.62%	(6.52)%	10.76%	0.81%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	1.15%	1.24%	1.14%	1.15%	1.14%	1.11%
Expenses net of waiver and payments by affiliates	1.00%	1.00%[f]	1.04%[f]	1.15%[f]	1.14%[g]	1.11%[g]
Net investment income	2.09%	2.73%	1.66%	1.92%	1.04%	1.99%[c]
Supplemental data						
Net assets, end of period (000's)	$911	$966	$1,057	$878	$819	$821
Portfolio turnover rate	15.87%	23.01%	28.34%	17.78%	22.18%	28.53%[h]

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.06 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.59%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[h]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Global Real Estate VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.21	$17.50	$15.00	$16.52	$15.42	$15.52
Income from investment operations[a]:						
Net investment income[b]	0.14	0.35	0.24	0.27	0.13	0.28[c]
Net realized and unrealized gains (losses)	2.03	(1.56)	3.08	(1.36)	1.47	(0.19)
Total from investment operations	2.17	(1.21)	3.32	(1.09)	1.60	0.09
Less distributions from:						
Net investment income	(0.14)	(0.49)	(0.46)	(0.43)	(0.50)	(0.19)
Net realized gains	(0.37)	(1.59)	(0.36)	—	—	—
Total distributions	(0.51)	(2.08)	(0.82)	(0.43)	(0.50)	(0.19)
Net asset value, end of period	$15.87	$14.21	$17.50	$15.00	$16.52	$15.42
Total return[d]	15.18%	(5.39)%	22.37%	(6.77)%	10.47%	0.54%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	1.39%	1.48%	1.39%	1.40%	1.39%	1.36%
Expenses net of waiver and payments by affiliates	1.25%	1.25%[f]	1.29%[f]	1.40%[f]	1.39%[g]	1.36%[g]
Net investment income	1.85%	2.47%	1.41%	1.67%	0.79%	1.74%[c]
Supplemental data						
Net assets, end of period (000's)	$146,478	$134,051	$159,153	$146,408	$183,532	$193,707
Portfolio turnover rate	15.87%	23.01%	28.34%	17.78%	22.18%	28.53%[h]

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.06 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.34%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[h]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Statement of Investments (unaudited), June 30, 2021

Franklin Global Real Estate VIP Fund

	Country	Shares	Value
Common Stocks 98.2%			
Diversified Telecommunication Services 0.8%			
[a]Cellnex Telecom SA, 144A, Reg S	Spain	19,502	$1,243,967
Equity Real Estate Investment Trusts (REITs) 78.6%			
Aedifica SA	Belgium	8,598	1,135,908
Alexandria Real Estate Equities, Inc.	United States	20,412	3,713,759
Allied Properties Real Estate Investment Trust	Canada	30,168	1,096,244
American Homes 4 Rent, A	United States	85,407	3,318,062
Americold Realty Trust	United States	32,340	1,224,069
AvalonBay Communities, Inc.	United States	21,556	4,498,522
Boston Properties, Inc.	United States	10,858	1,244,218
Broadstone Net Lease, Inc.	United States	62,698	1,467,760
Camden Property Trust	United States	25,582	3,393,964
Canadian Apartment Properties REIT	Canada	49,994	2,343,740
[b]Capital & Counties Properties plc	United Kingdom	210,568	470,468
CapitaLand Integrated Commercial Trust	Singapore	814,766	1,268,478
City Office REIT, Inc.	United States	32,662	405,989
Cousins Properties, Inc.	United States	64,046	2,355,612
CyrusOne, Inc.	United States	16,723	1,196,029
Derwent London plc	United Kingdom	32,944	1,511,220
Dexus	Australia	235,090	1,873,696
Douglas Emmett, Inc.	United States	13,170	442,775
Equinix, Inc.	United States	5,521	4,431,155
Equity LifeStyle Properties, Inc.	United States	38,769	2,880,924
Gecina SA	France	12,802	1,961,582
GLP J-Reit	Japan	921	1,588,546
Goodman Group	Australia	172,218	2,724,922
GPT Group (The)	Australia	279,335	1,021,643
H&R Real Estate Investment Trust	Canada	45,094	581,975
Healthcare Realty Trust, Inc.	United States	42,682	1,288,996
Healthpeak Properties, Inc.	United States	118,506	3,945,065
[b]Host Hotels & Resorts, Inc.	United States	99,586	1,701,925
Hulic Reit, Inc.	Japan	729	1,227,055
Ichigo Office REIT Investment Corp.	Japan	922	818,961
[c]Inmobiliaria Colonial Socimi SA	Spain	124,180	1,254,216
Japan Hotel REIT Investment Corp.	Japan	1,153	690,365
Kenedix Office Investment Corp.	Japan	217	1,528,424
Kilroy Realty Corp.	United States	24,904	1,734,315
Life Storage, Inc.	United States	10,147	1,089,280
Link REIT	Hong Kong	128,016	1,238,590
Mapletree Logistics Trust	Singapore	966,591	1,477,597
MGM Growth Properties LLC, A	United States	44,163	1,617,249
NETSTREIT Corp.	United States	32,315	745,184
NTT UD REIT Investment Corp.	Japan	822	1,213,676
Orix JREIT, Inc.	Japan	726	1,393,838
Prologis, Inc.	United States	72,949	8,719,594
Public Storage	United States	13,900	4,179,591
Realty Income Corp.	United States	51,695	3,450,124
Regency Centers Corp.	United States	47,678	3,054,729
Rexford Industrial Realty, Inc.	United States	48,472	2,760,480
RPT Realty	United States	50,107	650,389
[b]Ryman Hospitality Properties, Inc.	United States	15,182	1,198,771
SBA Communications Corp.	United States	4,191	1,335,672
Segro plc	United Kingdom	230,993	3,497,090
Simon Property Group, Inc.	United States	18,620	2,429,538
Spirit Realty Capital, Inc.	United States	53,535	2,561,114
Terreno Realty Corp.	United States	23,528	1,518,027
UDR, Inc.	United States	74,490	3,648,520
UNITE Group plc (The)	United Kingdom	110,575	1,642,892

Franklin Global Real Estate VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Equity Real Estate Investment Trusts (REITs) (continued)			
Welltower, Inc.	United States	48,456	$4,026,694
			115,789,221
Real Estate Management & Development 18.8%			
[c]Aroundtown SA	Germany	202,748	1,582,021
CapitaLand Ltd.	Singapore	652,181	1,801,407
[a,b]CTP NV, 144A, Reg S	Netherlands	40,772	822,928
Fabege AB	Sweden	81,751	1,310,971
[b]Fastighets AB Balder, B.	Sweden	26,914	1,687,297
Grainger plc	United Kingdom	442,430	1,743,804
Hang Lung Properties Ltd.	Hong Kong	364,000	882,799
LEG Immobilien SE	Germany	8,915	1,283,483
Mitsubishi Estate Co. Ltd.	Japan	145,920	2,358,802
Mitsui Fudosan Co. Ltd.	Japan	148,642	3,437,458
New World Development Co. Ltd.	Hong Kong	276,639	1,434,627
Nomura Real Estate Holdings, Inc.	Japan	45,581	1,154,617
Shurgard Self Storage SA	Belgium	19,218	928,584
Sun Hung Kai Properties Ltd.	Hong Kong	170,442	2,533,084
Vonovia SE	Germany	74,067	4,787,023
			27,748,905
Total Common Stocks (Cost $94,543,288)			**144,782,093**

Short Term Investments 2.3%

	Principal Amount*	Value
Repurchase Agreements 0.5%		
[d]Joint Repurchase Agreement, 0.033%, 7/01/21 (Maturity Value $711,231) BNP Paribas Securities Corp. (Maturity Value $519,014) Deutsche Bank Securities, Inc. (Maturity Value $78,975) HSBC Securities (USA), Inc. (Maturity Value $113,242) Collateralized by U.S. Government Agency Securities, 2.5% - 5%, 6/20/47 - 3/20/51; U.S. Treasury Bond, Index Linked, 2.38%, 1/15/25; and U.S. Treasury Note, 1.88%, 4/30/22 (valued at $725,960)	711,230	711,230
Total Repurchase Agreements (Cost $711,230)		**711,230**

[e]Investments from Cash Collateral Received for Loaned Securities 1.8%

	Country	Shares	
Money Market Funds 1.4%			
[f,g]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	2,136,000	2,136,000

Franklin Global Real Estate VIP Fund (continued)

Short Term Investments (continued)

	Principal Amount*	Value
Repurchase Agreements 0.4%		
[d]Joint Repurchase Agreement, BofA Securities, Inc., 0.05%, 7/01/21 (Maturity Value $534,541) Collateralized by U.S. Treasury Note, 1.5%, 11/30/24 (valued at $545,231)	534,540	$534,540
Total Investments from Cash Collateral Received for Loaned Securities (Cost $2,670,540)		**2,670,540**
Total Short Term Investments (Cost $3,381,770)		**3,381,770**
Total Investments (Cost $97,925,058) 100.5%		**$148,163,863**
Other Assets, less Liabilities (0.5)%		**(775,344)**
Net Assets 100.0%		**$147,388,519**

See Abbreviations on page FGR-21.

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

[a] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $2,066,895, representing 1.4% of net assets.

[b] Non-income producing.

[c] A portion or all of the security is on loan at June 30, 2021. See Note 1(d).

[d] See Note 1(c) regarding joint repurchase agreement.

[e] See Note 1(d) regarding securities on loan.

[f] See Note 3(e) regarding investments in affiliated management investment companies.

[g] The rate shown is the annualized seven-day effective yield at period end.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Global Real Estate VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$94,543,288
Cost - Non-controlled affiliates (Note 3e)	2,136,000
Cost - Unaffiliated repurchase agreements	1,245,770
Value - Unaffiliated issuers (Includes securities loaned of $2,441,010)	$144,782,093
Value - Non-controlled affiliates (Note 3e)	2,136,000
Value - Unaffiliated repurchase agreements	1,245,770
Foreign currency, at value (cost $2,779)	2,765
Receivables:	
Investment securities sold	2,600,544
Capital shares sold	10,227
Dividends	491,999
European Union tax reclaims (Note 1e)	1,319,112
Total assets	152,588,510
Liabilities:	
Payables:	
Investment securities purchased	2,141,700
Capital shares redeemed	108,388
Management fees	112,905
Distribution fees	30,710
Payable upon return of securities loaned (Note 1d)	2,670,540
Accrued expenses and other liabilities	135,748
Total liabilities	5,199,991
Net assets, at value	$147,388,519
Net assets consist of:	
Paid-in capital	$95,195,600
Total distributable earnings (losses)	52,192,919
Net assets, at value	$147,388,519

	Franklin Global Real Estate VIP Fund
Class 1:	
Net assets, at value	$910,930
Shares outstanding	55,618
Net asset value and maximum offering price per share	$16.38
Class 2:	
Net assets, at value	$146,477,589
Shares outstanding	9,230,494
Net asset value and maximum offering price per share	$15.87

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Global Real Estate VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $33,456)	
Unaffiliated issuers	$2,083,670
Interest:	
Unaffiliated issuers	185
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	1,823
Non-controlled affiliates (Note 3e)	26
Other income (Note 1e)	66,307
Total investment income	2,152,011
Expenses:	
Management fees (Note 3a)	727,567
Distribution fees: (Note 3c)	
Class 2	172,162
Custodian fees (Note 4)	2,620
Reports to shareholders	16,233
Professional fees	42,816
Trustees' fees and expenses	800
Other	4,098
Total expenses	966,296
Expenses waived/paid by affiliates (Note 3e)	(101,287)
Net expenses	865,009
Net investment income	1,287,002
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	5,934,989
Foreign currency transactions	(60,344)
Net realized gain (loss)	5,874,645
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	12,716,368
Translation of other assets and liabilities denominated in foreign currencies	(26,699)
Net change in unrealized appreciation (depreciation)	12,689,669
Net realized and unrealized gain (loss)	18,564,314
Net increase (decrease) in net assets resulting from operations	$19,851,316

Statements of Changes in Net Assets

	Franklin Global Real Estate VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	**Year Ended December 31, 2020**
Increase (decrease) in net assets:		
Operations:		
Net investment income	$1,287,002	$3,273,214
Net realized gain (loss)	5,874,645	5,502,334
Net change in unrealized appreciation (depreciation)	12,689,669	(18,826,188)
Net increase (decrease) in net assets resulting from operations	19,851,316	(10,050,640)
Distributions to shareholders:		
Class 1	(29,467)	(122,579)
Class 2	(4,585,707)	(18,130,603)
Total distributions to shareholders	(4,615,174)	(18,253,182)
Capital share transactions: (Note 2)		
Class 1	(144,576)	91,462
Class 2	(2,720,298)	3,019,898
Total capital share transactions	(2,864,874)	3,111,360
Net increase (decrease) in net assets	12,371,268	(25,192,462)
Net assets:		
Beginning of period	135,017,251	160,209,713
End of period	$147,388,519	$135,017,251

Notes to Financial Statements (unaudited)

Franklin Global Real Estate 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). Franklin Global Real Estate 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. At June 30, 2021, 82.6% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers two classes of shares: Class 1 and Class 2. 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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV. Investments in repurchase agreements are valued at cost, which approximates fair value.

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

Franklin Global Real Estate VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Statement of Investments, had been entered into on June 30, 2021.

d. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. The Fund may receive income from the investment of cash collateral, in addition to lending fees

Franklin Global Real Estate VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Securities Lending (continued)

and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

e. 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.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, when EU reclaims are received by the Fund and the Fund previously passed foreign tax credit on to its shareholders, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund's shareholders.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

f. 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. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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

Franklin Global Real Estate VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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

relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

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. Distributions to shareholders are recorded on the ex-dividend date. The Fund intends to distribute substantially all of the income quarterly.

g. 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.

h. 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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	81	$1,190	2,518	$33,827
Shares issued in reinvestment of distributions	1,752	29,467	9,436	122,579
Shares redeemed	(12,099)	(175,233)	(4,809)	(64,944)
Net increase (decrease)	(10,266)	$(144,576)	7,145	$91,462
Class 2 Shares:				
Shares sold	110,829	$1,680,999	236,639	$3,343,255
Shares issued in reinvestment of distributions	281,332	4,585,707	1,438,937	18,130,603
Shares redeemed	(598,269)	(8,987,004)	(1,332,313)	(18,453,960)
Net increase (decrease)	(206,108)	$(2,720,298)	343,263	$3,019,898

Franklin Global Real Estate VIP Fund (continued)

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 Templeton Institutional, LLC (FT Institutional)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

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

Annualized Fee Rate	Net Assets
1.050%	Up to and including $500 million
0.950%	Over $500 million, up to and including $1 billion
0.900%	Over $1 billion, up to and including $1.5 billion
0.850%	Over $1.5 billion, up to and including $6.5 billion
0.830%	Over $6.5 billion, up to and including $11.5 billion
0.810%	Over $11.5 billion, up to and including $16.5 billion
0.790%	Over $16.5 billion, up to and including $19 billion
0.780%	Over $19 billion, up to and including $21.5 billion
0.770%	In excess of $21.5 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 1.050% of the Fund’s average daily net assets.

b. Administrative Fees

Under an agreement with FT Institutional, FT Services provides administrative services to the Fund. The fee is paid by FT Institutional 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 a distribution plan for Class 2 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% per year of its average daily net assets. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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.

Franklin Global Real Estate VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Global Real Estate VIP Fund								
Non-Controlled Affiliates								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	$163,000	$8,076,000	$(6,103,000)	$—	$—	$2,136,000	2,136,000	$26
Total Affiliated Securities	$163,000	$8,076,000	$(6,103,000)	$—	$—	$2,136,000		$26

f. Waiver and Expense Reimbursements

FT Institutional has contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding distribution fees and acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund do not exceed 1.00% based on the average net assets of each class until April 30, 2022. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

At June 30, 2021, the cost of investments, and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$104,311,067
Unrealized appreciation	$50,906,591
Unrealized depreciation	(7,053,795)
Net unrealized appreciation (depreciation)	$43,852,796

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, EU reclaims, passive foreign investment company shares and wash sales.

Franklin Global Real Estate VIP Fund (continued)

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $21,744,114 and $28,512,743 respectively.

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $2,670,540 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

7. Concentration of Risk

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

8. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

9. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

10. 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)

Franklin Global Real Estate VIP Fund (continued)

10. Fair Value Measurements (continued)

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Global Real Estate VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Diversified Telecommunication Services	$—	$1,243,967	$—	$1,243,967
Equity Real Estate Investment Trusts (REITs)	89,481,492	26,307,729	—	115,789,221
Real Estate Management & Development	—	27,748,905	—	27,748,905
Short Term Investments	2,136,000	1,245,770	—	3,381,770
Total Investments in Securities	$91,617,492	$56,546,371[a]	$—	$148,163,863

[a] Includes foreign securities valued at $55,300,601, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

11. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

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.

Abbreviations

Selected Portfolio	
REIT	Real Estate Investment Trust

Franklin Growth and Income VIP Fund

This semiannual report for Franklin Growth and Income VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +13.70% total return* for the six-month period ended June 30, 2021.
*The Fund has an expense reduction contractually guaranteed through 4/30/22. Fund investment results reflect the expense reduction; without this reduction, the results would have been lower.

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

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

Franklin Growth and Income VIP Fund

Fund Goals and Main Investments

The Fund seeks capital appreciation with current income as a secondary goal. Under normal market conditions, the Fund invests predominantly in equity securities, including common stock, preferred stock and securities convertible into common stocks, with the remainder of its net assets in other equity-related instruments such as convertible securities and equity-linked notes (ELNs). The Fund does not currently anticipate investing more than 15% of its net assets in foreign securities.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. A blend strategy results in investments in both value and growth stocks, or in stocks with characteristics of both. Value securities may not increase in price as anticipated or may decline further if other investors fail to recognize the company's value or favor investing in faster growing companies. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Because the Fund can only distribute what it earns, the Fund's distributions to shareholders may decline when dividend income from investments in stocks decline or when prevailing interest rates fall. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. Special risks are associated with foreign investing, including currency exchange rates and policies, country or government specific issues, less favorable trading practices or regulation and greater price volatility; investments in emerging markets typically involve heightened risks related to the same factors. Common stocks with higher dividend yields can be sensitive to interest-rate movements. 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.

Portfolio Composition
6/30/21

	% of Total Net Assets
Banks	11.6%
Capital Markets	8.4%
Electric Utilities	5.9%
Health Care Equipment & Supplies	5.8%
Oil, Gas & Consumable Fuels	5.2%
Chemicals	5.1%
Pharmaceuticals	5.0%
Aerospace & Defense	3.8%
Beverages	3.7%
Multiline Retail	3.4%
Semiconductors & Semiconductor Equipment	3.4%
Specialty Retail	3.4%
Machinery	3.3%
Electrical Equipment	3.0%
Other*	28.7%
Short-Term Investments & Other Net Assets	0.3%

*Categories within the Other category are listed in full in the Fund's Statement of Investments (SOI), which can be found later in this report.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's primary benchmark, the Russell 1000® Value Index, posted a +17.05% total return.[1] Also for comparison, the Fund's secondary benchmark, the Standard & Poor's® 500 Index (S&P 500®) posted a +15.25% total return.[1]

Economic and Market Overview

U.S. equities, as measured by the S&P 500, posted a +15.25% total return for the six months ended June 30, 2021.[1] Stocks benefited from the continued economic recovery, accommodative monetary policy, additional fiscal stimulus measures, implementation of novel coronavirus (COVID-19) vaccination programs and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. The progress toward a bipartisan infrastructure bill further bolstered investor sentiment, aiding equities to reach new all-time price highs toward period-end.

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 U.S. economic recovery accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels, as the lifting of many COVID-19 restrictions and strong consumer spending bolstered growth. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials. The unemployment rate declined from 6.7% in December 2020 to 5.9% in June 2021 as job openings grew, but a relative lack of available workers fueled wage growth, adding to some investors' inflation concerns.[2]

In an effort to support the economy, the U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25%. The Fed also maintained quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended bond purchasing. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

Investment Strategy

We seek to invest in a broadly diversified portfolio of equity securities that we consider to be financially strong, with a focus on blue chip companies. We apply a bottom-up approach to investing in individual securities. We will assess the market price of a company's securities relative to our evaluation of the company's long-term earnings, cash flow potential and balance sheet strength. We also consider a company's price/earnings ratio, return on capital, profit margins and asset value. We consider dividend yield and the opportunity for dividend growth in selecting stocks for the Fund because we believe that, over time, dividend income can contribute significantly to total return and can be a more consistent source of investment return than capital appreciation. We seek to take advantage of price dislocations that result from the market's short-term focus and choose to invest in those companies that, in our opinion, offer the best trade-off between growth opportunity, business and financial risk, and valuation.

Manager's Discussion

During the six months under review, nearly all sectors represented in the Fund's portfolio posted positive returns and contributed to absolute performance, led by financials, industrials, consumer discretionary and energy. The improving economic backdrop with the rollout of COVID-19 vaccines boosted financial stocks, including our investments in Morgan Stanley, Bank of America and JPMorgan Chase—the Fund's top three individual contributors during the period. These financial institutions have managed the pandemic disruptions better than many of their peers because of the diversification of their revenue streams and focus on improving operational efficiency.

In the industrials sector, our positions in air freight and logistics firm United Parcel Service and aerospace and defense company Raytheon Technologies boosted performance. In consumer discretionary, our holding in omni-channel retailer Target aided results. In the energy sector, our investments in oil, gas and consumable fuels companies Chevron and Suncor Energy (Canada) benefited performance.

In contrast, the consumer staples sector was the only sector that detracted from the Fund's absolute performance. Within the sector, our position in household products company Procter & Gamble hindered returns. Although the company continued to execute well, the market has generally preferred companies that will see relatively more demand from economies reopening. Our holding in U.K. personal products company Unilever (not held at period-end) also hampered Fund returns.

Top 10 Holdings
6/30/21

Company *Industry, Country*	% of Total Net Assets
Bank of America Corp. *Banks, United States*	4.3%
JPMorgan Chase & Co. *Banks, United States*	4.1%
Morgan Stanley *Capital Markets, United States*	3.7%
Johnson & Johnson *Pharmaceuticals, United States*	3.1%
Raytheon Technologies Corp. *Aerospace & Defense, United States*	2.8%
Target Corp. *Multiline Retail, United States*	2.8%
Medtronic plc *Health Care Equipment & Supplies, United States*	2.8%
United Parcel Service, Inc. *Air Freight & Logistics, United States*	2.6%
Duke Energy Corp. *Electric Utilities, United States*	2.6%
Procter & Gamble Co. (The) *Household Products, United States*	2.4%

2. Source: Bureau of Labor Statistics.

Other individual detractors included our positions in electric utility firm NextEra Energy, multi-utility firm Xcel Energy and water utility company Essential Utilities, as the improving economic outlook hurt the performance of traditionally defensive areas of investment, such as utilities. Elsewhere, our holdings in chemicals firm Huntsman and food and staples retailer Walmart also detracted from the Fund's absolute performance.

Thank you for your participation in Franklin Growth and Income VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,137.00	$4.45	$1,020.63	$4.21	0.84%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Franklin Growth and Income VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$13.33	$17.20	$14.80	$16.32	$15.97	$15.94
Income from investment operations[a]:						
Net investment income[b]	0.13	0.31	0.41	0.31	0.35	0.40
Net realized and unrealized gains (losses)	1.73	(0.13)	3.28	(0.97)	2.04	1.33
Total from investment operations	1.86	0.18	3.69	(0.66)	2.39	1.73
Less distributions from:						
Net investment income	(0.39)	(0.63)	(0.41)	(0.43)	(1.03)	(0.46)
Net realized gains	(0.99)	(3.42)	(0.88)	(0.43)	(1.01)	(1.24)
Total distributions	(1.38)	(4.05)	(1.29)	(0.86)	(2.04)	(1.70)
Net asset value, end of period	$13.81	$13.33	$17.20	$14.80	$16.32	$15.97
Total return[c]	13.88%	5.81%	26.05%	(4.37)%	16.15%	11.86%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.81%	0.83%	0.72%	0.73%	0.72%	0.59%
Expenses net of waiver and payments by affiliates[e]	0.59%	0.59%	0.59%	0.59%	0.59%	0.59%[f]
Net investment income	1.91%	2.31%	2.07%	1.96%	2.21%	2.38%
Supplemental data						
Net assets, end of period (000's)	$3,856	$3,206	$3,539	$31,479	$35,865	$29,829
Portfolio turnover rate	15.81%	33.46%	25.20%	24.29%	33.91%	40.59%[g]

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Growth and Income VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$12.97	$16.84	$14.51	$16.02	$15.69	$15.68
Income from investment operations[a]:						
Net investment income[b]	0.11	0.27	0.25	0.27	0.31	0.30
Net realized and unrealized gains (losses)	1.67	(0.14)	3.33	(0.96)	2.00	1.37
Total from investment operations	1.78	0.13	3.58	(0.69)	2.31	1.67
Less distributions from:						
Net investment income	(0.36)	(0.58)	(0.37)	(0.39)	(0.97)	(0.42)
Net realized gains	(0.99)	(3.42)	(0.88)	(0.43)	(1.01)	(1.24)
Total distributions	(1.35)	(4.00)	(1.25)	(0.82)	(1.98)	(1.66)
Net asset value, end of period	$13.40	$12.97	$16.84	$14.51	$16.02	$15.69
Total return[c]	13.70%	5.52%	25.66%	(4.58)%	15.85%	11.62%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.06%	1.08%	0.97%	0.98%	0.97%	0.84%
Expenses net of waiver and payments by affiliates[e]	0.84%	0.84%	0.84%	0.84%	0.84%	0.84%[f]
Net investment income	1.66%	2.07%	1.82%	1.71%	1.96%	2.13%
Supplemental data						
Net assets, end of period (000's)	$68,317	$64,455	$69,635	$61,855	$74,105	$69,474
Portfolio turnover rate	15.81%	33.46%	25.20%	24.29%	33.91%	40.59%[g]

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Statement of Investments (unaudited), June 30, 2021

Franklin Growth and Income VIP Fund

	Country	Shares	Value
Common Stocks 83.4%			
Aerospace & Defense 3.8%			
Lockheed Martin Corp.	United States	1,765	$667,788
Raytheon Technologies Corp.	United States	24,305	2,073,459
			2,741,247
Air Freight & Logistics 2.7%			
United Parcel Service, Inc., B	United States	9,210	1,915,404
Banks 10.7%			
Bank of America Corp.	United States	59,140	2,438,342
Citigroup, Inc.	United States	17,295	1,223,621
JPMorgan Chase & Co.	United States	19,220	2,989,479
Truist Financial Corp.	United States	18,840	1,045,620
			7,697,062
Beverages 3.7%			
Coca-Cola Co. (The)	United States	26,465	1,432,021
PepsiCo, Inc.	United States	8,350	1,237,220
			2,669,241
Capital Markets 8.4%			
[a]Apollo Global Management, Inc.	United States	17,800	1,107,160
Ares Management Corp.	United States	17,850	1,135,081
BlackRock, Inc.	United States	1,325	1,159,335
Morgan Stanley	United States	29,095	2,667,721
			6,069,297
Chemicals 3.6%			
BASF SE	Germany	7,640	603,151
Huntsman Corp.	United States	26,970	715,244
Linde plc	United Kingdom	2,070	598,437
Sherwin-Williams Co. (The)	United States	2,445	666,140
			2,582,972
Commercial Services & Supplies 1.5%			
Republic Services, Inc.	United States	10,070	1,107,801
Communications Equipment 0.6%			
Cisco Systems, Inc.	United States	8,125	430,625
Diversified Telecommunication Services 2.0%			
TELUS Corp.	Canada	13,900	311,692
Verizon Communications, Inc.	United States	20,155	1,129,285
			1,440,977
Electric Utilities 5.9%			
Duke Energy Corp.	United States	19,125	1,888,020
Entergy Corp.	United States	6,145	612,656
NextEra Energy, Inc.	United States	20,770	1,522,026
Xcel Energy, Inc.	United States	3,950	260,226
			4,282,928
Electrical Equipment 2.4%			
Eaton Corp. plc	United States	7,480	1,108,387
Emerson Electric Co.	United States	6,530	628,447
			1,736,834
Equity Real Estate Investment Trusts (REITs) 1.3%			
Prologis, Inc.	United States	5,185	619,763

Franklin Growth and Income VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Equity Real Estate Investment Trusts (REITs) (continued)			
Public Storage	United States	950	$285,656
			905,419
Food & Staples Retailing 1.3%			
Walmart, Inc.	United States	6,480	913,810
Health Care Equipment & Supplies 2.8%			
Medtronic plc	United States	16,250	2,017,112
Health Care Providers & Services 2.3%			
HCA Healthcare, Inc.	United States	3,321	686,584
UnitedHealth Group, Inc.	United States	2,480	993,091
			1,679,675
Hotels, Restaurants & Leisure 1.5%			
McDonald's Corp.	United States	4,785	1,105,287
Household Products 2.4%			
Procter & Gamble Co. (The)	United States	12,775	1,723,731
Insurance 0.5%			
Arthur J Gallagher & Co.	United States	2,815	394,325
IT Services 1.4%			
Fidelity National Information Services, Inc.	United States	3,400	481,678
Visa, Inc., A	United States	2,130	498,037
			979,715
Machinery 1.2%			
Illinois Tool Works, Inc.	United States	2,160	482,890
Stanley Black & Decker, Inc.	United States	1,888	387,021
			869,911
Media 1.9%			
Comcast Corp., A	United States	24,290	1,385,016
Multiline Retail 2.8%			
Target Corp.	United States	8,350	2,018,529
Oil, Gas & Consumable Fuels 5.2%			
Canadian Natural Resources Ltd.	Canada	15,360	557,261
Chevron Corp.	United States	14,190	1,486,260
Royal Dutch Shell plc, ADR, A	Netherlands	19,250	777,700
Suncor Energy, Inc.	Canada	37,845	907,145
			3,728,366
Pharmaceuticals 5.0%			
Johnson & Johnson	United States	13,910	2,291,533
Merck & Co., Inc.	United States	6,170	479,841
Pfizer, Inc.	United States	21,425	839,003
			3,610,377
Road & Rail 1.5%			
Norfolk Southern Corp.	United States	4,150	1,101,451
Semiconductors & Semiconductor Equipment 1.9%			
Broadcom, Inc.	United States	870	414,851
Texas Instruments, Inc.	United States	5,005	962,461
			1,377,312

Franklin Growth and Income VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Software 2.0%			
Microsoft Corp.	United States	3,150	$853,335
Oracle Corp.	United States	8,030	625,055
			1,478,390
Specialty Retail 2.6%			
Lowe's Cos., Inc..	United States	5,370	1,041,619
TJX Cos., Inc. (The)	United States	11,990	808,366
			1,849,985
Technology Hardware, Storage & Peripherals 0.5%			
Apple, Inc.	United States	2,865	392,390
Total Common Stocks (Cost $35,453,391)			**60,205,189**
[b]**Equity-Linked Securities 9.7%**			
Banks 0.9%			
[c]Royal Bank of Canada into Bank of America Corp., 144A, 7.75%, 11/01/21	United States	23,000	685,445
Chemicals 1.5%			
[c]Citigroup Global Markets Holdings, Inc. into Sherwin-Williams Co. (The), 144A, 6.5%, 7/09/21	United States	800	531,922
[c]Goldman Sachs International Bank into Linde plc, 144A, 6.5%, 10/25/21	United Kingdom	2,037	555,586
			1,087,508
Electrical Equipment 0.6%			
[c]Royal Bank of Canada into Eaton Corp. plc, 144A, 7%, 8/30/21	United States	2,900	398,072
Equity Real Estate Investment Trusts (REITs) 0.7%			
[c]Royal Bank of Canada into Healthpeak Properties, Inc., 144A, 9.5%, 12/01/21	United States	16,000	533,664
Food & Staples Retailing 0.7%			
[c]Citigroup Global Markets Holdings, Inc. into Tesco plc, 144A, 6.5%, 1/10/22	United Kingdom	3,150	509,924
Health Care Providers & Services 0.6%			
[c]Royal Bank of Canada into HCA Healthcare, Inc., 144A, 6%, 7/15/22	United States	2,100	432,922
Internet & Direct Marketing Retail 0.9%			
[c]Credit Suisse AG into Amazon.com, Inc., 144A, 5%, 4/22/22	United States	200	679,471
IT Services 0.8%			
[c]Credit Suisse AG into Visa, Inc., 144A, 5%, 11/30/21	United States	1,500	340,960
[c]Royal Bank of Canada into Fidelity National Information Services, Inc., 144A, 5%, 5/27/22	United States	1,400	202,820
			543,780
Machinery 0.8%			
[c]Credit Suisse AG into Stanley Black & Decker, Inc., 144A, 6.5%, 3/31/22	United States	3,000	606,014
Multiline Retail 0.6%			
[c]Barclays Bank plc into Dollar Tree, Inc., Senior Note , 144A, 5.5%, 1/14/22	United States	4,100	422,653
Software 0.8%			
[c]Barclays Bank plc into Oracle Corp., 144A, 7%, 7/30/21	United States	8,000	559,643

Franklin Growth and Income VIP Fund (continued)

	Country	Shares	Value
[b]**Equity-Linked Securities** (continued)			
Specialty Retail 0.8%			
[c]Citigroup Global Markets Holdings, Inc. into TJX Cos., Inc. (The), 144A, 6.5%, 9/14/21	United States	8,808	$567,558
Total Equity-Linked Securities (Cost $6,364,401)			**7,026,654**
Convertible Preferred Stocks 6.6%			
Health Care Equipment & Supplies 3.0%			
[a]Becton Dickinson and Co., 6%, B	United States	13,670	731,482
Boston Scientific Corp., 5.5%, A	United States	3,435	398,666
Danaher Corp., 4.75%, A	United States	485	872,326
[a]Danaher Corp., 5%, B	United States	116	171,131
			2,173,605
Machinery 1.3%			
Fortive Corp., 5%, A	United States	945	928,944
Semiconductors & Semiconductor Equipment 1.5%			
Broadcom, Inc., 8%, A	United States	695	1,056,310
Water Utilities 0.8%			
Essential Utilities, Inc., 6%	United States	10,380	593,528
Total Convertible Preferred Stocks (Cost $3,927,419)			**4,752,387**
Total Long Term Investments (Cost $45,745,211)			**71,984,230**
Short Term Investments 1.3%			
		Principal Amount*	**Value**
Repurchase Agreements 0.2%			
[d]Joint Repurchase Agreement, 0.033%, 7/01/21 (Maturity Value $130,991) BNP Paribas Securities Corp. (Maturity Value $95,590) Deutsche Bank Securities, Inc. (Maturity Value $14,545) HSBC Securities (USA), Inc. (Maturity Value $20,856) Collateralized by U.S. Government Agency Securities, 2.5% - 5%, 6/20/47 - 3/20/51; U.S. Treasury Bond, Index Linked, 2.38%, 1/15/25; and U.S. Treasury Note, 1.88%, 4/30/22 (valued at $133,704)		130,991	130,991
Total Repurchase Agreements (Cost $130,991)			**130,991**
	Country	**Shares**	
[e]**Investments from Cash Collateral Received for Loaned Securities 1.1%**			
Money Market Funds 0.9%			
[f,g]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	671,000	671,000

Franklin Growth and Income VIP Fund (continued)

Short Term Investments (continued)

	Principal Amount*	Value
Repurchase Agreements 0.2%		
[d]Joint Repurchase Agreement, BofA Securities, Inc., 0.05%, 7/01/21 (Maturity Value $168,963) Collateralized by U.S. Treasury Note, 1.5%, 11/30/24 (valued at $172,342)	168,963	$168,963
Total Investments from Cash Collateral Received for Loaned Securities (Cost $839,963)		**839,963**
Total Short Term Investments (Cost $970,954)		**970,954**
Total Investments (Cost $46,716,165) 101.0%		**$72,955,184**
Other Assets, less Liabilities (1.0)%		**(781,516)**
Net Assets 100.0%		**$72,173,668**

See Abbreviations on page FGI-24.

* The principal amount is stated in U.S. dollars unless otherwise indicated.
[a] A portion or all of the security is on loan at June 30, 2021. See Note 1(e).
[b] See Note 1(d) regarding equity-linked securities.
[c] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $7,026,654, representing 9.7% of net assets.
[d] See Note 1(c) regarding joint repurchase agreement.
[e] See Note 1(e) regarding securities on loan.
[f] See Note 3(e) regarding investments in affiliated management investment companies.
[g] The rate shown is the annualized seven-day effective yield at period end.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Growth and Income VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$45,745,211
Cost - Non-controlled affiliates (Note 3e)	671,000
Cost - Unaffiliated repurchase agreements	299,954
Value - Unaffiliated issuers (Includes securities loaned of $811,762)	$71,984,230
Value - Non-controlled affiliates (Note 3e)	671,000
Value - Unaffiliated repurchase agreements	299,954
Cash	534,794
Receivables:	
Investment securities sold	175,786
Capital shares sold	20,552
Dividends	75,762
Total assets	73,762,078
Liabilities:	
Payables:	
Investment securities purchased	560,068
Capital shares redeemed	79,612
Management fees	25,232
Distribution fees	14,061
Payable upon return of securities loaned (Note 1e)	839,963
Accrued expenses and other liabilities	69,474
Total liabilities	1,588,410
Net assets, at value	$72,173,668
Net assets consist of:	
Paid-in capital	$40,621,269
Total distributable earnings (losses)	31,552,399
Net assets, at value	$72,173,668

	Franklin Growth and Income VIP Fund
Class 1:	
Net assets, at value	$3,856,171
Shares outstanding	279,306
Net asset value and maximum offering price per share	$13.81
Class 2:	
Net assets, at value	$68,317,497
Shares outstanding	5,096,745
Net asset value and maximum offering price per share	$13.40

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Growth and Income VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $12,992)	
Unaffiliated issuers	$870,264
Interest:	
Unaffiliated issuers	893
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	1,139
Non-controlled affiliates (Note 3e)	15
Total investment income	872,311
Expenses:	
Management fees (Note 3a)	217,769
Distribution fees: (Note 3c)	
Class 2	82,814
Custodian fees (Note 4)	580
Reports to shareholders	24,248
Professional fees	31,988
Trustees' fees and expenses	585
Other	7,135
Total expenses	365,119
Expense reductions (Note 4)	(261)
Expenses waived/paid by affiliates (Note 3e and 3f)	(76,420)
Net expenses	288,438
Net investment income	583,873
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	4,981,310
Foreign currency transactions	172
Net realized gain (loss)	4,981,482
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	3,461,349
Translation of other assets and liabilities denominated in foreign currencies	(518)
Net change in unrealized appreciation (depreciation)	3,460,831
Net realized and unrealized gain (loss)	8,442,313
Net increase (decrease) in net assets resulting from operations	$9,026,186

Statements of Changes in Net Assets

	Franklin Growth and Income VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	**Year Ended December 31, 2020**
Increase (decrease) in net assets:		
Operations:		
Net investment income	$583,873	$1,330,696
Net realized gain (loss)	4,981,482	5,087,661
Net change in unrealized appreciation (depreciation)	3,460,831	(3,257,210)
Net increase (decrease) in net assets resulting from operations	9,026,186	3,161,147
Distributions to shareholders:		
Class 1	(341,784)	(726,968)
Class 2	(6,298,087)	(15,849,541)
Total distributions to shareholders	(6,639,871)	(16,576,509)
Capital share transactions: (Note 2)		
Class 1	547,376	235,202
Class 2	1,579,448	7,666,739
Total capital share transactions	2,126,824	7,901,941
Net increase (decrease) in net assets	4,513,139	(5,513,421)
Net assets:		
Beginning of period	67,660,529	73,173,950
End of period	$72,173,668	$67,660,529

Notes to Financial Statements (unaudited)

Franklin Growth and Income 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). Franklin Growth and Income 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. At June 30, 2021, 41.1% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers two classes of shares: Class 1 and Class 2. 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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV. Investments in repurchase agreements are valued at cost, which approximates fair value.

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

Franklin Growth and Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Statement of Investments, had been entered into on June 30, 2021.

d. Equity-Linked Securities

The Fund invests in equity-linked securities. Equity-linked securities are hybrid financial instruments that generally combine both debt and equity characteristics into a single note form. Income received from equity-linked securities is recorded as realized gains in the Statement of Operations and may be based on the performance of an underlying equity security, an equity index, or an option position. The risks of investing in equity-linked securities include unfavorable price movements in the underlying security and the credit risk of the issuing financial institution. There may be no guarantee of a return of principal with equity-linked securities and the appreciation potential may be limited. Equity-linked securities may be more volatile and less liquid than other investments held by the Fund.

Franklin Growth and Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

e. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund, and/or a joint repurchase agreement. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

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 June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

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. Dividend income and capital gain distributions are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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

Franklin Growth and Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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

relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	35,232	$508,884	15,478	$202,485
Shares issued in reinvestment of distributions	24,660	341,784	65,434	726,968
Shares redeemed	(20,984)	(303,292)	(46,293)	(694,251)
Net increase (decrease)	38,908	$547,376	34,619	$235,202
Class 2 Shares:				
Shares sold	38,555	$521,306	249,299	$3,313,867
Shares issued in reinvestment of distributions	467,911	6,298,087	1,464,837	15,849,541
Shares redeemed	(379,721)	(5,239,945)	(879,658)	(11,496,669)
Net increase (decrease)	126,745	$1,579,448	834,478	$7,666,739

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 Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

Franklin Growth and Income 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 $112.5 billion, up to and including $15 billion
0.400%	In excess of $15 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.625% 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 a distribution plan for Class 2 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% per year of its average daily net assets. The Board has agreed to limit the current rate to 0.25% per year for Class 2. The plan year, for purposes of monitoring compliance with the maximum annual plan rate, 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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

Franklin Growth and Income VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Growth and Income VIP Fund								
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	$114,000	$6,109,000	$(5,552,000)	$—	$—	$671,000	671,000	$15
Total Affiliated Securities	$114,000	$6,109,000	$(5,552,000)	$—	$—	$671,000		$15

f. Waiver and Expense Reimbursements

Advisers has contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding distribution fees, acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund do not exceed 0.59% based on the average net assets of each class until April 30, 2022. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$46,871,539
Unrealized appreciation	$26,579,106
Unrealized depreciation	(495,461)
Net unrealized appreciation (depreciation)	$26,083,645

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of bond discounts and premiums, equity-linked securities and wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $10,991,526 and $15,054,114, respectively.

Franklin Growth and Income VIP Fund (continued)

6. Investment Transactions (continued)

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $839,963 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

8. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

9. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Growth and Income VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$2,741,247	$—	$—	$2,741,247
Air Freight & Logistics	1,915,404	—	—	1,915,404

Franklin Growth and Income VIP Fund (continued)

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Growth and Income VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Banks	$7,697,062	$—	$—	$7,697,062
Beverages	2,669,241	—	—	2,669,241
Capital Markets	6,069,297	—	—	6,069,297
Chemicals	1,979,821	603,151	—	2,582,972
Commercial Services & Supplies	1,107,801	—	—	1,107,801
Communications Equipment	430,625	—	—	430,625
Diversified Telecommunication Services	1,440,977	—	—	1,440,977
Electric Utilities	4,282,928	—	—	4,282,928
Electrical Equipment	1,736,834	—	—	1,736,834
Equity Real Estate Investment Trusts (REITs)	905,419	—	—	905,419
Food & Staples Retailing	913,810	—	—	913,810
Health Care Equipment & Supplies	2,017,112	—	—	2,017,112
Health Care Providers & Services	1,679,675	—	—	1,679,675
Hotels, Restaurants & Leisure	1,105,287	—	—	1,105,287
Household Products	1,723,731	—	—	1,723,731
Insurance	394,325	—	—	394,325
IT Services	979,715	—	—	979,715
Machinery	869,911	—	—	869,911
Media	1,385,016	—	—	1,385,016
Multiline Retail	2,018,529	—	—	2,018,529
Oil, Gas & Consumable Fuels	3,728,366	—	—	3,728,366
Pharmaceuticals	3,610,377	—	—	3,610,377
Road & Rail	1,101,451	—	—	1,101,451
Semiconductors & Semiconductor Equipment	1,377,312	—	—	1,377,312
Software	1,478,390	—	—	1,478,390
Specialty Retail	1,849,985	—	—	1,849,985
Technology Hardware, Storage & Peripherals	392,390	—	—	392,390
Equity-Linked Securities	—	7,026,654	—	7,026,654
Convertible Preferred Stocks	4,752,387	—	—	4,752,387
Short Term Investments	671,000	299,954	—	970,954
Total Investments in Securities	$65,025,425	$7,929,759[a]	$—	$72,955,184

[a] Includes foreign securities valued at $603,151, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

11. 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.

Franklin Growth and Income VIP Fund (continued)

Abbreviations

Selected Portfolio	
ADR	American Depositary Receipt

Franklin Income VIP Fund

This semiannual report for Franklin Income VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +10.83% total return* for the six-month period ended June 30, 2021.
*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 4/30/22. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

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

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

Franklin Income VIP Fund

Fund Goal and Main Investments

The Fund seeks to maximize income, while maintaining prospects for capital appreciation. Under normal market conditions, the Fund invests in a diversified portfolio of debt and equity securities.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. High-yield debt securities are generally considered predominantly speculative by the applicable rating agencies as their issuers are more likely to encounter financial difficulties because they may be more highly leveraged, or because of other considerations. The Fund's share price and yield will be affected by interest rate movements. When interest rates rise, debt security prices generally fall. The opposite is also generally true: debt security prices rise when interest rates fall. Changes in an issuer's financial strength or in a security's or government's credit rating may affect a security's value. Because the Fund can only distribute what it earns, the Fund's distributions to shareholders may decline when prevailing interest rates fall, when dividend income from investments in stocks decline, or when the Fund experiences defaults on debt securities it holds. Investing in foreign securities typically involves more risks than investing in U.S. securities, including risks related to currency exchange rates and policies, country or government specific issues, less favorable trading practices or regulation and greater price volatility. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's primary benchmark, the Standard & Poor's® 500 Index (S&P 500®), which tracks total U.S. equity market performance, posted a +15.25% total return.[1] The Fund's secondary benchmark, the Blended Benchmark, posted a +6.35% total return.[2]

Portfolio Composition
6/30/21

	% of Total Net Assets
Pharmaceuticals	9.2%
Health Care Providers & Services	8.9%
Oil, Gas & Consumable Fuels	8.0%
Banks	8.0%
Electric Utilities	7.3%
Semiconductors & Semiconductor Equipment	5.7%
Multi-Utilities	3.9%
Beverages	3.6%
Diversified Financial Services	3.2%
Capital Markets	3.2%
Media	2.9%
Diversified Telecommunication Services	2.8%
Biotechnology	2.6%
Household Products	2.1%
Other*	25.8%
Short-Term Investments & Other Net Assets	2.8%

*Categories within the Other category are listed in full in the Fund's Statement of Investments (SOI), which can be found later in this report.

Economic and Market Overview

U.S. equities, as measured by the S&P 500, posted a +15.25% total return for the six months ended June 30, 2021.[1] Stocks benefited from the continued economic recovery, accommodative monetary policy, additional fiscal stimulus measures, implementation of novel coronavirus (COVID-19) vaccination programs and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. The progress toward a bipartisan infrastructure bill further bolstered investor sentiment, aiding equities to reach new all-time price highs toward period-end.

The U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, posted a -1.60% total return for the six months ended June 30, 2021.[1] The economy continued to recover from the novel coronavirus (COVID-19) pandemic, aided by additional fiscal stimulus measures, and yields (which move inversely to prices)

1. Source: Morningstar.
2. Source: FactSet. The Fund's Blended Benchmark was calculated internally and was composed of 50% MSCI USA High Dividend Yield Index + 25% Bloomberg Barclays U.S. High Yield Very Liquid Index + 25% Bloomberg Barclays U.S. Aggregate Bond Index.

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).

increased for most bonds. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials.

The U.S. Federal Reserve (Fed) maintained the federal funds target rate at a range of 0.00%–0.25% and continued its program of open-ended purchasing of government-backed and corporate bonds as necessary to provide liquidity to bond markets. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

U.S. Treasury bonds, as measured by the Bloomberg Barclays U.S. Treasury Index, posted a -2.58% total return for the six-month period.[1] The 10-year U.S. Treasury yield, which began the period below one percent, rose notably amid many investors' increasing inflation expectations. Mortgage-backed securities (MBS), as measured by the Bloomberg Barclays MBS Index, posted a -0.77% total return for the period, as low interest rates led to accelerated prepayments from mortgage refinancing.[1]

U.S. corporate bond performance varied significantly based on credit rating, reflecting the continued recovery of credit markets following the onset of COVID-19. Although the strengthening economy pressured corporate bonds generally, it helped temper investor concerns about credit quality, which benefited lower-rated bonds. In this environment, high-yield corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield Bond Index, posted a +3.62% return, while investment-grade corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate Bond Index, posted a -1.27% total return.[1]

Investment Strategy

We search for undervalued or out-of-favor securities we believe offer opportunities for income today and significant growth tomorrow. In analyzing corporate debt and equity securities, we consider such factors as a security's relative value based on anticipated cash flow, interest or dividend coverage, asset coverage and earnings prospects; the experience and strength of the company's management; the company's changing financial condition and market recognition of the change; sensitivity to changes in interest rates and business conditions; and debt maturity schedules and borrowing requirements. When choosing investments for the Fund, we apply a bottom-up, value oriented, long-term approach, focusing on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential.

Top Five Equity Holdings
6/30/21

Company *Industry, Country*	% of Total Net Assets
Exxon Mobil Corp. *Oil, Gas & Consumable Fuels, United States*	2.2%
Procter & Gamble Co. (The) *Household Products, United States*	2.1%
Merck & Co., Inc. *Pharmaceuticals, United States*	2.1%
Chevron Corp. *Oil, Gas & Consumable Fuels, United States*	2.0%
Southern Co. (The) *Electric Utilities, United States*	2.0%

Manager's Discussion

During the six-month period, the Fund performed well across equity and fixed income asset classes. Increased Fund exposure to the equity markets and lower exposure to interest-rate sensitive fixed income securities led to strong Fund performance.

Dividend stocks, particularly those in value-oriented sectors, performed well. Corporate credit spreads continued to narrow during the period as economic reopening and the lingering positive effects of the record fiscal and monetary accommodation continued to support markets. Offsetting narrowing credit spreads were rising interest rates during the period's first three months, which weighed on the more duration sensitive portions of the Fund's benchmark. Ten-year U.S. Treasury yields started the period at 0.91%, peaking at 1.74% in late March before settling back to 1.47% by period-end. Fixed income returns for the Fund during the period were favorable as well. During the period, the Fund's equity weighting increased as its fixed income allocation decreased, continuing a trend from last year.

Equity holdings increased over the period. As an asset-class, equities outperformed fixed income during the period. We used considerable weakness earlier in 2020 to shift assets out of fixed income and into the equity markets. Dividend paying companies, which had lagged leading up to the period under review, were strong performers during the period. We continued to selectively add to positions across the equity markets during the period, including common stocks, convertible securities and equity linked notes.

All sectors were positive absolute contributors to Fund performance during the period. Financials and energy holdings were the largest positive absolute contributors

during the period (large contributors relative to the Fund's benchmark as well) with the industrials, materials, information technology and consumer discretionary sectors providing notable positive contributions as well.

All the Fund's equity positions in the financials sector were positive contributors during the period amid rising interest rates. Holdings of JPMorgan Chase, Bank of America, MetLife and Morgan Stanley led returns. Other notable contributors included Barclays, Citigroup, Truist Financial and U.S. Bancorp.

Energy peers Chevron and Exxon were notable positive contributors during the period, as a much better macro supply and demand forecast for the industry led to strong performance from depressed valuations.

Top performers in the Fund outside of financials and energy were Raytheon Technology within the industrials sector, CVS Health in the health care sector, General Motors in the consumer discretionary sector and Rio Tinto in the materials sector.

Despite positive absolute contributions, equity holdings in the consumer staples and consumer discretionary sectors were modest detractors in the period relative to the Fund's benchmark.

At the individual security level, the only notable detractor from performance during the period was our small position in the preferred securities of Federal National Mortgage Association (FNMA) which received an unfavorable Supreme Court ruling related to the U.S. government conservatorship actions since the global financial crisis.

During the period, the Fund used derivatives such as equity call and put options to sell and reduce positions and/or to initiate and add to positions, which generated gains during the period under review.

Fixed income holdings posted positive returns during the period. As an asset class, fixed income underperformed equities, which benefited the Fund given our decreased allocation to fixed income. The Fund's duration positioning at the front end of the yield curve in the face of rising interest rates during the first half of the period under review was a key source driving performance in addition to strong corporate credit performance.

Every corporate credit sector generated positive absolute returns during the period under review, with energy and health care leading the way in terms of performance contribution relative to the Fund's blended benchmark. Our holdings in U.S. Treasuries and agency mortgage-backed

Top Five Fixed Income Holdings
6/30/21

Company *Industry, Country*	% of Total Net Assets
CHS/Community Health Systems, Inc. *Health Care Providers & Services, United States*	4.3%
U.S. Treasury Notes *Diversified Financial Services, United States*	2.7%
Tenet Healthcare Corp. *Health Care Providers & Services, United States*	1.8%
DISH DBS Corp. *Media, United States*	1.3%
Credit Suisse AG *Capital Markets, Switzerland*	1.1%

securities (MBS) were minor absolute detractors during the period, but these positions were shorter in duration and much smaller in size relative to the benchmark, so these sectors were positive contributors relative to the Fund's blended benchmark.

Corporate credit spreads continued to narrow during the period under review, which particularly benefited the Fund's high-yield exposures. High-yield corporate bonds are generally lower in duration than investment-grade corporate bonds. Narrowing credit spreads and increased U.S Treasury yields certainly favored high-yield performance within the fixed income asset class.

Within energy, the largest contributor to performance was high-yield oilfield service company Weatherford International. Strong commodity price performance, increased demand outlooks as the markets looked past the lockdown environments, as well as strong business performance led to the gains. Other notable energy contributors included Calumet Specialty Products and HighPoint Energy.

The other large sector contributor to fixed income performance during the period came from debt securities in the health care sector. High-yield rated hospital peers Community Health Systems and Tenet Healthcare were notable outperformers. The companies moved past COVID-19 induced disruptions and both were able to access the capital markets during the period to reduce interest expense and improve the health of their balance sheets, which led to strong performance.

Agency MBS holdings were small absolute detractors during the period as described above. Other small detractors were health care company Endo Pharmaceutical, as it works through company specific litigation around one of its business units; and Sinclair Broadcasting/Diamond Sports, as the company deals with renewing carriage contracts in its regional sports broadcasting business. There were no other notable detractors in the period under review.

Thank you for your participation in Franklin Income VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,108.30	$3.75	$1,021.23	$3.60	0.72%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Franklin Income VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$15.65	$16.52	$15.26	$16.72	$15.87	$14.64
Income from investment operations[a]:						
Net investment income[b]	0.27	0.59	0.75	0.71	0.69	0.67
Net realized and unrealized gains (losses)	1.44	(0.54)	1.68	(1.35)	0.87	1.34
Total from investment operations	1.71	0.05	2.43	(0.64)	1.56	2.01
Less distributions from:						
Net investment income	(0.80)	(0.91)	(0.91)	(0.82)	(0.71)	(0.78)
Net realized gains	—	(0.01)	(0.26)	—	—	—
Total distributions	(0.80)	(0.92)	(1.17)	(0.82)	(0.71)	(0.78)
Net asset value, end of period	$16.56	$15.65	$16.52	$15.26	$16.72	$15.87
Total return[c]	10.91%	0.97%	16.42%	(4.09)%	9.94%	14.33%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.47%	0.47%	0.46%	0.47%	0.47%	0.47%
Expenses net of waiver and payments by affiliates[e]	0.47%[f]	0.46%	0.45%	0.45%	0.45%	0.44%
Net investment income	3.34%	3.96%	4.38%	4.33%	4.22%	4.47%
Supplemental data						
Net assets, end of period (000's)	$234,063	$306,641	$309,330	$612,657	$735,149	$696,227
Portfolio turnover rate	18.56%	45.93%	25.16%	43.22%	20.96%	39.03%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Income VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$15.04	$15.91	$14.74	$16.17	$15.38	$14.20
Income from investment operations[a]:						
Net investment income[b]	0.24	0.53	0.64	0.65	0.63	0.61
Net realized and unrealized gains (losses)	1.40	(0.53)	1.66	(1.30)	0.83	1.31
Total from investment operations	1.64	—[c]	2.30	(0.65)	1.46	1.92
Less distributions from:						
Net investment income	(0.77)	(0.86)	(0.87)	(0.78)	(0.67)	(0.74)
Net realized gains	—	(0.01)	(0.26)	—	—	—
Total distributions	(0.77)	(0.87)	(1.13)	(0.78)	(0.67)	(0.74)
Net asset value, end of period	$15.91	$15.04	$15.91	$14.74	$16.17	$15.38
Total return[d]	10.83%	0.69%	16.06%	(4.30)%	9.67%	14.02%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	0.72%	0.72%	0.71%	0.72%	0.72%	0.72%
Expenses net of waiver and payments by affiliates[f]	0.72%[g]	0.71%	0.70%	0.70%	0.70%	0.69%
Net investment income	3.09%	3.73%	4.13%	4.08%	3.97%	4.22%
Supplemental data						
Net assets, end of period (000's)	$3,033,420	$3,852,709	$4,318,156	$4,086,652	$5,041,498	$5,088,556
Portfolio turnover rate	18.56%	45.93%	25.16%	43.22%	20.96%	39.03%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Amount rounds to less than $0.01 per share.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Income VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$15.45	$16.32	$15.08	$16.53	$15.71	$14.49
Income from investment operations[a]:						
Net investment income[b]	0.24	0.53	0.64	0.64	0.62	0.61
Net realized and unrealized gains (losses)	1.43	(0.54)	1.71	(1.33)	0.85	1.33
Total from investment operations	1.67	(0.01)	2.35	(0.69)	1.47	1.94
Less distributions from:						
Net investment income	(0.75)	(0.85)	(0.85)	(0.76)	(0.65)	(0.72)
Net realized gains	—	(0.01)	(0.26)	—	—	—
Total distributions	(0.75)	(0.86)	(1.11)	(0.76)	(0.65)	(0.72)
Net asset value, end of period	$16.37	$15.45	$16.32	$15.08	$16.53	$15.71
Total return[c]	10.77%	0.58%	16.05%	(4.42)%	9.55%	13.87%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.82%	0.82%	0.81%	0.82%	0.82%	0.82%
Expenses net of waiver and payments by affiliates[e]	0.82%[f]	0.81%	0.80%	0.80%	0.80%	0.79%
Net investment income	2.98%	3.62%	4.03%	3.98%	3.87%	4.12%
Supplemental data						
Net assets, end of period (000's)	$319,797	$302,474	$323,582	$294,700	$335,217	$309,935
Portfolio turnover rate	18.56%	45.93%	25.16%	43.22%	20.96%	39.03%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Statement of Investments (unaudited), June 30, 2021

Franklin Income VIP Fund

	Country	Shares	Value
Common Stocks 51.3%			
Aerospace & Defense 1.8%			
Lockheed Martin Corp.	United States	100,000	$37,835,000
Raytheon Technologies Corp.	United States	300,000	25,593,000
			63,428,000
Air Freight & Logistics 0.9%			
United Parcel Service, Inc., B	United States	157,700	32,796,869
Banks 6.6%			
Bank of America Corp.	United States	1,500,000	61,845,000
Barclays plc	United Kingdom	12,500,000	29,665,619
Citigroup, Inc.	United States	500,000	35,375,000
JPMorgan Chase & Co.	United States	400,000	62,216,000
Truist Financial Corp.	United States	495,000	27,472,500
US Bancorp	United States	325,000	18,515,250
			235,089,369
Beverages 3.6%			
Coca-Cola Co. (The)	United States	1,150,000	62,226,500
PepsiCo, Inc.	United States	450,000	66,676,500
			128,903,000
Biotechnology 1.2%			
AbbVie, Inc.	United States	225,000	25,344,000
Amgen, Inc.	United States	70,000	17,062,500
			42,406,500
Capital Markets 1.1%			
Morgan Stanley	United States	416,500	38,188,885
Chemicals 0.8%			
Air Products and Chemicals, Inc.	United States	7,500	2,157,600
BASF SE	Germany	325,000	25,657,589
			27,815,189
Diversified Telecommunication Services 2.1%			
BCE, Inc.	Canada	466,000	22,977,681
Verizon Communications, Inc.	United States	950,000	53,228,500
			76,206,181
Electric Utilities 5.5%			
American Electric Power Co., Inc.	United States	350,000	29,606,500
Duke Energy Corp.	United States	520,000	51,334,400
Edison International	United States	770,000	44,521,400
Exelon Corp.	United States	300,000	13,293,000
Southern Co. (The)	United States	900,000	54,459,000
Xcel Energy, Inc.	United States	67,500	4,446,900
			197,661,200
Energy Equipment & Services 0.4%			
[a,b]Weatherford International plc	United States	700,000	12,740,000
Health Care Providers & Services 1.0%			
[a]CHS/Community Health Systems, Inc.	United States	1,000,000	15,440,000
CVS Health Corp.	United States	250,000	20,860,000
			36,300,000
Household Products 2.1%			
Procter & Gamble Co. (The)	United States	560,000	75,560,800

Franklin Income VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Industrial Conglomerates 1.8%			
[c]Honeywell International, Inc.	United States	300,000	$65,805,000
Insurance 1.3%			
MetLife, Inc.	United States	805,108	48,185,714
IT Services 0.8%			
International Business Machines Corp.	United States	199,679	29,270,944
Machinery 0.7%			
Cummins, Inc.	United States	100,000	24,381,000
Media 0.8%			
Comcast Corp., A	United States	500,000	28,510,000
Metals & Mining 0.9%			
[b]Rio Tinto plc, ADR	Australia	400,000	33,556,000
Multi-Utilities 2.3%			
Dominion Energy, Inc.	United States	706,638	51,987,358
DTE Energy Co.	United States	100,000	12,960,000
Sempra Energy	United States	125,000	16,560,000
			81,507,358
Oil, Gas & Consumable Fuels 6.4%			
Bonanza Creek Energy, Inc.	United States	425,000	20,004,750
BP plc, ADR	United Kingdom	550,000	14,531,000
Chevron Corp.	United States	700,000	73,318,000
Exxon Mobil Corp.	United States	1,250,000	78,850,000
Royal Dutch Shell plc, ADR, A	Netherlands	450,000	18,180,000
TotalEnergies SE, ADR	France	550,000	24,893,000
			229,776,750
Personal Products 0.5%			
Unilever plc	United Kingdom	300,000	17,531,344
Pharmaceuticals 5.1%			
Bristol-Myers Squibb Co.	United States	750,000	50,115,000
Eli Lilly & Co.	United States	80,000	18,361,600
Johnson & Johnson	United States	250,000	41,185,000
Merck & Co., Inc.	United States	950,000	73,881,500
			183,543,100
Road & Rail 0.6%			
Union Pacific Corp.	United States	106,500	23,422,545
Semiconductors & Semiconductor Equipment 1.3%			
Analog Devices, Inc.	United States	100,000	17,216,000
Intel Corp.	United States	250,000	14,035,000
Texas Instruments, Inc.	United States	85,000	16,345,500
			47,596,500
Specialty Retail 0.3%			
Home Depot, Inc. (The)	United States	32,000	10,204,480
Tobacco 1.4%			
Altria Group, Inc.	United States	149,700	7,137,696
Philip Morris International, Inc.	United States	427,900	42,409,169
			49,546,865
Total Common Stocks (Cost $1,297,406,620)			**1,839,933,593**

Franklin Income VIP Fund (continued)

	Country	Shares	Value
[d]**Equity-Linked Securities 13.1%**			
Automobiles 1.6%			
[e]National Bank of Canada into General Motors Co., Senior Note, 144A, 10%, 1/26/22	United States	1,123,500	$58,388,955
Biotechnology 1.1%			
[e]Goldman Sachs International Bank into AbbVie, Inc., 144A, 10%, 7/22/21	United States	348,000	38,962,942
Capital Markets 0.5%			
[e]UBS AG into Morgan Stanley, Senior Note, 144A, 8.5%, 2/11/22	United States	200,000	16,659,722
Chemicals 0.9%			
[e]National Bank of Canada into Air Products and Chemicals, Inc., 144A, 8.5%, 4/13/22	United States	106,000	31,194,706
Energy Equipment & Services 0.8%			
[e]Royal Bank of Canada into Schlumberger NV, 144A, 10%, 3/01/22	United States	900,000	27,674,334
Health Care Providers & Services 1.0%			
[e]J.P. Morgan Structured Products BV into CVS Health Corp., Senior Note, 144A, Reg S, 8.5%, 1/25/22	United States	451,000	36,113,174
Internet & Direct Marketing Retail 0.7%			
[e]J.P. Morgan Structured Products BV into Amazon.com, Inc., Senior Note, 144A, Reg S, 9.5%, 12/07/21	United States	8,000	26,830,013
Pharmaceuticals 1.8%			
[e]Credit Suisse AG into Pfizer, Inc., 144A, 8%, 8/27/21	United States	1,642,000	64,613,899
Road & Rail 0.2%			
[e]Goldman Sachs International Bank into Union Pacific Corp., Senior Note, 144A, 8%, 2/09/22	United States	33,000	7,416,193
Semiconductors & Semiconductor Equipment 3.4%			
[e]Citigroup Global Markets Holdings, Inc. into Texas Instruments, Inc., Senior Note, 144A, 8.5%, 1/27/22	United States	234,000	42,756,187
[e]Royal Bank of Canada into Analog Devices, Inc., 144A, 8.5%, 9/10/21	United States	270,000	37,287,707
[e]Royal Bank of Canada into Intel Corp., Senior Note, 144A, 8.5%, 12/14/21	United States	782,000	40,502,682
			120,546,576
Software 0.5%			
[e]Citigroup Global Markets Holdings, Inc. into Microsoft Corp., Senior Note, 144A, 8%, 9/24/21	United States	80,000	20,077,094
Technology Hardware, Storage & Peripherals 0.6%			
[e]BNP Paribas Issuance BV into Apple, Inc., 144A, 10%, 12/22/21	United States	164,000	21,999,169
Total Equity-Linked Securities (Cost $423,247,203)			**470,476,777**
Convertible Preferred Stocks 4.7%			
Capital Markets 0.2%			
[b]KKR & Co., Inc., 6%, C	United States	85,000	6,550,100
Electric Utilities 1.8%			
American Electric Power Co., Inc., 6.125%	United States	300,000	14,739,000
NextEra Energy, Inc., 5.279%	United States	400,000	19,584,000
NextEra Energy, Inc., 6.219%	United States	230,200	11,371,880
Southern Co. (The), 6.75%, 2019	United States	350,000	17,720,500
			63,415,380
Multi-Utilities 1.6%			
Dominion Energy, Inc., 7.25%, A	United States	175,000	16,997,750
DTE Energy Co., 6.25%	United States	400,000	19,772,000

Franklin Income VIP Fund (continued)

	Country	Shares	Value
Convertible Preferred Stocks (continued)			
Multi-Utilities (continued)			
Sempra Energy, 6.75%, B	United States	200,000	$19,754,000
			56,523,750
Semiconductors & Semiconductor Equipment 1.0%			
Broadcom, Inc., 8%, A	United States	25,000	37,996,750
Thrifts & Mortgage Finance 0.1%			
[a]FNMA, 5.375%	United States	475	3,028,125
Total Convertible Preferred Stocks (Cost $183,058,821)			**167,514,105**
		Principal Amount[*]	
Convertible Bonds 0.1%			
Media 0.1%			
DISH Network Corp., Senior Note, 2.375%, 3/15/24	United States	4,555,000	4,432,584
Total Convertible Bonds (Cost $4,251,235)			**4,432,584**
Corporate Bonds 23.5%			
Aerospace & Defense 0.2%			
Raytheon Technologies Corp., Senior Note, 3.95%, 8/16/25	United States	7,500,000	8,344,615
Automobiles 0.5%			
Ford Motor Co., Senior Note, 4.346%, 12/08/26	United States	7,000,000	7,507,570
General Motors Co., Senior Bond, 5.15%, 4/01/38	United States	7,500,000	9,169,014
			16,676,584
Banks 1.4%			
Bank of America Corp.,			
[f] AA, Junior Sub. Bond, 6.1% to 3/17/25, FRN thereafter, Perpetual	United States	8,000,000	8,988,520
[f] X, Junior Sub. Bond, 6.25% to 9/05/24, FRN thereafter, Perpetual	United States	6,000,000	6,641,250
Senior Bond, 3.419% to 12/20/27, FRN thereafter, 12/20/28	United States	5,000,000	5,449,184
Citigroup, Inc., Sub. Bond, 4.125%, 7/25/28	United States	12,500,000	14,093,426
[f]JPMorgan Chase & Co.,			
[g] I, Junior Sub. Bond, FRN, 3.656%, (3-month USD LIBOR + 3.47%), Perpetual	United States	10,559,000	10,598,596
R, Junior Sub. Bond, 6% to 8/01/23, FRN thereafter, Perpetual	United States	3,200,000	3,404,000
			49,174,976
Biotechnology 0.3%			
AbbVie, Inc., Senior Note, 3.8%, 3/15/25	United States	10,500,000	11,491,193
Capital Markets 0.3%			
Goldman Sachs Group, Inc. (The), Senior Note, 3.272% to 9/29/24, FRN thereafter, 9/29/25	United States	9,000,000	9,631,194
Chemicals 0.1%			
[e]SCIH Salt Holdings, Inc., Senior Note, 144A, 6.625%, 5/01/29	United States	2,000,000	2,007,500
Consumer Finance 0.9%			
Capital One Financial Corp., Sub. Note, 4.2%, 10/29/25	United States	8,000,000	8,937,449
Ford Motor Credit Co. LLC, Senior Note, 5.125%, 6/16/25	United States	20,000,000	22,050,000
			30,987,449
Containers & Packaging 0.6%			
[e]Mauser Packaging Solutions Holding Co.,			
Senior Note, 144A, 7.25%, 4/15/25	United States	11,500,000	11,293,000
Senior Secured Note, 144A, 5.5%, 4/15/24	United States	10,000,000	10,112,500
			21,405,500

Franklin Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Diversified Financial Services 0.5%			
[e]MPH Acquisition Holdings LLC, Senior Note, 144A, 5.75%, 11/01/28	United States	18,000,000	$18,112,230
Diversified Telecommunication Services 0.7%			
AT&T, Inc., Senior Bond, 4.125%, 2/17/26	United States	12,000,000	13,497,801
[e]CCO Holdings LLC / CCO Holdings Capital Corp., Senior Bond, 144A, 5.5%, 5/01/26	United States	10,000,000	10,362,350
			23,860,151
Energy Equipment & Services 0.7%			
[e]Weatherford International Ltd., Senior Note, 144A, 11%, 12/01/24	United States	25,000,000	26,031,750
Entertainment 0.7%			
Netflix, Inc., Senior Bond, 4.875%, 4/15/28	United States	22,000,000	25,603,160
Health Care Providers & Services 6.9%			
[e]CHS/Community Health Systems, Inc.,			
Secured Note, 144A, 6.875%, 4/15/29	United States	70,000,000	73,456,950
Secured Note, 144A, 6.125%, 4/01/30	United States	33,500,000	34,044,375
Senior Note, 144A, 6.875%, 4/01/28	United States	10,000,000	9,905,750
Senior Secured Note, 144A, 6.625%, 2/15/25	United States	10,000,000	10,587,400
Senior Secured Note, 144A, 8%, 3/15/26	United States	12,500,000	13,484,563
Senior Secured Note, 144A, 8%, 12/15/27	United States	10,000,000	11,138,550
CVS Health Corp.,			
Senior Bond, 4.3%, 3/25/28	United States	8,000,000	9,197,843
Senior Note, 4.1%, 3/25/25	United States	1,225,000	1,359,232
HCA, Inc.,			
Senior Bond, 5.875%, 5/01/23	United States	7,500,000	8,159,625
Senior Secured Note, 5%, 3/15/24	United States	10,400,000	11,495,687
Tenet Healthcare Corp.,			
[e] Secured Note, 144A, 6.25%, 2/01/27	United States	29,000,000	30,305,000
Senior Note, 6.75%, 6/15/23	United States	24,000,000	26,220,000
[e] Senior Note, 144A, 6.125%, 10/01/28	United States	9,000,000	9,616,410
			248,971,385
Hotels, Restaurants & Leisure 1.1%			
[e]Caesars Entertainment, Inc., Senior Secured Note, 144A, 6.25%, 7/01/25	United States	18,000,000	19,102,500
[e]Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp.,			
Senior Bond, 144A, 5.5%, 3/01/25	United States	13,200,000	14,246,628
Senior Note, 144A, 5.25%, 5/15/27	United States	6,000,000	6,461,700
			39,810,828
Media 2.0%			
[e]Diamond Sports Group LLC / Diamond Sports Finance Co., Senior Secured Note, 144A, 5.375%, 8/15/26	United States	15,000,000	9,732,000
DISH DBS Corp.,			
Senior Note, 5.875%, 7/15/22	United States	14,000,000	14,622,300
Senior Note, 5%, 3/15/23	United States	21,000,000	22,029,840
Senior Note, 5.875%, 11/15/24	United States	9,400,000	10,105,000
[e]Univision Communications, Inc.,			
Senior Secured Note, 144A, 5.125%, 2/15/25	United States	7,140,000	7,306,041
Senior Secured Note, 144A, 6.625%, 6/01/27	United States	8,500,000	9,220,800
			73,015,981
Metals & Mining 0.1%			
[e]Cleveland-Cliffs, Inc., Senior Secured Note, 144A, 6.75%, 3/15/26	United States	5,000,000	5,400,000
Oil, Gas & Consumable Fuels 1.3%			
Bonanza Creek Energy, Inc., Senior Note, 7.5%, 4/30/26	United States	6,877,144	6,961,320

Franklin Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Oil, Gas & Consumable Fuels (continued)			
Calumet Specialty Products Partners LP / Calumet Finance Corp.,			
Senior Note, 7.625%, 1/15/22	United States	1,501,000	$1,503,875
[e] Senior Note, 144A, 11%, 4/15/25	United States	15,000,000	16,353,075
Senior Note, 7.75%, 4/15/23	United States	2,000,000	1,997,200
[e] Senior Secured Note, 144A, 9.25%, 7/15/24	United States	5,185,000	5,726,625
Occidental Petroleum Corp.,			
Senior Note, 8%, 7/15/25	United States	5,000,000	5,993,900
Senior Note, 6.625%, 9/01/30	United States	6,000,000	7,207,500
			45,743,495
Pharmaceuticals 2.3%			
[e]Bausch Health Cos., Inc.,			
Senior Bond, 144A, 6.125%, 4/15/25	United States	9,110,000	9,349,138
Senior Note, 144A, 9%, 12/15/25	United States	5,000,000	5,367,750
Senior Note, 144A, 5%, 2/15/29	United States	5,000,000	4,668,850
Senior Secured Note, 144A, 5.5%, 11/01/25	United States	11,000,000	11,299,750
Senior Secured Note, 144A, 4.875%, 6/01/28	United States	4,500,000	4,611,375
[e]Bayer US Finance II LLC, Senior Note, 144A, 4.25%, 12/15/25	Germany	11,000,000	12,268,164
Bristol-Myers Squibb Co., Senior Note, 3.4%, 7/26/29	United States	8,000,000	8,974,677
[e]Endo Dac / Endo Finance LLC / Endo Finco, Inc., Senior Note, 144A, 6%, 6/30/28	United States	7,094,000	4,793,061
[e]Par Pharmaceutical, Inc., Senior Secured Note, 144A, 7.5%, 4/01/27	United States	8,429,000	8,628,472
Utah Acquisition Sub, Inc., Senior Note, 3.95%, 6/15/26	United States	10,000,000	11,023,124
			80,984,361
Road & Rail 0.1%			
[e]Ashtead Capital, Inc., Senior Note, 144A, 4.25%, 11/01/29	United Kingdom	4,500,000	4,871,250
Tobacco 0.6%			
BAT Capital Corp., Senior Note, 3.557%, 8/15/27	United Kingdom	20,000,000	21,428,820
Trading Companies & Distributors 0.7%			
United Rentals North America, Inc., Senior Bond, 4.875%, 1/15/28	United States	11,300,000	11,997,775
[e]WESCO Distribution, Inc., Senior Note, 144A, 7.125%, 6/15/25	United States	14,000,000	15,147,300
			27,145,075
Wireless Telecommunication Services 1.5%			
Sprint Communications, Inc.,			
Senior Note, 11.5%, 11/15/21	United States	15,000,000	15,578,048
Senior Note, 6%, 11/15/22	United States	6,300,000	6,678,000
Sprint Corp.,			
Senior Note, 7.625%, 3/01/26	United States	7,500,000	9,169,725
Senior Note, 7.875%, 9/15/23	United States	12,500,000	14,216,575
Senior Note, 7.125%, 6/15/24	United States	8,200,000	9,471,000
			55,113,348
Total Corporate Bonds (Cost $773,108,895)			**845,810,845**
		Units	
[h]**Index-Linked Notes 1.1%**			
Capital Markets 1.1%			
[e,i]Credit Suisse AG, Senior Note, 144A, 12.095%, 9/06/22	Switzerland	10,332	39,041,218
Total Index-Linked Notes (Cost $34,999,753)			**39,041,218**

Franklin Income VIP Fund (continued)

	Country	Principal Amount*	Value
U.S. Government and Agency Securities 2.7%			
U.S. Treasury Notes,			
2.75%, 5/31/23	United States	50,000,000	$52,408,203
0.5%, 3/31/25	United States	25,000,000	24,880,860
0.875%, 6/30/26	United States	20,000,000	19,991,406
Total U.S. Government and Agency Securities (Cost $94,948,565)			**97,280,469**
Asset-Backed Securities 0.3%			
Airlines 0.3%			
United Airlines Pass-Through Trust, 2020-1, A, 5.875%, 10/15/27	United States	9,516,500	10,579,221
Total Asset-Backed Securities (Cost $9,516,500)			**10,579,221**
Mortgage-Backed Securities 0.1%			
Federal National Mortgage Association (FNMA) Fixed Rate 0.1%			
FNMA, 30 Year, 4%, 8/01/49	United States	2,607,439	2,830,267
Total Mortgage-Backed Securities (Cost $2,762,256)			**2,830,267**
		Shares	
Escrows and Litigation Trusts 0.3%			
[e]Chesapeake Energy Corp., Escrow Account, 144A	United States	9,500,000	10,295,625
Total Escrows and Litigation Trusts (Cost $9,500,000)			**10,295,625**
Total Long Term Investments (Cost $2,832,799,848)			**3,488,194,704**

Short Term Investments 2.5%

	Country	Shares	Value
Money Market Funds 2.3%			
[j,k]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	83,415,064	83,415,064
Total Money Market Funds (Cost $83,415,064)			**83,415,064**
[l]Investments from Cash Collateral Received for Loaned Securities 0.2%			
Money Market Funds 0.1%			
[j,k]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	4,051,000	4,051,000

Franklin Income VIP Fund (continued)

Short Term Investments (continued)

	Principal Amount*	Value
Repurchase Agreements 0.1%		
[m]Joint Repurchase Agreement, BofA Securities, Inc., 0.05%, 7/01/21 (Maturity Value $1,013,001) Collateralized by U.S. Treasury Note, 1.5%, 11/30/24 (valued at $1,033,261)	1,013,000	$1,013,000
Total Investments from Cash Collateral Received for Loaned Securities (Cost $5,064,000)		**5,064,000**
Total Short Term Investments (Cost $88,479,064)		**88,479,064**
Total Investments (Cost $2,921,278,912) 99.7%		**$3,576,673,768**
Options Written (0.0)%†		**(534,000)**
Other Assets, less Liabilities 0.3%		**11,140,581**
Net Assets 100.0%		**$3,587,280,349**

	Number of Contracts	Notional Amount#	
[n]**Options Written (0.0)%†**			
Calls - Exchange-Traded			
Equity Options			
Honeywell International, Inc., September Strike Price $240.00, Expires 9/17/21	3,000	65,805,000	(534,000)
			(534,000)
Total Options Written (Premiums received $1,823,887)			$(534,000)

See Abbreviations on page FI-31.

Notional amount is the number of units specified in the contract, and can include currency units, bushels, shares, pounds, barrels or other units. Currency units are stated in U.S. dollars unless otherwise indicated.
* The principal amount is stated in U.S. dollars unless otherwise indicated.
† Rounds to less than 0.1% of net assets.
[a] Non-income producing.
[b] A portion or all of the security is on loan at June 30, 2021. See Note 1(g).
[c] A portion or all of the security is held in connection with written option contracts open at period end.
[d] See Note 1(f) regarding equity-linked securities.
[e] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $964,826,427, representing 26.9% of net assets.
[f] Perpetual security with no stated maturity date.
[g] The coupon rate shown represents the rate at period end.
[h] See Note 1(e) regarding index-linked notes.
[i] Security pays variable interest based on the distributions of the strategy index and proceeds earned from related equity derivatives. The coupon rate shown represents the combined rate at period end. Cash payment at maturity or upon early redemption is based on the performance of the strategy index.
[j] See Note 3(e) regarding investments in affiliated management investment companies.
[k] The rate shown is the annualized seven-day effective yield at period end.
[l] See Note 1(g) regarding securities on loan.
[m] See Note 1(c) regarding joint repurchase agreement.
[n] See Note 1(d) regarding written options.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Income VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$2,832,799,848
Cost - Non-controlled affiliates (Note 3e)	87,466,064
Cost - Unaffiliated repurchase agreements	1,013,000
Value - Unaffiliated issuers (Includes securities loaned of $4,916,278)	$3,488,194,704
Value - Non-controlled affiliates (Note 3e)	87,466,064
Value - Unaffiliated repurchase agreements	1,013,000
Receivables:	
Investment securities sold	3,709,352
Capital shares sold	2,159,528
Dividends and interest	16,282,702
European Union tax reclaims (Note 1h)	1,784,728
Total assets	3,600,610,078
Liabilities:	
Payables:	
Investment securities purchased	2,007,500
Capital shares redeemed	2,750,443
Management fees	1,615,763
Distribution fees	857,493
Options written, at value (premiums received $1,823,887)	534,000
Payable upon return of securities loaned (Note 1g)	5,064,000
Accrued expenses and other liabilities	500,530
Total liabilities	13,329,729
Net assets, at value	$3,587,280,349
Net assets consist of:	
Paid-in capital	$2,980,482,966
Total distributable earnings (losses)	606,797,383
Net assets, at value	$3,587,280,349

	Franklin Income VIP Fund
Class 1:	
Net assets, at value	$234,063,179
Shares outstanding	14,131,015
Net asset value and maximum offering price per share	$16.56
Class 2:	
Net assets, at value	$3,033,420,231
Shares outstanding	190,658,978
Net asset value and maximum offering price per share	$15.91
Class 4:	
Net assets, at value	$319,796,939
Shares outstanding	19,539,816
Net asset value and maximum offering price per share	$16.37

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Income VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $451,946)	
Unaffiliated issuers	$46,548,123
Non-controlled affiliates (Note 3e)	3,364
Interest:	
Unaffiliated issuers	39,193,051
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	43,768
Non-controlled affiliates (Note 3e)	393
Other income (Note 1h)	22,370
Total investment income	85,811,069
Expenses:	
Management fees (Note 3a)	10,267,130
Distribution fees: (Note 3c)	
Class 2	4,839,479
Class 4	544,461
Custodian fees (Note 4)	14,835
Reports to shareholders	196,404
Professional fees	47,016
Trustees' fees and expenses	13,431
Other	52,911
Total expenses	15,975,667
Expense reductions (Note 4)	(45)
Expenses waived/paid by affiliates (Note 3e)	(51,523)
Net expenses	15,924,099
Net investment income	69,886,970
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	306,634,453
Foreign currency transactions	(6,940)
Net realized gain (loss)	306,627,513
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	80,213,986
Translation of other assets and liabilities denominated in foreign currencies	(76,839)
Written options	1,289,887
Net change in unrealized appreciation (depreciation)	81,427,034
Net realized and unrealized gain (loss)	388,054,547
Net increase (decrease) in net assets resulting from operations	$457,941,517

Statements of Changes in Net Assets

	Franklin Income VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	$69,886,970	$160,490,300
Net realized gain (loss)	306,627,513	(366,440,390)
Net change in unrealized appreciation (depreciation)	81,427,034	189,780,651
Net increase (decrease) in net assets resulting from operations	457,941,517	(16,169,439)
Distributions to shareholders:		
Class 1	(16,108,183)	(16,535,949)
Class 2	(184,021,190)	(219,850,517)
Class 4	(14,055,725)	(16,548,919)
Total distributions to shareholders	(214,185,098)	(252,935,385)
Capital share transactions: (Note 2)		
Class 1	(89,376,876)	11,863,357
Class 2	(1,028,416,031)	(227,620,547)
Class 4	(507,387)	(4,380,893)
Total capital share transactions	(1,118,300,294)	(220,138,083)
Net increase (decrease) in net assets	(874,543,875)	(489,242,907)
Net assets:		
Beginning of period	4,461,824,224	4,951,067,131
End of period	$3,587,280,349	$4,461,824,224

Notes to Financial Statements (unaudited)

Franklin Income 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). Franklin Income 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.

Equity securities and derivative financial instruments listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the 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. Investments in repurchase agreements are valued at cost, which approximates fair value.

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's securities to the latest indications of fair value at 4 p.m Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Joint Repurchase Agreement (continued)

seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Statement of Investments, had been entered into on June 30, 2021.

d. 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.

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.

The Fund purchased or wrote exchange traded option contracts primarily to gain exposure to equity price 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.

See Note 9 regarding other derivative information.

e. Index-Linked Notes

The Fund invests in index-linked notes. Index-linked notes are senior, unsecured, subordinated debt securities issued by a financial institution, and the value is based on the price movements of the underlying index. Index-linked notes are designed to provide investors access to the returns of various market benchmarks and intended to replicate the economic effects that would apply had the Fund directly purchased the underlying referenced asset or basket of assets. The risks of investing in index-linked notes include unfavorable price movements in the underlying index and the credit risk of the issuing financial institution. There may be no guarantee of a return of principal with index-linked notes and the appreciation potential may be limited. Index-linked notes may be more volatile and less liquid than other investments held by the Fund.

f. Equity-Linked Securities

The Fund invests in equity-linked securities. Equity-linked securities are hybrid financial instruments that generally combine both debt and equity characteristics into a single note form. Income received from equity-linked securities is recorded as realized gains in the Statements of Operations and may be based on the performance of an underlying equity security, an equity index, or an option position. The risks of investing in equity-linked securities include unfavorable price movements in the underlying security and the credit risk of the issuing financial institution. There may be no guarantee of a return of principal with equity-linked securities and the appreciation potential may be limited. Equity-linked securities may be more volatile and less liquid than other investments held by the Fund.

g. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

g. Securities Lending (continued)

affiliate of the Fund, and/or a joint repurchase agreement. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

h. 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.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, when EU reclaims are received by the Fund and the Fund previously passed foreign tax credit on to its shareholders, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund's shareholders.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

i. 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. Paydown gains and losses are recorded as an adjustment to interest income. Facility fees are recognized as income over the expected term of the loan. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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

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.

j. 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.

k. 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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	1,927,424	$31,809,488	2,306,541	$33,745,188
Shares issued in reinvestment of distributions	964,562	16,108,183	1,187,928	16,535,949
Shares redeemed	(8,356,755)	(137,294,547)	(2,618,645)	(38,417,780)
Net increase (decrease)	(5,464,769)	$(89,376,876)	875,824	$11,863,357
Class 2 Shares:				
Shares sold	4,495,221	$72,188,702	18,351,749	$260,263,939
Shares issued in reinvestment of distributions	11,472,643	184,021,190	16,406,755	219,850,517
Shares redeemed	(81,444,692)	(1,284,625,923)	(49,970,834)	(707,735,003)
Net increase (decrease)	(65,476,828)	$(1,028,416,031)	(15,212,330)	$(227,620,547)
Class 4 Shares:				
Shares sold	643,568	$10,556,896	2,068,153	$30,108,099
Shares issued in reinvestment of distributions	851,346	14,055,725	1,201,809	16,548,919
Shares redeemed	(1,535,971)	(25,120,008)	(3,520,562)	(51,037,911)
Net increase (decrease)	(41,057)	$(507,387)	(250,600)	$(4,380,893)

Franklin Income VIP Fund (continued)

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 Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

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

Subsidiary	Affiliation
0.625%	Up to and including $100 million
0.500%	Over $100 million, up to and including $250 million
0.450%	Over $250 million, up to and including $7.5 billion
0.440%	Over $7.5 billion, up to and including $10 billion
0.430%	Over $10 billion, up to and including $12.5 billion
0.420%	Over $12.5 billion, up to and including $15 billion
0.400%	In excess of $15 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.456% 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 0.35% per year of its average daily net assets of each class. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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. As defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund’s outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund

Franklin Income VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Income VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$129,156,296	$1,151,171,792	$(1,196,913,024)	$—	$—	$83,415,064	83,415,064	$3,364
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$8,117,000	$200,632,000	$(204,698,000)	$—	$—	$4,051,000	4,051,000	$393
Total Affiliated Securities	$137,273,296	$1,351,803,792	$(1,401,611,024)	$—	$—	$87,466,064		$3,757

f. Interfund Transactions

The Fund engaged in purchases and sales of investments with funds or other accounts that have common investment managers (or affiliated investment managers), directors, trustees or officers. During the period ended June 30, 2021, these purchase and sale transactions aggregated $0 and $169,315,086, respectively.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, 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, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	$18,659,427
Long term	396,154,822
Total capital loss carryforwards	$414,814,249

Franklin Income VIP Fund (continued)

5. Income Taxes (continued)

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$2,916,829,799
Unrealized appreciation	$724,957,201
Unrealized depreciation	(65,647,231)
Net unrealized appreciation (depreciation)	$659,309,970

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of equity-linked securities, bond discounts and premiums, convertible securities and wash sales.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $799,997,414 and $1,991,665,492, respectively.

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $5,064,000 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

7. Credit Risk

At June 30, 2021, the Fund had 18.4% of its portfolio invested in high yield, senior secured floating rate loans, or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

9. Other Derivative Information

At June 30, 2021, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Franklin Income VIP Fund				
Equity contracts	Investments in securities, at value	$—	Options written, at value	$534,000
Total		$—		$534,000

For the period ended June 30, 2021, the effect of derivative contracts in the Statement of Operations was as follows:

Franklin Income VIP Fund (continued)

9. Other Derivative Information (continued)

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Franklin Income VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Equity Contracts				
	Written options	$—	Written options	$1,289,887
Total		$—		$1,289,887

For the period ended June 30, 2021, the average month end notional amount of options represented 42,857 shares.

See Note 1(d) regarding derivative financial instruments.

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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

11. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

Franklin Income VIP Fund (continued)

11. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Income VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$63,428,000	$—	$—	$63,428,000
Air Freight & Logistics	32,796,869	—	—	32,796,869
Banks	205,423,750	29,665,619	—	235,089,369
Beverages	128,903,000	—	—	128,903,000
Biotechnology	42,406,500	—	—	42,406,500
Capital Markets	38,188,885	—	—	38,188,885
Chemicals	2,157,600	25,657,589	—	27,815,189
Diversified Telecommunication Services	76,206,181	—	—	76,206,181
Electric Utilities	197,661,200	—	—	197,661,200
Energy Equipment & Services	12,740,000	—	—	12,740,000
Health Care Providers & Services	36,300,000	—	—	36,300,000
Household Products	75,560,800	—	—	75,560,800
Industrial Conglomerates	65,805,000	—	—	65,805,000
Insurance	48,185,714	—	—	48,185,714
IT Services	29,270,944	—	—	29,270,944
Machinery	24,381,000	—	—	24,381,000
Media	28,510,000	—	—	28,510,000
Metals & Mining	33,556,000	—	—	33,556,000
Multi-Utilities	81,507,358	—	—	81,507,358
Oil, Gas & Consumable Fuels	229,776,750	—	—	229,776,750
Personal Products	—	17,531,344	—	17,531,344
Pharmaceuticals	183,543,100	—	—	183,543,100
Road & Rail	23,422,545	—	—	23,422,545
Semiconductors & Semiconductor Equipment	47,596,500	—	—	47,596,500
Specialty Retail	10,204,480	—	—	10,204,480
Tobacco	49,546,865	—	—	49,546,865
Equity-Linked Securities	—	470,476,777	—	470,476,777
Convertible Preferred Stocks:				
Capital Markets	6,550,100	—	—	6,550,100
Electric Utilities	63,415,380	—	—	63,415,380
Multi-Utilities	56,523,750	—	—	56,523,750
Semiconductors & Semiconductor Equipment	37,996,750	—	—	37,996,750
Thrifts & Mortgage Finance	—	3,028,125	—	3,028,125
Convertible Bonds	—	4,432,584	—	4,432,584
Corporate Bonds	—	845,810,845	—	845,810,845
Index-Linked Notes	—	39,041,218	—	39,041,218
U.S. Government and Agency Securities	—	97,280,469	—	97,280,469
Asset-Backed Securities	—	10,579,221	—	10,579,221
Mortgage-Backed Securities	—	2,830,267	—	2,830,267
Escrows and Litigation Trusts	—	10,295,625	—	10,295,625
Short Term Investments	87,466,064	1,013,000	—	88,479,064
Total Investments in Securities	$2,019,031,085	$1,557,642,683[a]	$—	$3,576,673,768
Liabilities:				
Other Financial Instruments:				
Options written	$534,000	$—	$—	$534,000

[a]Includes foreign securities valued at $72,854,552, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

Franklin Income VIP Fund (continued)

12. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

13. 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.

Abbreviations

Currency	
USD	United States Dollar

Selected Portfolio	
ADR	American Depositary Receipt
FNMA	Federal National Mortgage Association
FRN	Floating Rate Note
LIBOR	London Inter-Bank Offered Rate

Franklin Large Cap Growth VIP Fund

This semiannual report for Franklin Large Cap Growth VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +10.05% total return for the six-month period ended June 30, 2021.

*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.

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Franklin Large Cap Growth VIP Fund

Fund Goal and Main Investments

The Fund seeks capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of large-capitalization companies. For this Fund, large-capitalization companies are those with market capitalization values within those of the top 50% of companies in the Russell 1000® Index at the time of purchase.[1]

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. The Fund may focus on particular sectors of the market from time to time, which can carry greater risks of adverse developments in such sectors. Smaller or midsized companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Investments in foreign securities may involve special risks including currency fluctuations and economic and political uncertainty. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's benchmark, the Standard & Poor's® 500 Index (S&P 500®), posted a +15.25% total return.[2]

Economic and Market Overview

U.S. equities, as measured by the S&P 500, posted a +15.25% total return for the six months ended June 30, 2021.[2] Stocks benefited from the continued economic recovery, accommodative monetary policy, additional fiscal stimulus measures, implementation of novel coronavirus (COVID-19) vaccination programs and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. The progress toward a bipartisan infrastructure bill further bolstered investor sentiment, aiding equities to reach new all-time price highs toward period-end.

The U.S. economic recovery accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels, as the lifting of many COVID-19 restrictions and strong consumer spending bolstered growth. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials. The unemployment rate declined from 6.7% in December 2020 to 5.9% in June 2021 as job openings grew, but a relative lack of available workers fueled wage growth, adding to some investors' inflation concerns.[3]

Portfolio Composition
6/30/21

	% of Total Net Assets
Software	19.1%
IT Services	15.2%
Internet & Direct Marketing Retail	8.6%
Health Care Equipment & Supplies	8.2%
Capital Markets	5.6%
Semiconductors & Semiconductor Equipment	5.2%
Interactive Media & Services	4.3%
Technology Hardware, Storage & Peripherals	4.1%
Professional Services	3.0%
Equity Real Estate Investment Trusts (REITs)	2.8%
Health Care Providers & Services	2.3%
Health Care Technology	2.0%
Industrial Conglomerates	1.8%
Life Sciences Tools & Services	1.7%
Other*	16.4%
Short-Term Investments & Other Net Assets	(0.3)%

*Categories within the Other category are listed in full in the Fund's Statement of Investments (SOI), which can be found later in this report.

1. Please see Index Descriptions following the Fund Summaries.
2. 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.
3. Source: Bureau of Labor Statistics.

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).

In an effort to support the economy, the U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25%. The Fed also maintained quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended bond purchasing. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

Investment Strategy

We are a research driven, fundamental investor, pursuing a growth strategy. As a bottom-up investor focusing primarily on individual securities, we seek companies that have identifiable drivers of future earnings growth and that present, in our opinion, the best trade-off between that potential earnings growth, business and financial risk, and valuation.

Manager's Discussion

During the period under review, relative returns were helped by stock selection in the health care sector and underweightings in the consumer staples and utilities sectors.

In health care, vaccine developer Novavax (not part of the index) reported favorable trial results for its COVID-19 vaccine candidate and will be submitting these results to the U.S. Food and Drug Administration (FDA) for emergency use authorization. The Fund also benefited from a position in West Pharmaceutical Services. The company is a leading manufacturer of packaging components and delivery systems for injectable drugs and health care products. Strong organic sales growth and accelerating demand for products associated with COVID-19 have been a tailwind for the company.

Elsewhere, chipmaker NVIDIA contributed to relative results. The company manufactures graphic processing units used in video games, computer graphics, artificial intelligence and autonomous vehicles, which are some of the fastest growing areas of technology spending. A favorable underweighting in Apple also contributed to relative returns. Rising bond yields and expectations of an economic rebound tempered technology stocks in general, which have performed well since the pandemic. E-commerce platform Shopify (not part of the index) helped performance as well, benefiting from strong subscription and merchant revenue growth.

Top 10 Holdings
6/30/21

Company Industry	% of Total Net Assets
Amazon.com, Inc. *Internet & Direct Marketing Retail*	8.3%
Microsoft Corp. *Software*	4.5%
Mastercard, Inc. *IT Services*	4.3%
Apple, Inc. *Technology Hardware, Storage & Peripherals*	4.1%
Visa, Inc. *IT Services*	3.7%
NVIDIA Corp. *Semiconductors & Semiconductor Equipment*	3.1%
ServiceNow, Inc. *Software*	3.1%
Alphabet, Inc. *Interactive Media & Services*	2.9%
Adobe, Inc. *Software*	2.6%
SBA Communications Corp. *Equity Real Estate Investment Trusts (REITs)*	2.3%

In contrast, stock selection in the industrials sector detracted from relative returns. Within the sector, data analytics provider Verisk Analytics faced COVID-19 headwinds in its energy and financials businesses, which weakened margins. Another detractor in the sector was real estate data and analytics company CoStar Group (not part of the index), which has been actively engaged in acquiring assets for a move into the residential real estate market. However, concerns about short-term stock dilution held back share performance.

Stock selection and an underweighting in the financials sector also hurt relative performance. Electronic bond trading platform MarketAxess Holdings was a significant detractor, with the stock falling from a high point partly due to the rotation from growth to value.

Stock selection and an overweighting hurt relative results in the information technology sector.

Elsewhere, relative performance was hurt by drugmaker Heron Therapeutics (not part of the index), which continued to face FDA hurdles for approval of its non-opioid painkiller. Medical device company Nevro (not part of the index) also hurt relative performance after the cancellation of non-emergency medical procedures due to COVID-19 undermining the company's share price.

Thank you for your participation in Franklin Large Cap Growth VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,100.50	$5.60	$1,019.46	$5.39	1.08%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

Financial Highlights

Franklin Large Cap Growth VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$29.78	$22.73	$19.19	$20.93	$17.85	$18.42
Income from investment operations[a]:						
Net investment (loss)[b]	(0.03)	(0.09)	(0.06)	(0.04)	(0.03)	(0.04)
Net realized and unrealized gains (losses)	2.91	9.54	6.51	0.03	4.91	(0.26)
Total from investment operations	2.88	9.45	6.45	(0.01)	4.88	(0.30)
Less distributions from:						
Net investment income	—	—	—	—	(0.20)	—
Net realized gains	(3.77)	(2.40)	(2.91)	(1.73)	(1.60)	(0.27)
Total distributions	(3.77)	(2.40)	(2.91)	(1.73)	(1.80)	(0.27)
Net asset value, end of period	$28.89	$29.78	$22.73	$19.19	$20.93	$17.85
Total return[c]	10.18%	44.98%	34.98%	(1.24)%	28.38%	(1.49)%
Ratios to average net assets[d]						
Expenses[e]	0.83%[f]	0.84%[f]	0.84%[f]	0.85%	0.87%	0.80%
Net investment (loss)	(0.20)%	(0.36)%	(0.25)%	(0.17)%	(0.14)%	(0.19)%
Supplemental data						
Net assets, end of period (000's)	$5,161	$4,606	$1,350	$1,040	$1,092	$883
Portfolio turnover rate	7.87%	14.90%	17.01%	21.93%	24.96%	36.26%[g]

[a]The 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 and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

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

[d]Ratios are annualized for periods less than one year.

[e]Benefit of expense reduction rounds to less than 0.01%.

[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Large Cap Growth VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$28.65	$22.00	$18.70	$20.48	$17.48	$18.09
Income from investment operations[a]:						
Net investment (loss)[b]	(0.07)	(0.14)	(0.11)	(0.09)	(0.08)	(0.08)
Net realized and unrealized gains (losses)	2.81	9.19	6.32	0.04	4.81	(0.26)
Total from investment operations	2.74	9.05	6.21	(0.05)	4.73	(0.34)
Less distributions from:						
Net investment income	—	—	—	—	(0.13)	—
Net realized gains	(3.77)	(2.40)	(2.91)	(1.73)	(1.60)	(0.27)
Total distributions	(3.77)	(2.40)	(2.91)	(1.73)	(1.73)	(0.27)
Net asset value, end of period	$27.62	$28.65	$22.00	$18.70	$20.48	$17.48
Total return[c]	10.05%	44.63%	34.58%	(1.47)%	28.11%	(1.79)%
Ratios to average net assets[d]						
Expenses[e]	1.08%[f]	1.09%[f]	1.09%[f]	1.10%	1.12%	1.05%
Net investment (loss)	(0.46)%	(0.58)%	(0.50)%	(0.42)%	(0.39)%	(0.44)%
Supplemental data						
Net assets, end of period (000's)	$132,543	$131,001	$114,170	$100,435	$118,875	$113,028
Portfolio turnover rate	7.87%	14.90%	17.01%	21.93%	24.96%	36.26%[g]

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Statement of Investments (unaudited), June 30, 2021

Franklin Large Cap Growth VIP Fund

	Country	Shares	Value
Common Stocks 100.3%			
Auto Components 0.8%			
[a]Aptiv plc	United States	6,805	$1,070,631
Automobiles 0.9%			
[a]Tesla, Inc.	United States	1,901	1,292,110
Beverages 1.3%			
Constellation Brands, Inc., A	United States	4,543	1,062,562
[a]Monster Beverage Corp.	United States	8,619	787,346
			1,849,908
Biotechnology 1.5%			
[a]Heron Therapeutics, Inc.	United States	46,656	724,101
[a]Novavax, Inc.	United States	5,238	1,112,080
[a]PTC Therapeutics, Inc.	United States	5,541	234,218
			2,070,399
Capital Markets 5.6%			
[a,b]Churchill Capital Corp. IV, A.	United States	11,802	340,134
[a]Dragoneer Growth Opportunities Corp.	United States	28,900	300,271
Intercontinental Exchange, Inc.	United States	7,106	843,482
MarketAxess Holdings, Inc.	United States	1,751	811,746
MSCI, Inc.	United States	4,988	2,659,003
S&P Global, Inc.	United States	5,756	2,362,550
[a]Soaring Eagle Acquisition Corp.	United States	28,200	298,638
[a]TPG Pace Beneficial II Corp., A.	United States	15,800	159,264
			7,775,088
Chemicals 1.3%			
Ecolab, Inc.	United States	3,064	631,092
Linde plc	United Kingdom	3,836	1,108,988
			1,740,080
Commercial Services & Supplies 0.3%			
[a]Legalzoom.com, Inc.	United States	300	11,355
Republic Services, Inc.	United States	4,079	448,731
			460,086
Consumer Finance 0.5%			
[a,b]SoFi Technologies, Inc.	United States	33,360	639,511
Electric Utilities 0.4%			
NextEra Energy, Inc.	United States	7,957	583,089
Entertainment 1.2%			
[a]Sea Ltd., ADR	Taiwan	2,543	698,308
[a]Walt Disney Co. (The)	United States	5,161	907,149
			1,605,457
Equity Real Estate Investment Trusts (REITs) 2.8%			
American Tower Corp.	United States	2,345	633,478
SBA Communications Corp.	United States	10,005	3,188,594
			3,822,072
Food Products 0.9%			
[a]Freshpet, Inc.	United States	3,595	585,841
Lamb Weston Holdings, Inc.	United States	8,368	674,963
			1,260,804
Health Care Equipment & Supplies 8.2%			
Danaher Corp.	United States	6,791	1,822,433

Franklin Large Cap Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Health Care Equipment & Supplies (continued)			
[a]Edwards Lifesciences Corp.	United States	13,402	$1,388,045
[a,b]Figs, Inc., A.	United States	13,800	691,380
[a]IDEXX Laboratories, Inc.	United States	2,914	1,840,337
[a]Intuitive Surgical, Inc.	United States	1,772	1,629,602
[a]Nevro Corp.	United States	7,224	1,197,667
West Pharmaceutical Services, Inc.	United States	7,450	2,675,295
			11,244,759
Health Care Providers & Services 2.3%			
[a]Guardant Health, Inc.	United States	4,189	520,232
UnitedHealth Group, Inc.	United States	6,766	2,709,377
			3,229,609
Health Care Technology 2.0%			
[a]Veeva Systems, Inc., A	United States	8,797	2,735,427
Hotels, Restaurants & Leisure 1.5%			
[a]Airbnb, Inc., A	United States	578	88,515
[a]Chipotle Mexican Grill, Inc.	United States	1,045	1,620,105
Starbucks Corp.	United States	3,163	353,655
			2,062,275
Industrial Conglomerates 1.8%			
Honeywell International, Inc.	United States	5,294	1,161,239
Roper Technologies, Inc.	United States	2,772	1,303,394
			2,464,633
Interactive Media & Services 4.3%			
[a]Alphabet, Inc., A	United States	1,614	3,941,049
[a,b]Bumble, Inc., A	United States	6,639	382,406
[a]Facebook, Inc., A	United States	4,542	1,579,299
			5,902,754
Internet & Direct Marketing Retail 8.6%			
[a]Amazon.com, Inc.	United States	3,323	11,431,652
[a,b]Coupang, Inc.	South Korea	10,600	443,292
			11,874,944
IT Services 15.2%			
[a]Black Knight, Inc.	United States	8,806	686,692
[a,b]Marqeta, Inc., A.	United States	22,256	624,726
Mastercard, Inc., A	United States	16,271	5,940,379
[a]Okta, Inc.	United States	2,456	600,934
[a]Paymentus Holdings, Inc., A	United States	2,300	81,650
[a]PayPal Holdings, Inc.	United States	10,097	2,943,074
[a]Shopify, Inc., A	Canada	1,275	1,862,749
[a]Snowflake, Inc., A	United States	2,144	518,419
[a]Twilio, Inc., A.	United States	6,298	2,482,420
Visa, Inc., A.	United States	22,076	5,161,810
			20,902,853
Life Sciences Tools & Services 1.7%			
[a]Illumina, Inc.	United States	1,942	918,974
[a]Maravai LifeSciences Holdings, Inc., A	United States	3,180	132,701
[a,c]Wuxi Biologics Cayman, Inc., 144A, Reg S	China	72,288	1,323,606
			2,375,281
Machinery 0.6%			
[a,b]Proterra, Inc.	United States	48,184	824,428

Franklin Large Cap Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Media 0.7%			
[a]Liberty Broadband Corp., C	United States	5,218	$906,158
Pharmaceuticals 1.3%			
AstraZeneca plc, ADR	United Kingdom	13,578	813,322
[a]Catalent, Inc.	United States	7,089	766,463
[a]Reata Pharmaceuticals, Inc., A	United States	1,873	265,086
			1,844,871
Professional Services 3.0%			
[a]CoStar Group, Inc.	United States	34,380	2,847,351
TransUnion	United States	7,369	809,190
Verisk Analytics, Inc.	United States	2,743	479,257
			4,135,798
Road & Rail 1.0%			
Union Pacific Corp.	United States	6,047	1,329,917
Semiconductors & Semiconductor Equipment 5.2%			
[a]Alphawave IP Group plc	United Kingdom	14,400	71,715
Analog Devices, Inc.	United States	6,369	1,096,487
Monolithic Power Systems, Inc.	United States	4,430	1,654,384
NVIDIA Corp.	United States	5,352	4,282,135
			7,104,721
Software 19.1%			
[a]Adobe, Inc.	United States	6,212	3,637,996
[a,b]AppLovin Corp., A	United States	6,060	455,530
[a]Atlassian Corp. plc, A	United States	2,078	533,755
[a]Avalara, Inc.	United States	920	148,856
[a]Bill.com Holdings, Inc.	United States	9,932	1,819,344
[a]Confluent, Inc., A	United States	2,900	137,750
[a]DocuSign, Inc.	United States	4,493	1,256,108
Intuit, Inc.	United States	4,063	1,991,561
Microsoft Corp.	United States	22,629	6,130,196
[a]Paycom Software, Inc.	United States	1,169	424,897
[a,b]Procore Technologies, Inc.	United States	500	47,475
[a]PTC, Inc.	United States	9,282	1,311,175
[a]salesforce.com, Inc.	United States	4,930	1,204,251
[a]SentinelOne, Inc., A	United States	2,400	102,000
[a]ServiceNow, Inc.	United States	7,658	4,208,454
[a]Sprinklr, Inc., A	United States	6,000	123,540
[a]Synopsys, Inc.	United States	4,198	1,157,766
[a]Workday, Inc., A	United States	2,964	707,625
[a]Zendesk, Inc.	United States	6,291	908,043
			26,306,322
Specialty Retail 0.3%			
[a]Burlington Stores, Inc.	United States	1,325	426,637
Technology Hardware, Storage & Peripherals 4.1%			
Apple, Inc.	United States	41,002	5,615,634
Textiles, Apparel & Luxury Goods 1.0%			
NIKE, Inc., B	United States	9,150	1,413,583
Wireless Telecommunication Services 0.9%			
[a]T-Mobile US, Inc.	United States	9,084	1,315,636
Total Common Stocks (Cost $45,570,929)			**138,185,475**

Franklin Large Cap Growth VIP Fund (continued)

Short Term Investments 2.7%

		Principal Amount*	Value
Repurchase Agreements 0.2%			
[d]Joint Repurchase Agreement, 0.033%, 7/01/21 (Maturity Value $268,050) BNP Paribas Securities Corp. (Maturity Value $195,607) Deutsche Bank Securities, Inc. (Maturity Value $29,764) HSBC Securities (USA), Inc. (Maturity Value $42,679) Collateralized by U.S. Government Agency Securities, 2.5% - 5%, 6/20/47 - 3/20/51; U.S. Treasury Bond, Index Linked, 2.38%, 1/15/25; and U.S. Treasury Note, 1.88%, 4/30/22 (valued at $273,601)		268,049	$268,049
Total Repurchase Agreements (Cost $268,049)			**268,049**
[e]Investments from Cash Collateral Received for Loaned Securities 2.5%			
	Country	**Shares**	
Money Market Funds 2.0%			
[f,g]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	2,737,000	2,737,000
		Principal Amount*	
Repurchase Agreements 0.5%			
[d]Joint Repurchase Agreement, BofA Securities, Inc., 0.05%, 7/01/21 (Maturity Value $660,816) Collateralized by U.S. Treasury Note, 1.5%, 11/30/24 (valued at $674,032)		660,815	660,815
Total Investments from Cash Collateral Received for Loaned Securities (Cost $3,397,815)			**3,397,815**
Total Short Term Investments (Cost $3,665,864)			**3,665,864**
Total Investments (Cost $49,236,793) 103.0%			**$141,851,339**
Other Assets, less Liabilities (3.0)%			**(4,147,778)**
Net Assets 100.0%			**$137,703,561**

See Abbreviations on page FLG-22.

* The principal amount is stated in U.S. dollars unless otherwise indicated.
[a] Non-income producing.
[b] A portion or all of the security is on loan at June 30, 2021. See Note 1(d).
[c] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the value of this security was $1,323,606, representing 1.0% of net assets.
[d] See Note 1(c) regarding joint repurchase agreement.
[e] See Note 1(d) regarding securities on loan.
[f] See Note 3(e) regarding investments in affiliated management investment companies.
[g] The rate shown is the annualized seven-day effective yield at period end.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Large Cap Growth VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$45,570,929
Cost - Non-controlled affiliates (Note 3e)	2,737,000
Cost - Unaffiliated repurchase agreements	928,864
Value - Unaffiliated issuers (Includes securities loaned of $3,712,255)	$138,185,475
Value - Non-controlled affiliates (Note 3e)	2,737,000
Value - Unaffiliated repurchase agreements	928,864
Receivables:	
Investment securities sold	1,872,592
Capital shares sold	154,467
Dividends and interest	71,270
Total assets	143,949,668
Liabilities:	
Payables:	
Investment securities purchased	1,576,146
Capital shares redeemed	1,129,140
Management fees	82,409
Distribution fees	26,456
Payable upon return of securities loaned (Note 1d)	3,397,815
Accrued expenses and other liabilities	34,141
Total liabilities	6,246,107
Net assets, at value	$137,703,561
Net assets consist of:	
Paid-in capital	$34,726,344
Total distributable earnings (losses)	102,977,217
Net assets, at value	$137,703,561

	Franklin Large Cap Growth VIP Fund
Class 1:	
Net assets, at value	$5,160,917
Shares outstanding	178,616
Net asset value and maximum offering price per share	$28.89
Class 2:	
Net assets, at value	$132,542,644
Shares outstanding	4,799,630
Net asset value and maximum offering price per share	$27.62

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Large Cap Growth VIP Fund
Investment income:	
Dividends:	
Unaffiliated issuers	$254,169
Interest:	
Unaffiliated issuers	73
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	151,970
Non-controlled affiliates (Note 3e)	51
Total investment income	406,263
Expenses:	
Management fees (Note 3a)	493,390
Distribution fees: (Note 3c)	
Class 2	158,619
Custodian fees (Note 4)	1,402
Reports to shareholders	15,442
Professional fees	28,653
Trustees' fees and expenses	736
Other	5,014
Total expenses	703,256
Expense reductions (Note 4)	(6)
Expenses waived/paid by affiliates (Note 3e)	(302)
Net expenses	702,948
Net investment income (loss)	(296,685)
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	10,925,826
Foreign currency transactions	(304)
Net realized gain (loss)	10,925,522
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	2,153,096
Net realized and unrealized gain (loss)	13,078,618
Net increase (decrease) in net assets resulting from operations	$12,781,933

Statements of Changes in Net Assets

	Franklin Large Cap Growth VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss)	$(296,685)	$(689,116)
Net realized gain (loss)	10,925,522	17,097,318
Net change in unrealized appreciation (depreciation)	2,153,096	28,111,649
Net increase (decrease) in net assets resulting from operations	12,781,933	44,519,851
Distributions to shareholders:		
Class 1	(589,813)	(319,951)
Class 2	(16,040,591)	(11,348,356)
Total distributions to shareholders	(16,630,404)	(11,668,307)
Capital share transactions: (Note 2)		
Class 1	664,888	2,179,293
Class 2	5,279,848	(14,944,016)
Total capital share transactions	5,944,736	(12,764,723)
Net increase (decrease) in net assets	2,096,265	20,086,821
Net assets:		
Beginning of period	135,607,296	115,520,475
End of period	$137,703,561	$135,607,296

Notes to Financial Statements (unaudited)

Franklin Large Cap Growth 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). Franklin Large Cap Growth 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. At June 30, 2021, 67.4% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers two classes of shares: Class 1 and Class 2. 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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Investments in open-end mutual funds are valued at the closing NAV. Investments in repurchase agreements are valued at cost, which approximates fair value.

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar

Franklin Large Cap Growth VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Statement of Investments, had been entered into on June 30, 2021.

d. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund, and/or a joint repurchase agreement. Additionally, the Fund received $393,774 in U.S.

Franklin Large Cap Growth VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Securities Lending (continued)

Government and Agency securities as collateral. These securities received as collateral are held in segregated accounts with the Funds' custodian. The Fund cannot repledge or resell these securities received as collateral. As such, the non-cash collateral is excluded from the Statement of Assets and Liabilities. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

e. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

f. 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. Dividend income and capital gain distributions are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

g. 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.

Franklin Large Cap Growth VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

h. 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 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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	2,914	$82,500	91,945	$2,104,488
Shares issued in reinvestment of distributions	21,262	589,813	14,182	319,951
Shares redeemed	(247)	(7,425)	(10,851)	(245,146)
Net increase (decrease)	23,929	$664,888	95,276	$2,179,293
Class 2 Shares:				
Shares sold	172,993	$4,910,363	358,053	$8,575,790
Shares issued in reinvestment of distributions	604,849	16,040,591	522,004	11,348,356
Shares redeemed	(550,673)	(15,671,106)	(1,496,315)	(34,868,162)
Net increase (decrease)	227,169	$5,279,848	(616,258)	$(14,944,016)

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 Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.750%	Up to and including $500 million
0.625%	Over $500 million, up to and including $1 billion
0.500%	In excess of $1 billion

Franklin Large Cap Growth VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.750% 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 a distribution plan for Class 2 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% per year of its average daily net assets. The Board has agreed to limit the current rate to 0.25% per year for Class 2. The plan year, for purposes of monitoring compliance with the maximum annual plan rate, 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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Large Cap Growth VIP Fund								
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$14,000	$11,797,000	$(9,074,000)	$—	$—	$2,737,000	2,737,000	$51
Total Affiliated Securities	$14,000	$11,797,000	$(9,074,000)	$—	$—	$2,737,000		$51

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, the custodian fees were reduced as noted in the Statement of Operations.

Franklin Large Cap Growth VIP Fund (continued)

5. Income Taxes

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$49,502,531
Unrealized appreciation	$93,381,175
Unrealized depreciation	(1,032,367)
Net unrealized appreciation (depreciation)	$92,348,808

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of passive foreign investment company shares.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $10,377,072 and $19,669,942, respectively.

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $3,397,815 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

8. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

9. 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

Franklin Large Cap Growth VIP Fund (continued)

9. Fair Value Measurements (continued)

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Large Cap Growth VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Auto Components	$1,070,631	$—	$—	$1,070,631
Automobiles	1,292,110	—	—	1,292,110
Beverages	1,849,908	—	—	1,849,908
Biotechnology	2,070,399	—	—	2,070,399
Capital Markets	7,775,088	—	—	7,775,088
Chemicals	1,740,080	—	—	1,740,080
Commercial Services & Supplies	460,086	—	—	460,086
Consumer Finance	639,511	—	—	639,511
Electric Utilities	583,089	—	—	583,089
Entertainment	1,605,457	—	—	1,605,457
Equity Real Estate Investment Trusts (REITs)	3,822,072	—	—	3,822,072
Food Products	1,260,804	—	—	1,260,804
Health Care Equipment & Supplies	11,244,759	—	—	11,244,759
Health Care Providers & Services	3,229,609	—	—	3,229,609
Health Care Technology	2,735,427	—	—	2,735,427
Hotels, Restaurants & Leisure	2,062,275	—	—	2,062,275
Industrial Conglomerates	2,464,633	—	—	2,464,633
Interactive Media & Services	5,902,754	—	—	5,902,754
Internet & Direct Marketing Retail	11,874,944	—	—	11,874,944
IT Services	20,902,853	—	—	20,902,853
Life Sciences Tools & Services	1,051,675	1,323,606	—	2,375,281
Machinery	824,428	—	—	824,428
Media	906,158	—	—	906,158
Pharmaceuticals	1,844,871	—	—	1,844,871
Professional Services	4,135,798	—	—	4,135,798
Road & Rail	1,329,917	—	—	1,329,917
Semiconductors & Semiconductor Equipment	7,104,721	—	—	7,104,721
Software	26,306,322	—	—	26,306,322
Specialty Retail	426,637	—	—	426,637
Technology Hardware, Storage & Peripherals	5,615,634	—	—	5,615,634
Textiles, Apparel & Luxury Goods	1,413,583	—	—	1,413,583
Wireless Telecommunication Services	1,315,636	—	—	1,315,636
Short Term Investments	2,737,000	928,864	—	3,665,864
Total Investments in Securities	$139,598,869	$2,252,470[a]	$—	$141,851,339

[a]Includes foreign securities valued at $1,323,606, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

Franklin Large Cap Growth VIP Fund (continued)

10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

11. 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.

Abbreviations

Selected Portfolio	
ADR	American Depositary Receipt

Franklin Mutual Global Discovery VIP Fund

This semiannual report for Franklin Mutual Global Discovery VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +15.73% total return for the six-month period ended June 30, 2021.

*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.

Franklin Mutual Global Discovery VIP Fund

Fund Goal and Main Investments

The Fund seeks capital appreciation. Under normal market conditions, the Fund invests primarily in U.S. and foreign equity securities that we believe are available at market prices less than their intrinsic value. The equity securities in which the Fund invests are primarily common stock, with a current focus on mid- and large cap companies. To a lesser extent, the Fund also invests in merger arbitrage securities and the debt and equity of distressed companies. The Fund may invest substantially and potentially up to 100% of its assets in foreign securities, which may include sovereign debt and participations in foreign government debt.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Value securities may not increase in price as anticipated, or may decline further in value. The Fund's investments in foreign securities involve more risks than U.S. securities, including political and economic developments, trading practices, availability of information, limited markets, and currency exchange fluctuations and policies. Because the Fund may invest at least a significant portion of its assets in companies in a specific region, including Europe, the Fund is subject to greater risks of adverse developments in that region and/or the surrounding regions than a fund that is more broadly diversified geographically. Securities issued by small and mid-capitalization companies may be more volatile in price than those of larger companies and may involve additional risks. Derivatives involve costs and can create economic leverage in the Fund's portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as gains) in an amount that significantly exceeds the Fund's initial investment. A merger or other restructuring, or a tender or exchange offer, proposed or pending at the time the Fund invests in merger arbitrage securities may not be completed on the terms or within the time frame contemplated, which may result in losses to the Fund. Debt obligations of distressed companies typically are unrated, lower-rated, in default or close to default and are generally more likely to become worthless than the securities of more financially stable companies. 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.

Geographic Composition
6/30/21

	% of Total Net Assets
United States	49.0%
United Kingdom	8.8%
Germany	7.4%
France	7.3%
Netherlands	5.9%
Switzerland	5.0%
Canada	3.0%
Israel	1.9%
Japan	1.6%
South Korea	1.5%
China	1.2%
Other	0.8%
Short-Term Investments & Other Net Assets	6.6%

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's new benchmark, the MSCI World Value Index-NR (USD), posted a +14.72% total return for the period under review.[1] Also for comparison, the Fund's former benchmark, the MSCI World Index (USD), posted a +13.33% total return for the same period.[1] The MSCI World Value Index-NR (USD; net of taxes on dividends) is replacing the MSCI World Index (USD; gross of taxes on dividends) as the Fund's benchmark. The investment manager believes the composition of the MSCI World Value Index-NR (USD) more accurately reflects the Fund's current investment strategy and portfolio characteristics, and that the actual withholding rates for the Fund are closer to the assumptions of the MSCI World Value Index-NR (USD) than the MSCI World Index (USD).

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI All Country World Index-NR (USD), posted a +12.30% total return for the six months ended June 30, 2021.[1] Global equities benefited from monetary and fiscal stimulus measures, rebounding economic activity and easing novel coronavirus (COVID-19) pandemic restrictions in many

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).

regions. The implementation of vaccination programs and additional fiscal stimulus measures led many equity markets to reach new all-time price highs.

In the U.S., the economy continued to recover and equities rallied amid an accommodative monetary policy, additional fiscal stimulus measures and ongoing vaccination programs. The lifting of many COVID-19 restrictions and strong consumer spending also supported the economy. Gross domestic product (GDP) growth accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels. The rebound in corporate earnings and progress toward a bipartisan infrastructure plan further bolstered investor sentiment. The U.S. Federal Reserve kept the federal funds target rate at a record-low range of 0.00%–0.25% and continued its program of open-ended bond purchases to help keep markets functioning.

The economic recovery in the eurozone was relatively weak, as quarter-over-quarter GDP growth contracted during 2021's first quarter. GDP growth rates were mostly negative among the region's largest economies amid renewed lockdowns, delays in COVID-19 vaccine distribution and weak consumer spending. Nevertheless, optimism that successful vaccine programs would lift global growth helped European developed market equities, as measured by the MSCI Europe Index-NR (USD), to post a +11.80% total return for the six months under review.[1]

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR (USD), posted a +4.54% total return for the six-month period.[1] The region's economic recovery was pressured by weak domestic demand, most notably in China, despite improvement in manufacturing and exports. Asian equity markets experienced volatility near period-end due to inflation concerns, rising COVID-19 infection rates in many countries, especially India, and renewed lockdowns.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR (USD), posted a +7.45% total return for the six months under review.[1] The recovery in oil and industrial metals prices supported global emerging market equities. Late in the period, higher COVID-19 cases in some countries, limited vaccine rollouts and concerns about rising interest rates and inflation amid higher commodity prices dampened investor enthusiasm in global emerging market equities.

Investment Strategy

At Franklin Mutual Advisors, we are committed to our distinctive value approach to investing. Our major investment strategy is investing in undervalued stocks. When selecting undervalued equities, we are attracted to what we believe are fundamentally strong companies with healthy balance sheets, high-quality assets, substantial free cash flow and shareholder-oriented management teams and whose stocks are trading at discounts to our assessment of the companies' intrinsic or business value. We also look for asset-rich companies whose shares may be trading at depressed levels due to concerns over short-term earnings disappointments, litigation, management strategy or other perceived negatives. While the vast majority of our undervalued equity and debt investments are made in publicly traded companies globally, we may invest occasionally in privately held companies as well. Our portfolio selection process generally includes an assessment of the potential impacts of any material environmental, social and governance (ESG) factors on the long-term risk and return profile of a company.

We complement this more traditional investment strategy with two others. One is distressed investing, which is complex and can take many forms. The most common distressed investment the Fund undertakes is the purchase of financially troubled or bankrupt companies' debt at a substantial discount to face value. After the financially distressed company is reorganized, often in bankruptcy court, the old debt is typically replaced with new securities issued by the financially stronger company.

The other piece of our investment strategy is participating in arbitrage situations, another highly specialized field. When companies announce proposed mergers or takeovers, commonly referred to as deals, the target company may trade at a discount to the bid it ultimately accepts. One form of arbitrage involves purchasing the target company's stock when it is trading below the value we believe it would receive in a deal. In keeping with our commitment to a relatively conservative investment approach, we typically focus our arbitrage efforts on announced deals, and eschew rumored deals or other situations we consider relatively risky.

In addition, it is our practice to hedge the Fund's currency exposure when we deem it advantageous for our shareholders.

Manager's Discussion

Before the start of the period, a large, multi-year performance gap existed between growth and value stocks. The beginning of 2021 brought a rotation into value stocks that lasted for much of the period, narrowing the gap. For the six-month period ending June 30, 2021, the MSCI World Value Index-NR (USD) posted a +14.72% total return, while the MSCI World Growth Index-NR (USD) posted a +11.14% total return.[1] While "the reopening trade" boosted the stock prices of many companies that stood to benefit from economic reopening and citizens' reentry into a more normalized society, a bigger driver of performance within our portfolios was "the reflation trade," reflecting expectations of rising interest rates and increasing inflationary pressures. Fiscal and monetary stimulus, increased demand for certain products such as automobiles where production was constrained by supply bottlenecks, a steepening yield curve and commodity price increases are drivers of the reflation trade.

Many of Franklin Mutual Series' portfolios had a significant position in banks. The team had invested in these names on account of their discounted pricing compared to our assessment of fair value. When rates started to rise at the beginning of the period, financial companies benefited. Higher rates generally mean high spreads on lending products. Moreover, increased economic activity and overall confidence in future economic growth spurs increased lending activity, which is also good for banks. Investments in companies such as ING Groep, Wells Fargo and Capital One Financial were some of our biggest contributors to absolute performance during the period.

Our traditional value equity investment approach is complemented with two other investment strategies we use to take advantage of special situations, which are merger arbitrage and distressed investing. We were active in special situations investing during the first half of 2021. During the period, our new ideas were driven by merger arbitrage opportunities, while our attention in credit remained focused on opportunistic performing and stressed names, in addition to post-reorganization distressed securities.

Within merger arbitrage, which involves trading the stocks of companies involved in a merger or acquisition, activity has been significant. Strong global markets, cheap and available financing and the administration change in the U.S. have helped to increase and sustain merger activity.

Top 10 Industries
6/30/21

	% of Total Net Assets
Pharmaceuticals	10.1%
Oil, Gas & Consumable Fuels	9.3%
Banks	8.5%
Insurance	7.2%
Health Care Providers & Services	4.6%
Software	4.3%
Technology Hardware, Storage & Peripherals	3.9%
Diversified Telecommunication Services	3.5%
Tobacco	3.4%
IT Services	3.1%

As corporations seek inorganic growth opportunities across products, service offerings and end markets while extracting merger synergies, we expect deal momentum to continue. We are seeking opportunities that either present a straightforward rate of return with relatively low risk, deals with high discounts due to concerns over the antitrust review process, or deals stemming from unsolicited approaches or auctions.

Within our distressed credit strategy, historically low rates and a steepening yield curve drove tight credit spreads. As a result, total risk-adjusted return potential in performing and stressed credit was muted during the period, particularly in fixed-rate, long duration investments. Given the current environment, we are invested in three key areas: top of the capital structure secured debt, event-driven credit and traditional distressed debt.

Fund Performance

Turning to Fund performance, top positive contributors included Wells Fargo, ING Groep and Eli Lilly.

Wells Fargo was among the leading contributors to Fund results during the period. The company announced its first-quarter 2021 results in April. Headline earnings per share beat consensus expectations. The mortgage and investment banking business lines generated strong fee revenues and management expects profitability of the company's other core lines of business to improve as the economy continues to reopen. The stock performed well throughout the remainder of the six-month period.

Financial services company ING Groep was a main contributor to Fund results during the period. The stock price rose throughout the six months, riding a wave of investor optimism and positive financial results. Early in the period, the company announced fourth-quarter 2020

adjusted earnings per share that beat expectations, which helped provide support for price appreciation in February and March. In May, ING Groep announced strong results for 2021's first quarter, further lifting the price. In addition, the continuing prospect of improving economic conditions and higher interest rates has helped to support financial stocks. Additionally, management has announced a series of restructurings and market exits to reduce cost and streamline the company's operations.

Top 10 Holdings
6/30/21

Company *Industry, Country*	% of Total Net Assets
GlaxoSmithKline plc *Pharmaceuticals, United Kingdom*	3.3%
Charter Communications, Inc. *Media, United States*	2.7%
Deutsche Telekom AG *Diversified Telecommunication Services, Germany*	2.6%
Merck & Co., Inc. *Pharmaceuticals, United States*	2.6%
Wells Fargo & Co. *Banks, United States*	2.6%
BP plc *Oil, Gas & Consumable Fuels, United Kingdom*	2.5%
CVS Health Corp. *Health Care Providers & Services, United States*	2.5%
ING Groep NV *Banks, Netherlands*	2.4%
Williams Cos., Inc. (The) *Oil, Gas & Consumable Fuels, United States*	2.3%
British American Tobacco plc *Tobacco, United Kingdom*	2.2%

Shares of drug company Eli Lilly appreciated during the period and contributed positively to portfolio results. The company's stock price appreciated strongly due to positive phase 2 data for its Alzheimer's compound, Donanemab, as well as Lilly announcing that it expected to file Donanemab with the FDA much earlier than originally anticipated due to potentially positive regulatory developments, namely the FDA approval of Aduhelm, an Alzheimer's product from Biogen (not a Fund holding). In addition, Eli Lilly's diabetes drug, Trulicity, continues to grow strongly, and its key diabetes pipeline compound, Tirzepatide, showed positive results in multiple phase 3 clinical trials, which further strengthens the company's position in the growing diabetes end market.

During the period under review, Fund investments that detracted from performance included Cognizant Technology Solutions, Check Point Software Technologies and Credit Suisse Group.

Outsourcing services company Cognizant Technology Solutions detracted from results during the period. The stock fell precipitously in May after the company's first-quarter 2021 earnings call. Despite financial results that were largely in-line with expectations, investors reacted negatively as the company lowered its full-year margin guidance to tackle a high employee attrition rate, which led to lost business opportunities due to the inability to source talent. Long term, the company is investing in its recruiting and employee retention efforts and building out its automation technology to decouple employee headcount growth from revenue growth.

Information technology security software provider Check Point Software Technologies detracted from Fund performance during the period. The stock slid in February after the company announced fourth fiscal quarter results, including 2021 guidance that was below consensus expectations due to higher selling, general and administrative expenses, lower interest income and foreign exchange headwinds. In late April, the company announced first-quarter 2021 financial results that were in-line with estimates, as better subscription revenues offset lower product revenues. The stock was range-bound for the remainder of the six-month period.

The stock of Switzerland-based financial services company Credit Suisse detracted from portfolio results during the six-month period. In March, the price fell due to two large risk management lapses at the firm. First, the collapse of Greensill, which is a provider of supply chain finance to companies around the world. Funds managed by Credit Suisse had approximately $10 billion of exposure. Since the collapse of Greensill, Credit Suisse continues to work on recovering and returning investors' capital. Second, the firm had outsized exposure to Archegos Capital Management, a prime broker client of the firm. Although multiple global banks suffered losses, Credit Suisse suffered significantly higher losses than others, with a $5.5 billion write-off booked during the quarter. As a result of this charge, it was forced to raise close to $2 billion to shore up the bank's capital. In response to the two events, Credit Suisse announced multiple restructuring programs and management changes. The stock was range-bound for the remainder of the period.

During the period, the Fund held currency forwards and futures, seeking to hedge most of the currency risk of the portfolio's non-U.S. dollar investments. The hedges had a positive overall impact on the Fund's performance as the dollar rose against most currencies during the period.

Thank you for your participation in Franklin Mutual Global Discovery VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,157.30	$6.54	$1,018.73	$6.12	1.22%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Franklin Mutual Global Discovery VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$17.50	$19.17	$17.47	$20.38	$20.22	$19.85
Income from investment operations[a]:						
Net investment income[b]	0.19	0.57[c]	0.43	0.36	0.47	0.41
Net realized and unrealized gains (losses)	2.58	(1.52)	3.64	(2.50)	1.29	1.92
Total from investment operations	2.77	(0.95)	4.07	(2.14)	1.76	2.33
Less distributions from:						
Net investment income	—	(0.42)	(0.37)	(0.52)	(0.42)	(0.39)
Net realized gains	—	(0.30)	(2.00)	(0.25)	(1.18)	(1.57)
Total distributions	—	(0.72)	(2.37)	(0.77)	(1.60)	(1.96)
Net asset value, end of period	$20.27	$17.50	$19.17	$17.47	$20.38	$20.22
Total return[d]	15.83%	(4.22)%	24.71%	(11.01)%	8.99%	12.32%
Ratios to average net assets[e]						
Expenses[f,g,h]	0.97%	0.97%	0.94%	0.96%	1.01%	1.01%
Expenses - incurred in connection with securities sold short	0.03%	0.01%	0.02%	0.01%	—	0.01%
Net investment income	2.00%	3.57%[c]	2.22%	1.81%	2.29%	2.10%
Supplemental data						
Net assets, end of period (000's)	$4,069	$3,788	$3,878	$3,282	$3,189	$3,084
Portfolio turnover rate	19.28%	34.79%	21.82%	29.84%	17.49%	17.54%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.24 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.07%.

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

[e]Ratios are annualized for periods less than one year.

[f]Benefit of expense reduction rounds to less than 0.01%.

[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[h]Includes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).

Franklin Mutual Global Discovery VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$16.91	$18.54	$16.96	$19.80	$19.69	$19.37
Income from investment operations[a]:						
Net investment income[b]	0.16	0.51[c]	0.37	0.30	0.41	0.35
Net realized and unrealized gains (losses)	2.50	(1.47)	3.53	(2.42)	1.25	1.87
Total from investment operations	2.66	(0.96)	3.90	(2.12)	1.66	2.22
Less distributions from:						
Net investment income	—	(0.37)	(0.32)	(0.47)	(0.37)	(0.33)
Net realized gains	—	(0.30)	(2.00)	(0.25)	(1.18)	(1.57)
Total distributions	—	(0.67)	(2.32)	(0.72)	(1.55)	(1.90)
Net asset value, end of period	$19.57	$16.91	$18.54	$16.96	$19.80	$19.69
Total return[d]	15.73%	(4.46)%	24.37%	(11.22)%	8.71%	12.06%
Ratios to average net assets[e]						
Expenses[f,g,h]	1.22%	1.22%	1.19%	1.21%	1.26%	1.26%
Expenses - incurred in connection with securities sold short	0.03%	0.01%	0.02%	0.01%	—	0.01%
Net investment income	1.75%	3.33%[c]	1.97%	1.56%	2.04%	1.85%
Supplemental data						
Net assets, end of period (000's)	$491,818	$467,653	$539,759	$500,607	$631,179	$630,397
Portfolio turnover rate	19.28%	34.79%	21.82%	29.84%	17.49%	17.54%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.24 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.83%.

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

[e]Ratios are annualized for periods less than one year.

[f]Benefit of expense reduction rounds to less than 0.01%.

[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[h]Includes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).

Franklin Mutual Global Discovery VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$17.34	$18.98	$17.30	$20.17	$20.02	$19.66
Income from investment operations[a]:						
Net investment income[b]	0.16	0.51[c]	0.36	0.29	0.40	0.34
Net realized and unrealized gains (losses)	2.55	(1.50)	3.61	(2.47)	1.27	1.89
Total from investment operations	2.71	(0.99)	3.97	(2.18)	1.67	2.23
Less distributions from:						
Net investment income	—	(0.35)	(0.29)	(0.44)	(0.34)	(0.30)
Net realized gains	—	(0.30)	(2.00)	(0.25)	(1.18)	(1.57)
Total distributions	—	(0.65)	(2.29)	(0.69)	(1.52)	(1.87)
Net asset value, end of period	$20.05	$17.34	$18.98	$17.30	$20.17	$20.02
Total return[d]	15.63%	(4.54)%	24.28%	(11.31)%	8.61%	11.91%
Ratios to average net assets[e]						
Expenses[f,g,h]	1.32%	1.32%	1.29%	1.31%	1.36%	1.36%
Expenses - incurred in connection with securities sold short	0.03%	0.01%	0.02%	0.01%	—	0.01%
Net investment income	1.65%	3.22%[c]	1.87%	1.46%	1.94%	1.75%
Supplemental data						
Net assets, end of period (000's)	$27,444	$26,688	$30,865	$30,094	$41,713	$45,262
Portfolio turnover rate	19.28%	34.79%	21.82%	29.84%	17.49%	17.54%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.24 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.72%.

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

[e]Ratios are annualized for periods less than one year.

[f]Benefit of expense reduction rounds to less than 0.01%.

[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[h]Includes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).

Statement of Investments (unaudited), June 30, 2021

Franklin Mutual Global Discovery VIP Fund

	Country	Shares	Value
Common Stocks 93.8%			
Aerospace & Defense 2.6%			
[a]Airbus SE	France	43,989	$5,668,586
BAE Systems plc	United Kingdom	1,096,354	7,922,850
			13,591,436
Auto Components 1.6%			
Cie Generale des Etablissements Michelin SCA	France	53,424	8,526,942
[a,b,c]International Automotive Components Group Brazil LLC	Brazil	424,073	30,585
			8,557,527
Automobiles 1.4%			
[a]General Motors Co.	United States	119,200	7,053,064
Banks 8.4%			
BNP Paribas SA	France	155,907	9,785,493
Citigroup, Inc.	United States	116,235	8,223,626
ING Groep NV	Netherlands	960,888	12,756,241
Wells Fargo & Co.	United States	295,666	13,390,713
			44,156,073
Beverages 1.3%			
Heineken NV	Netherlands	55,066	6,685,546
Biotechnology 0.9%			
[a]Alexion Pharmaceuticals, Inc.	United States	24,400	4,482,524
Building Products 1.6%			
Johnson Controls International plc	United States	122,142	8,382,605
Capital Markets 1.7%			
Credit Suisse Group AG, A	Switzerland	699,537	7,322,701
[a,d]Guotai Junan Securities Co. Ltd., H, 144A, Reg S	China	1,085,512	1,541,697
			8,864,398
Chemicals 2.8%			
BASF SE	Germany	102,530	8,094,377
[d]Covestro AG, 144A, Reg S	Germany	102,702	6,641,118
			14,735,495
Construction Materials 1.0%			
HeidelbergCement AG	Germany	60,379	5,184,369
Consumer Finance 1.5%			
Capital One Financial Corp.	United States	52,288	8,088,431
Diversified Financial Services 1.9%			
Voya Financial, Inc.	United States	161,150	9,910,725
Diversified Telecommunication Services 3.5%			
Deutsche Telekom AG	Germany	648,121	13,708,919
[a]Frontier Communications Parent, Inc.	United States	171,776	4,534,887
			18,243,806
Entertainment 1.8%			
[a,e]Walt Disney Co. (The)	United States	52,291	9,191,189
Food Products 1.5%			
Kraft Heinz Co. (The)	United States	193,600	7,895,008
Health Care Equipment & Supplies 1.7%			
Medtronic plc	United States	73,513	9,125,169

Franklin Mutual Global Discovery VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Health Care Providers & Services 4.6%			
Anthem, Inc.	United States	28,932	$11,046,238
CVS Health Corp.	United States	155,791	12,999,201
			24,045,439
Hotels, Restaurants & Leisure 1.4%			
[a]Accor SA	France	200,680	7,506,792
Industrial Conglomerates 1.6%			
General Electric Co.	United States	625,050	8,413,173
Insurance 8.5%			
[a]Alleghany Corp.	United States	9,530	6,357,177
China Pacific Insurance Group Co. Ltd., H.	China	1,467,708	4,610,430
Everest Re Group Ltd.	United States	28,278	7,126,339
Hartford Financial Services Group, Inc. (The)	United States	138,961	8,611,413
NN Group NV	Netherlands	237,579	11,224,022
Willis Towers Watson plc	United States	28,900	6,647,578
			44,576,959
IT Services 3.1%			
Capgemini SE	France	33,932	6,526,133
Cognizant Technology Solutions Corp., A.	United States	141,960	9,832,150
			16,358,283
Media 2.7%			
[a]Charter Communications, Inc., A	United States	19,786	14,274,610
Oil, Gas & Consumable Fuels 9.3%			
BP plc	United Kingdom	2,966,046	13,008,224
Canadian Natural Resources Ltd.	Canada	280,400	10,177,858
Inter Pipeline Ltd.	Canada	370,296	6,018,523
Kinder Morgan, Inc.	United States	408,970	7,455,523
[e]Williams Cos., Inc. (The)	United States	461,701	12,258,162
			48,918,290
Pharmaceuticals 10.7%			
[a]Elanco Animal Health, Inc.	United States	86,487	3,000,234
Eli Lilly & Co.	United States	46,835	10,749,569
GlaxoSmithKline plc	United Kingdom	865,810	17,022,274
[e]Merck & Co., Inc.	United States	174,416	13,564,332
Novartis AG, ADR	Switzerland	119,597	10,912,030
[a]Organon & Co.	United States	16,341	494,479
			55,742,918
Road & Rail 0.5%			
Kansas City Southern	United States	9,900	2,805,363
Semiconductors & Semiconductor Equipment 2.7%			
[a]Renesas Electronics Corp.	Japan	799,001	8,623,884
Xilinx, Inc.	United States	38,600	5,583,104
			14,206,988
Software 4.7%			
[a]Avaya Holdings Corp.	United States	4	108
[a]Check Point Software Technologies Ltd.	Israel	83,559	9,703,707
Oracle Corp.	United States	124,760	9,711,318
[a]Slack Technologies, Inc., A	United States	116,600	5,165,380
			24,580,513

Franklin Mutual Global Discovery VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Technology Hardware, Storage & Peripherals 3.9%			
Catcher Technology Co. Ltd.	Taiwan	613,167	$3,997,361
Samsung Electronics Co. Ltd.	South Korea	111,916	7,985,012
[a,e]Western Digital Corp.	United States	115,177	8,197,147
			20,179,520
Textiles, Apparel & Luxury Goods 1.5%			
Cie Financiere Richemont SA	Switzerland	63,468	7,694,138
Tobacco 3.4%			
Altria Group, Inc.	United States	130,784	6,235,781
British American Tobacco plc	United Kingdom	290,877	11,294,286
			17,530,067
Total Common Stocks (Cost $353,642,866)			**490,980,418**
Preferred Stocks 1.0%			
Automobiles 1.0%			
[f]Volkswagen AG, 2.3%	Germany	21,093	5,289,125
Total Preferred Stocks (Cost $2,867,110)			**5,289,125**
		Warrants	
Warrants 0.0%†			
Software 0.0%†			
[a]Avaya Holdings Corp., 12/15/22	United States	3,613	18,535
Textiles, Apparel & Luxury Goods 0.0%†			
[a]Cie Financiere Richemont SA, 11/22/23	Switzerland	147,346	98,735
Total Warrants (Cost $—)			**117,270**
		Principal Amount*	
Convertible Bonds 0.1%			
Banks 0.1%			
[d]Credit Suisse Group Guernsey VII Ltd., BR, Senior Note, 144A, Reg S, 3%, 11/12/21	Switzerland	294,000 CHF	357,821
Total Convertible Bonds (Cost $323,735)			**357,821**
Corporate Bonds 2.0%			
Airlines 1.8%			
[d]American Airlines Inc/AAdvantage Loyalty IP Ltd., Senior Secured Note, 144A, 5.5%, 4/20/26	United States	2,023,000	2,144,380
Senior Secured Note, 144A, 5.75%, 4/20/29	United States	162,000	175,365
[d]American Airlines, Inc., Senior Secured Note, 144A, 11.75%, 7/15/25	United States	3,988,000	5,009,925
[d]Mileage Plus Holdings LLC / Mileage Plus Intellectual Property Assets Ltd., Senior Secured Note, 144A, 6.5%, 6/20/27	United States	2,060,000	2,270,635
			9,600,305
Multiline Retail 0.2%			
[d]Macy's, Inc., Senior Secured Note, 144A, 8.375%, 6/15/25	United States	829,000	914,971
Total Corporate Bonds (Cost $9,005,525)			**10,515,276**

Franklin Mutual Global Discovery VIP Fund (continued)

	Country	Principal Amount*	Value
[g,h]**Senior Floating Rate Interests 0.1%**			
Airlines 0.1%			
AAdvantage Loyalty IP Ltd. (American Airlines, Inc.), Initial Term Loan, 5.5%, (3-month USD LIBOR + 4.75%), 4/20/28	United States	423,000	$441,534
Total Senior Floating Rate Interests (Cost $418,819)			**441,534**
		Shares	
Companies in Liquidation 0.0%			
[a,b,i]Tribune Media, Litigation Trust, Contingent Distribution	United States	57,457	—
[a,b,i]Vistra Energy Corp., Litigation Trust, Contingent Distribution	United States	5,912,264	—
[a,b,i]Walter Energy, Inc., Litigation Trust, Contingent Distribution	United States	966,000	—
Total Companies in Liquidation (Cost $185,800)			**—**
Total Long Term Investments (Cost $366,443,855)			**507,701,444**

Short Term Investments 0.7%

	Country	Principal Amount*	Value
U.S. Government and Agency Securities 0.7%			
[j]FHLB, 7/01/21	United States	200,000	200,000
[j]U.S. Treasury Bills,			
7/08/21	United States	1,500,000	1,499,990
8/26/21	United States	1,500,000	1,499,908
11/04/21	United States	400,000	399,932
			3,399,830
Total U.S. Government and Agency Securities (Cost $3,599,815)			**3,599,830**
Total Short Term Investments (Cost $3,599,815)			**3,599,830**
Total Investments (Cost $370,043,670) 97.7%			**$511,301,274**
Securities Sold Short (3.6)%			**(18,899,421)**
Other Assets, less Liabilities 5.9%			**30,929,739**
Net Assets 100.0%			**$523,331,592**
		Shares	
Securities Sold Short (3.6)%			
Common Stocks (3.6)%			
Insurance (1.3)%			
[k]Aon plc, A	United States	28,728	(6,859,097)
Pharmaceuticals (0.6)%			
[k]AstraZeneca plc, ADR	United Kingdom	51,833	(3,104,797)
Road & Rail (0.1)%			
[k]Canadian National Railway Co.	Canada	4,516	(476,528)
Semiconductors & Semiconductor Equipment (1.2)%			
[k]Advanced Micro Devices, Inc.	United States	66,524	(6,248,600)

Franklin Mutual Global Discovery VIP Fund (continued)

	Country	Shares	Value
Securities Sold Short (continued)			
Common Stocks (continued)			
Software (0.4)%			
[k]salesforce.com, Inc.	United States	9,049	(2,210,399)
Total Common Stocks (Proceeds $17,243,885)			**(18,899,421)**
Total Securities Sold Short (Proceeds $17,243,885)			**$(18,899,421)**

[*] The principal amount is stated in U.S. dollars unless otherwise indicated.
[†] Rounds to less than 0.1% of net assets.
[a] Non-income producing.
[b] Fair valued using significant unobservable inputs. See Note 12 regarding fair value measurements.
[c] See Note 9 regarding restricted securities.
[d] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $19,055,912, representing 3.6% of net assets.
[e] A portion or all of the security has been segregated as collateral for securities sold short and/or open forward exchange contracts. At June 30, 2021, the aggregate value of these securities pledged amounted to $20,851,362, representing 4.0% of net assets.
[f] Variable rate security. The rate shown represents the yield at period end.
[g] See Note 1(f) regarding senior floating rate interests.
[h] The coupon rate shown represents the rate at period end.
[i] Contingent distributions represent the right to receive additional distributions, if any, during the reorganization of the underlying company. Shares represent total underlying principal of debt securities.
[j] The security was issued on a discount basis with no stated coupon rate.
[k] See Note 1(d) regarding securities sold short.

Franklin Mutual Global Discovery VIP Fund (continued)

At June 30, 2021, the Fund had the following futures contracts outstanding. See Note 1(c).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Foreign exchange contracts					
Foreign Exchange EUR/USD	Short	94	$13,941,375	9/13/21	$414,527
Foreign Exchange GBP/USD	Short	89	7,679,031	9/13/21	207,089
Total Futures Contracts					$621,616

*As of period end.

At June 30, 2021, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counter-party[a]	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Canadian Dollar	HSBK	Sell	5,942,573	4,901,558	7/19/21	$108,335	$—
Canadian Dollar	UBSW	Sell	840,458	695,908	7/19/21	18,005	—
Swiss Franc	HSBK	Sell	6,916,393	7,620,967	7/19/21	142,552	—
British Pound	HSBK	Buy	318,999	449,792	7/23/21	144	(8,616)
British Pound	HSBK	Sell	4,930,009	6,949,168	7/23/21	128,735	—
British Pound	SSBT	Sell	57,185	80,606	7/23/21	1,493	—
British Pound	UBSW	Buy	1,290,904	1,819,072	7/23/21	—	(33,168)
British Pound	UBSW	Sell	41,000	57,981	7/23/21	1,259	—
Euro	HSBK	Sell	30,705,839	37,337,724	8/23/21	884,160	—
Euro	UBSW	Sell	4,037,044	4,884,583	8/23/21	91,859	—
New Taiwan Dollar	HSBK	Sell	67,093,040	2,415,685	8/27/21	1,732	(122)
New Taiwan Dollar	UBSW	Sell	41,719,482	1,505,510	8/27/21	4,401	—
South Korean Won	HSBK	Sell	2,957,988,745	2,624,657	11/19/21	8,615	—
South Korean Won	UBSW	Sell	269,296,183	239,066	11/19/21	901	—
South Korean Won	HSBK	Sell	3,276,006,847	2,947,825	12/17/21	51,046	—
South Korean Won	UBSW	Sell	178,093,425	160,326	12/17/21	2,849	—
Total Forward Exchange Contracts						$1,446,086	$(41,906)
Net unrealized appreciation (depreciation)						$1,404,180	

*In U.S. dollars unless otherwise indicated.
[a]May be comprised of multiple contracts with the same counterparty, currency and settlement date.

See Note 10 regarding other derivative information.

See Abbreviations on page MGD-31.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Mutual Global Discovery VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$370,043,670
Value - Unaffiliated issuers	$511,301,274
Cash	4,517,110
Foreign currency, at value (cost $267,397)	267,397
Receivables:	
Investment securities sold	3,538,684
Capital shares sold	36,306
Dividends and interest	1,154,866
European Union tax reclaims (Note 1g)	2,700,078
Deposits with brokers for:	
Securities sold short	18,895,601
Futures contracts	416,830
Variation margin on futures contracts	91,325
Unrealized appreciation on OTC forward exchange contracts	1,446,086
Other assets	188,952
Total assets	544,554,509
Liabilities:	
Payables:	
Investment securities purchased	978,294
Capital shares redeemed	559,833
Management fees	383,291
Distribution fees	110,978
Securities sold short, at value (proceeds $17,243,885)	18,899,421
Unrealized depreciation on OTC forward exchange contracts	41,906
Accrued expenses and other liabilities	249,194
Total liabilities	21,222,917
Net assets, at value	$523,331,592
Net assets consist of:	
Paid-in capital	$367,198,408
Total distributable earnings (losses)	156,133,184
Net assets, at value	$523,331,592

	Franklin Mutual Global Discovery VIP Fund
Class 1:	
Net assets, at value	$4,068,893
Shares outstanding	200,745
Net asset value and maximum offering price per share	$20.27
Class 2:	
Net assets, at value	$491,818,299
Shares outstanding	25,136,282
Net asset value and maximum offering price per share	$19.57
Class 4:	
Net assets, at value	$27,444,400
Shares outstanding	1,369,088
Net asset value and maximum offering price per share	$20.05

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Mutual Global Discovery VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $412,391)	
Unaffiliated issuers	$7,261,805
Interest:	
Unaffiliated issuers	385,176
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	2,773
Non-controlled affiliates (Note 3e)	47
Other income (Note 1g)	19,117
Total investment income	7,668,918
Expenses:	
Management fees (Note 3a)	2,257,247
Distribution fees: (Note 3c)	
Class 2	605,732
Class 4	47,948
Custodian fees (Note 4)	7,033
Reports to shareholders	64,374
Professional fees	63,707
Trustees' fees and expenses	1,812
Dividends on securities sold short	78,448
Other	37,567
Total expenses	3,163,868
Expense reductions (Note 4)	(21)
Expenses waived/paid by affiliates (Note 3e)	(114)
Net expenses	3,163,733
Net investment income	4,505,185
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	26,935,796
Foreign currency transactions	(50,235)
Forward exchange contracts	(280,477)
Futures contracts	(507,821)
Securities sold short	(214,684)
Net realized gain (loss)	25,882,579
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	43,285,820
Translation of other assets and liabilities denominated in foreign currencies	(107,662)
Forward exchange contracts	2,247,515
Futures contracts	852,238
Securities sold short	(1,548,913)
Net change in unrealized appreciation (depreciation)	44,728,998
Net realized and unrealized gain (loss)	70,611,577
Net increase (decrease) in net assets resulting from operations	$75,116,762

Statements of Changes in Net Assets

	Franklin Mutual Global Discovery VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	**Year Ended December 31, 2020**
Increase (decrease) in net assets:		
Operations:		
Net investment income	$4,505,185	$15,446,502
Net realized gain (loss)	25,882,579	(31,439,546)
Net change in unrealized appreciation (depreciation)	44,728,998	(11,712,372)
Net increase (decrease) in net assets resulting from operations	75,116,762	(27,705,416)
Distributions to shareholders:		
Class 1	—	(151,550)
Class 2	—	(18,507,580)
Class 4	—	(1,028,932)
Total distributions to shareholders	—	(19,688,062)
Capital share transactions: (Note 2)		
Class 1	(299,894)	172,218
Class 2	(46,380,801)	(27,296,236)
Class 4	(3,233,147)	(1,856,627)
Total capital share transactions	(49,913,842)	(28,980,645)
Net increase (decrease) in net assets	25,202,920	(76,374,123)
Net assets:		
Beginning of period	498,128,672	574,502,795
End of period	$523,331,592	$498,128,672

Notes to Financial Statements (unaudited)

Franklin Mutual Global Discovery 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). Franklin Mutual Global Discovery 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. At June 30, 2021, 43.99% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. 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.

Equity securities, exchange traded funds and derivative financial instruments listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the 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.

Investments in open-end mutual funds are valued at the closing NAV. Investments in repurchase agreements are valued at cost, which approximates fair value.

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

Franklin Mutual Global Discovery VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's securities to the latest indications of fair value at 4 p.m Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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

Franklin Mutual Global Discovery VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

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. At June 30, 2021 the Fund had no OTC derivatives in a net liability position for such contracts.

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.

The Fund entered into exchange traded futures contracts primarily to manage and/or gain exposure to interest rate and equity price risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. 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.

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.

See Note 10 regarding other derivative information.

d. Securities Sold Short

The Fund is engaged in selling securities short, which obligates the Fund to replace a borrowed security with the same security at current fair value. The Fund incurs a loss if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. The Fund realizes a gain if the price of the security declines between those dates. Gains are limited to the price at which the Fund sold the security short, while losses are potentially unlimited in size.

The Fund is required to establish a margin account with the broker lending the security sold short. While the short sale is outstanding, the broker retains the proceeds of the short sale to the extent necessary to meet margin requirements until the short position is closed out. A deposit must also be maintained with the Fund's custodian/counterparty broker consisting of cash and/or securities having a value equal to a specified percentage of the value of the securities sold short. The Fund is obligated to pay fees for borrowing the securities sold short and is required to pay the counterparty any dividends and/or interest due on securities sold short. Such dividends and/or interest and any security borrowing fees are recorded as an expense to the Fund.

Franklin Mutual Global Discovery VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

e. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund, and/or a joint repurchase agreement. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower. At June 30, 2021, the fund had no securities on loan.

f. Senior Floating Rate Interests

The Fund invests in senior secured corporate loans that pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the London InterBank Offered Rate (LIBOR). Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially less than the stated maturity. Senior secured corporate loans in which the Fund invests are generally readily marketable, but may be subject to certain restrictions on resale.

g. 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.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, when EU reclaims are received by the Fund and the Fund previously passed foreign tax credit on to its shareholders, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund’s shareholders.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

Franklin Mutual Global Discovery VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

h. 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. Paydown gains and losses are recorded as an adjustment to interest income. Dividend income, capital gain distributions are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

i. 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.

j. 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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	11,079	$209,139	35,855	$553,637
Shares issued in reinvestment of distributions	—	—	10,310	151,550
Shares redeemed	(26,777)	(509,033)	(32,073)	(532,969)
Net increase (decrease)	(15,698)	$(299,894)	14,092	$172,218

Franklin Mutual Global Discovery VIP Fund (continued)

2. Shares of Beneficial Interest (continued)

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 2 Shares:				
Shares sold	491,751	$9,091,198	2,017,207	$28,571,483
Shares issued in reinvestment of distributions	—	—	1,301,518	18,507,580
Shares redeemed	(3,004,451)	(55,471,999)	(4,784,030)	(74,375,299)
Net increase (decrease)	(2,512,700)	$(46,380,801)	(1,465,305)	$(27,296,236)
Class 4 Shares:				
Shares sold	10,557	$203,523	178,276	$2,524,788
Shares issued in reinvestment of distributions	—	—	70,572	1,028,932
Shares redeemed	(180,803)	(3,436,670)	(336,123)	(5,410,347)
Net increase (decrease)	(170,246)	$(3,233,147)	(87,275)	$(1,856,627)

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

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.875%	Up to and including $4 billion
0.845%	Over $4 billion, up to and including $7 billion
0.825%	Over $7 billion, up to and including $10 billion
0.805%	Over $10 billion, up to and including $13 billion
0.785%	Over $13 billion, up to and including $16 billion
0.765%	Over $16 billion, up to and including $19 billion
0.745%	Over $19 billion, up to and including $22 billion
0.725%	Over $22 billion, up to and including $25 billion
0.705%	Over $25 billion, up to and including $28 billion
0.685%	In excess of $28 billion

For the period ended June 30, 2021, the annualized gross effective management fee rate was 0.875% of the Fund's average daily net assets.

Franklin Mutual Global Discovery VIP Fund (continued)

3. Transactions with Affiliates (continued)

b. Administrative Fees

Under an agreement with Franklin Mutual, FT Services provides administrative services to the Fund. The fee is paid by Franklin Mutual 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 0.35% per year of its average daily net assets of each class. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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. As defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund’s outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Mutual Global Discovery VIP Fund								
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$—	$17,241,000	$(17,241,000)	$—	$—	$—[a]	—	$47
Total Affiliated Securities	$—	$17,241,000	$(17,241,000)	$—	$—	$—		$47

[a] As of June 30, 2021, no longer held by the fund.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, the custodian fees were reduced as noted in the Statement of Operations.

Franklin Mutual Global Discovery VIP Fund (continued)

5. Income Taxes

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

At December 31, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	$3,106,976
Long term	26,241,010
Total capital loss carryforwards	$29,347,986

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$354,589,416
Unrealized appreciation	$150,758,881
Unrealized depreciation	(10,920,648)
Net unrealized appreciation (depreciation)	$139,838,233

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of partnerships, bond market discounts and premiums, return of capital distributions, defaulted securities, foreign currency transactions and wash sales, EU reclaims, passive foreign investment company shares and tax straddles.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities and securities sold short) for the period ended June 30, 2021, aggregated $95,411,900 and $136,629,931, respectively.

7. Concentration of Risk

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

8. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

Franklin Mutual Global Discovery VIP Fund (continued)

9. Restricted Securities

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At June 30, 2021, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Shares	Issuer	Acquisition Date	Cost	Value
Franklin Mutual Global Discovery VIP Fund				
424,073	International Automotive Components Group BVBA . .	4/13/06 - 12/26/08	$281,629	$30,585
	Total Restricted Securities (Value is 0.0%† of Net Assets)		$281,629	$30,585

† Rounds to less than 0.1% of net assets.

10. Other Derivative Information

At June 30, 2021, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Franklin Mutual Global Discovery VIP Fund				
Foreign exchange contracts . .				
	Variation margin on futures contracts	$621,616[a]	Variation margin on futures contracts	$—
	Unrealized appreciation on OTC forward exchange contracts	1,446,086	Unrealized depreciation on OTC forward exchange contracts	41,906
Total		$2,067,702		$41,906

[a]This amount reflects the cumulative appreciation (depreciation) of futures 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.

For the period ended June 30, 2021, the effect of derivative contracts in the Statement of Operations was as follows:

Franklin Mutual Global Discovery VIP Fund (continued)

10. Other Derivative Information (continued)

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Franklin Mutual Global Discovery VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Foreign exchange contracts				
	Futures contracts	$(507,821)	Futures contracts	$852,238
	Forward exchange contracts	(280,477)	Forward exchange contracts	2,247,515
Total		$(788,298)		$3,099,753

For the period ended June 30, 2021, the average month end notional amount of futures contracts represented $23,530,822. The average month end contract value of forward exchange contracts was $75,647,556.

See Note 1(c) regarding derivative financial instruments.

11. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

12. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

Franklin Mutual Global Discovery VIP Fund (continued)

12. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Mutual Global Discovery VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$—	$13,591,436	$—	$13,591,436
Auto Components	—	8,526,942	30,585	8,557,527
Automobiles	7,053,064	—	—	7,053,064
Banks	21,614,339	22,541,734	—	44,156,073
Beverages	—	6,685,546	—	6,685,546
Biotechnology	4,482,524	—	—	4,482,524
Building Products	8,382,605	—	—	8,382,605
Capital Markets	—	8,864,398	—	8,864,398
Chemicals	—	14,735,495	—	14,735,495
Construction Materials	—	5,184,369	—	5,184,369
Consumer Finance	8,088,431	—	—	8,088,431
Diversified Financial Services	9,910,725	—	—	9,910,725
Diversified Telecommunication Services	4,534,887	13,708,919	—	18,243,806
Entertainment	9,191,189	—	—	9,191,189
Food Products	7,895,008	—	—	7,895,008
Health Care Equipment & Supplies	9,125,169	—	—	9,125,169
Health Care Providers & Services	24,045,439	—	—	24,045,439
Hotels, Restaurants & Leisure	—	7,506,792	—	7,506,792
Industrial Conglomerates	8,413,173	—	—	8,413,173
Insurance	28,742,507	15,834,452	—	44,576,959
IT Services	9,832,150	6,526,133	—	16,358,283
Media	14,274,610	—	—	14,274,610
Oil, Gas & Consumable Fuels	35,910,066	13,008,224	—	48,918,290
Pharmaceuticals	38,720,644	17,022,274	—	55,742,918
Road & Rail	2,805,363	—	—	2,805,363
Semiconductors & Semiconductor Equipment	5,583,104	8,623,884	—	14,206,988
Software	24,580,513	—	—	24,580,513
Technology Hardware, Storage & Peripherals	8,197,147	11,982,373	—	20,179,520
Textiles, Apparel & Luxury Goods	—	7,694,138	—	7,694,138
Tobacco	6,235,781	11,294,286	—	17,530,067
Preferred Stocks	—	5,289,125	—	5,289,125
Warrants	117,270	—	—	117,270
Convertible Bonds	—	357,821	—	357,821
Corporate Bonds	—	10,515,276	—	10,515,276
Senior Floating Rate Interests	—	441,534	—	441,534
Companies in Liquidation	—	—	— [a]	—
Short Term Investments	3,399,830	200,000	—	3,599,830
Total Investments in Securities	$301,135,538	$210,135,151[b]	$30,585	$511,301,274
Other Financial Instruments:				
Forward exchange contracts	$—	$1,446,086	$—	$1,446,086
Futures contracts	621,616	—	—	621,616
Total Other Financial Instruments	$621,616	$1,446,086	$—	$2,067,702
Liabilities:				
Other Financial Instruments:				
Securities Sold Short	18,899,421	—	—	18,899,421
Forward exchange contracts	$—	$41,906	$—	$41,906
Total Other Financial Instruments	$18,899,421	$41,906	$—	$18,941,327

[a]Includes securities determined to have no value at June 30, 2021.

[b]Includes foreign securities valued at $198,620,520, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

Franklin Mutual Global Discovery VIP Fund (continued)

12. Fair Value Measurements (continued)

A reconciliation 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.

13. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provides optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

14. 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.

Abbreviations

Counterparty	
HSBK	HSBC Bank plc
SSBT	State Street Bank and Trust Co.
UBSW	UBS AG

Currency	
CHF	Swiss Franc
EUR	Euro
GBP	British Pound
USD	United States Dollar

Selected Portfolio	
ADR	American Depositary Receipt
FHLB	Federal Home Loan Banks

Franklin Mutual Shares VIP Fund

This semiannual report for Franklin Mutual Shares VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +17.06% total return for the six-month period ended June 30, 2021.

*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.

Franklin Mutual Shares VIP Fund

Fund Goal and Main Investments

The Fund seeks capital appreciation. Its secondary goal is income. Under normal market conditions, the Fund invests primarily in U.S. and foreign equity securities that we believe are available at market prices less than their intrinsic value. The equity securities in which the Fund invests are primarily common stock, with a current focus on companies with market capitalizations greater than $5 billion. To a lesser extent, the Fund also invests in merger arbitrage securities and the debt and equity of distressed companies. The Fund may invest up to 35% of its assets in foreign securities, which may include sovereign debt and participations in foreign government debt.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Value securities may not increase in price as anticipated or may decline further in value. Investing in foreign securities typically involves more risks than investing in U.S. securities, including risks related to currency exchange rates and policies, country or government specific issues, less favorable trading practices or regulation and greater price volatility. Securities issued by small and mid-capitalization companies may be more volatile in price than those of larger companies and may involve additional risks. Derivatives involve costs and can create economic leverage in the Fund's portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as gains) in an amount that significantly exceeds the Fund's initial investment. A merger or other restructuring, or a tender or exchange offer, proposed or pending at the time the Fund invests in merger arbitrage securities may not be completed on the terms or within the time frame contemplated, which may result in losses to the Fund. Debt obligations of distressed companies typically are unrated, lower-rated, in default or close to default and are generally more likely to become worthless than the securities of more financially stable companies. To the extent that the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, the Fund may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. 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.

Geographic Composition
6/30/21

	% of Total Net Assets
United States	81.4%
United Kingdom	5.6%
Netherlands	2.3%
Switzerland	2.0%
South Korea	1.8%
Other	0.6%
Short-Term Investments & Other Net Assets	6.3%

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's new benchmark, the Russell 1000® Value Index, posted a +17.05% total return for the period under review.[1] Also for comparison, the Fund's prior benchmark, the Standard & Poor's® 500 Index (S&P 500®), posted a +15.25% total return for the same period.[1] The Russell 1000® Value Index is replacing the S&P 500 as the Fund's benchmark. The investment manager believes the composition of the Russell 1000® Value Index more accurately reflects the Fund's current investment strategy and portfolio characteristics.

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI All Country World Index-NR (USD, net of tax withholding when dividends are paid), posted a +12.30% total return for the six months ended June 30, 2021.[1] Global equities benefited from monetary and fiscal stimulus measures, rebounding economic activity and easing novel coronavirus (COVID-19) pandemic restrictions in many regions. The implementation of vaccination programs and additional fiscal stimulus measures led many equity markets to reach new all-time price highs.

In the U.S., the economy continued to recover and equities rallied amid an accommodative monetary policy, additional fiscal stimulus measures and ongoing vaccination programs. The lifting of many COVID-19 restrictions and strong consumer spending also supported the economy. Gross domestic product (GDP) growth accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels. The rebound in corporate earnings and

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).

progress toward a bipartisan infrastructure plan further bolstered investor sentiment. The U.S. Federal Reserve kept the federal funds target rate at a record-low range of 0.00%–0.25% and continued its program of open-ended bond purchases to help keep markets functioning.

The economic recovery in the eurozone was relatively weak, as quarter-over-quarter GDP growth contracted during 2021's first quarter. GDP growth rates were mostly negative among the region's largest economies amid renewed lockdowns, delays in COVID-19 vaccine distribution and weak consumer spending. Nevertheless, optimism that successful vaccine programs would lift global growth helped European developed market equities, as measured by the MSCI Europe Index-NR (USD), to post a +11.80% total return for the six months under review.[1]

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR (USD), posted a +4.54% total return for the six-month period.[1] The region's economic recovery was pressured by weak domestic demand, most notably in China, despite improvement in manufacturing and exports. Asian equity markets experienced volatility near period-end due to inflation concerns, rising COVID-19 infection rates in many countries, especially India, and renewed lockdowns.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR (USD), posted a +7.45% total return for the six months under review.[1] The recovery in oil and industrial metals prices supported global emerging market equities. Late in the period, higher COVID-19 cases in some countries, limited vaccine rollouts and concerns about rising interest rates and inflation amid higher commodity prices dampened investor enthusiasm in global emerging market equities.

Investment Strategy

At Franklin Mutual Advisors, we are committed to our distinctive value approach to investing. Our major investment strategy is investing in undervalued stocks. When selecting undervalued equities, we are attracted to what we believe are fundamentally strong companies with healthy balance sheets, high-quality assets, substantial free cash flow and shareholder-oriented management teams and whose stocks are trading at discounts to our assessment of the companies' intrinsic or business value. We also look for asset-rich companies whose shares may be trading at depressed levels due to concerns over short-term earnings disappointments, litigation, management strategy or other perceived negatives. While the vast majority of our undervalued equity and debt investments are made in publicly traded companies globally, we may invest occasionally in privately held companies as well. Our portfolio selection process generally includes an assessment of the potential impacts of any material environmental, social and governance (ESG) factors on the long-term risk and return profile of a company.

Top 10 Industries
6/30/21

	% of Total Net Assets
Banks	10.0%
Pharmaceuticals	9.3%
Insurance	6.4%
Software	5.5%
Oil, Gas & Consumable Fuels	5.4%
Health Care Providers & Services	4.9%
Media	4.8%
Technology Hardware, Storage & Peripherals	3.6%
Food Products	3.0%
Tobacco	3.0%

We complement this more traditional investment strategy with two others. One is distressed investing, which is complex and can take many forms. The most common distressed investment the Fund undertakes is the purchase of financially troubled or bankrupt companies' debt at a substantial discount to face value. After the financially distressed company is reorganized, often in bankruptcy court, the old debt is typically replaced with new securities issued by the financially stronger company.

The other piece of our investment strategy is participating in arbitrage situations, another highly specialized field. When companies announce proposed mergers or takeovers, commonly referred to as deals, the target company may trade at a discount to the bid it ultimately accepts. One form of arbitrage involves purchasing the target company's stock when it is trading below the value we believe it would receive in a deal. In keeping with our commitment to a relatively conservative investment approach, we typically focus our arbitrage efforts on announced deals, and eschew rumored deals or other situations we consider relatively risky.

In addition, it is our practice to hedge the Fund's currency exposure when we deem it advantageous for our shareholders.

Manager's Discussion

Before the start of the period, a large, multi-year performance gap existed between growth and value stocks. The beginning of 2021 brought a rotation into value stocks that lasted for much of the period, narrowing the gap. For the six-month period ending June 30, 2021, the MSCI World Value Index-NR (USD) posted a +14.72% total return, while the MSCI World Growth Index-NR (USD) posted a +11.14% total return.[1] While "the reopening trade" boosted the stock prices of many companies that stood to benefit from economic reopening and citizens' reentry into a more normalized society, a bigger driver of performance within our portfolios was "the reflation trade," reflecting expectations of rising interest rates and increasing inflationary pressures. Fiscal and monetary stimulus, increased demand for certain products such as automobiles where production was constrained by supply bottlenecks, a steepening yield curve and commodity price increases are drivers of the reflation trade.

Many of Franklin Mutual Series' portfolios had a significant position in banks. The team had invested in these names on account of their discounted pricing compared to our assessment of fair value. When rates started to rise at the beginning of the period, financial companies benefited. Higher rates generally mean high spreads on lending products. Moreover, increased economic activity and overall confidence in future economic growth spurs increased lending activity, which is also good for banks. Investments in companies such as JPMorgan Chase, Wells Fargo and Capital One Financial were some of our biggest contributors to absolute performance during the period.

Our traditional value equity investment approach is complemented with two other investment strategies we use to take advantage of special situations, which are merger arbitrage and distressed investing. We were active in special situations investing during the first half of 2021. During the period, our new ideas were driven by merger arbitrage opportunities, while our attention in credit remained focused on opportunistic performing and stressed names, in addition to post-reorganization distressed securities.

Within merger arbitrage, which involves trading the stocks of companies involved in a merger or acquisition, activity has been significant. Strong global markets, cheap and available financing and the administration change in the U.S. have helped to increase and sustain merger activity. As corporations seek inorganic growth opportunities across products, service offerings and end markets while extracting merger synergies, we expect deal momentum to continue. We are seeking opportunities that either present a straightforward rate of return with relatively low risk, deals with high discounts due to concerns over the antitrust review process, or deals stemming from unsolicited approaches or auctions.

Top 10 Holdings
6/30/21

Company *Industry, Country*	% of Total Net Assets
Charter Communications, Inc. *Media, United States*	3.0%
CVS Health Corp. *Health Care Providers & Services, United States*	2.7%
GlaxoSmithKline plc *Pharmaceuticals, United Kingdom*	2.7%
Merck & Co., Inc. *Pharmaceuticals, United States*	2.6%
Williams Cos., Inc. (The) *Oil, Gas & Consumable Fuels, United States*	2.5%
Johnson Controls International plc *Building Products, United States*	2.3%
ING Groep NV *Banks, Netherlands*	2.3%
Sensata Technologies Holding plc *Electrical Equipment, United States*	2.2%
Oracle Corp. *Software, United States*	2.2%
Anthem, Inc. *Health Care Providers & Services, United States*	2.2%

Within our distressed credit strategy, historically low rates and a steepening yield curve drove tight credit spreads. As a result, total risk-adjusted return potential in performing and stressed credit was muted during the period, particularly in fixed-rate, long duration investments. Given the current environment, we are invested in three key areas: top of the capital structure secured debt, event-driven credit and traditional distressed debt.

Fund Performance

Turning to Fund performance, top positive contributors included Williams Companies, Eli Lilly and Wells Fargo.

Natural gas pipeline operator Williams Companies was among the leading contributors to Fund results for the period. The stock price appreciated throughout the period based on resilient operations and positive financial announcements which beat estimates. In February, Williams reported strong fourth-quarter 2020 results and 2021 guidance that surpassed expectations. May brought another expectation-beating first-quarter 2021 financial announcement. Positive first-quarter results were driven by strong underlying performance and one-off gains related to winter storm Uri. Efforts to accelerate growth appear to be taking hold, along with an improved macro backdrop.

Shares of drug company Eli Lilly appreciated during the period and contributed positively to portfolio results. The company's stock price appreciated strongly due to positive phase 2 data for its Alzheimer's compound, Donanemab, as well as Lilly announcing that it expected to file Donanemab with the FDA much earlier than originally anticipated due to potentially positive regulatory developments, namely the U.S. Food and Drug Administration's approval of Aduhelm, an Alzheimer's product from Biogen (not a Fund holding). In addition, demand for Eli Lilly's diabetes drug, Trulicity, continues to grow strongly, and its key diabetes pipeline compound, Tirzepatide, showed positive results in multiple phase 3 clinical trials, which further strengthens the company's position in the growing diabetes end market.

Wells Fargo was among the leading contributors to Fund results during the period. The company announced its first-quarter 2021 results in April. Headline earnings per share beat consensus expectations. The mortgage and investment banking business lines generated strong fee revenues and management expects profitability of the company's other core lines of business to improve as the economy continues to reopen. The stock performed well throughout the remainder of the six-month period.

During the period under review, Fund investments that detracted from performance included Cognizant Technology Solutions, Credit Suisse Group and Novartis.

Outsourcing services company Cognizant Technology Solutions detracted from results during the period. The stock fell precipitously in May after the company's first-quarter 2021 earnings call. Despite financial results that were largely in-line with expectations, investors reacted negatively as the company lowered its full-year margin guidance to tackle a high employee attrition rate, which led to lost business opportunities due to the inability to source talent. Long term, the company is investing in its recruiting and employee retention efforts and building out its automation technology to decouple employee headcount growth from revenue growth.

The stock of Switzerland-based financial services company Credit Suisse detracted from portfolio results during the six-month period. In March, the price fell due to two large risk management lapses at the firm. First, the collapse of Greensill, which is a provider of supply chain finance to companies around the world. Funds managed by Credit Suisse had approximately $10 billion of exposure. Since the collapse of Greensill, Credit Suisse continues to work on recovering and returning investors' capital. Second, the firm had outsized exposure to Archegos Capital Management, a prime broker client of the firm. Although multiple global banks suffered losses, Credit Suisse suffered significantly higher losses than others, with a $5.5 billion write-off booked during the quarter. As a result of this charge, it was forced to raise close to $2 billion to shore up the bank's capital. In response to the two events, Credit Suisse announced multiple restructuring programs and management changes. The stock was range-bound for the remainder of the period, and we sold our position.

Pharmaceutical company Novartis detracted from portfolio returns during the six-month period. The stock price fell in January after the company missed fourth-quarter 2020 expectations, impacted by a resurgence of COVID-19 that led to delayed product launches and decreased new product sales. The company also provided 2021 guidance at that time, which was below expectations due to the continued impact of COVID-19 in 2021's first half. In April, the company announced first-quarter 2021 results that modestly missed expectations, primarily due to weakness in Novartis' Sandoz generic business as well as a COVID-19 related impact on treatment rates in oncology. However, the company sees a return to normal global health care prescription dynamics by mid-2021.

During the period, the Fund held currency forwards and futures, seeking to hedge most of the currency risk of the portfolio's non-U.S. dollar investments. The hedges had a positive overall impact on the Fund's performance as the dollar rose against most currencies during the period.

Thank you for your participation in Franklin Mutual Shares VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,170.60	$5.30	$1,019.91	$4.94	0.99%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Franklin Mutual Shares VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$16.93	$19.19	$17.71	$20.71	$20.40	$19.48
Income from investment operations[a]:						
Net investment income[b]	0.17	0.55[c]	0.46	0.36	0.49	0.50
Net realized and unrealized gains (losses)	2.75	(1.68)	3.39	(2.04)	1.22	2.56
Total from investment operations	2.92	(1.13)	3.85	(1.68)	1.71	3.06
Less distributions from:						
Net investment income	—	(0.50)	(0.42)	(0.55)	(0.53)	(0.46)
Net realized gains	—	(0.63)	(1.95)	(0.77)	(0.87)	(1.68)
Total distributions	—	(1.13)	(2.37)	(1.32)	(1.40)	(2.14)
Net asset value, end of period	$19.85	$16.93	$19.19	$17.71	$20.71	$20.40
Total return[d]	17.25%	(4.85)%	22.92%	(8.86)%	8.64%	16.35%
Ratios to average net assets[e]						
Expenses[f,g,h]	0.74%	0.73%	0.71%	0.71%	0.72%	0.72%
Expenses - incurred in connection with securities sold short	0.03%	0.01%	0.02%	0.01%	—	0.01%
Net investment income	1.78%	3.48%[c]	2.35%	1.77%	2.34%	2.57%
Supplemental data						
Net assets, end of period (000's)	$112,460	$157,734	$158,431	$537,324	$653,700	$610,395
Portfolio turnover rate	20.52%[i]	36.96%	38.50%	24.67%	18.32%	24.45%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.19 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.27%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[h]Includes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(e).
[i]Excludes the value of portfolio securities delivered as a result of redemption in-kind. See Note 11.

Franklin Mutual Shares VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$16.59	$18.81	$17.40	$20.36	$20.08	$19.20
Income from investment operations[a]:						
Net investment income[b]	0.14	0.51[c]	0.40	0.31	0.43	0.45
Net realized and unrealized gains (losses)	2.69	(1.65)	3.32	(2.00)	1.20	2.52
Total from investment operations	2.83	(1.14)	3.72	(1.69)	1.63	2.97
Less distributions from:						
Net investment income	—	(0.45)	(0.36)	(0.50)	(0.48)	(0.41)
Net realized gains	—	(0.63)	(1.95)	(0.77)	(0.87)	(1.68)
Total distributions	—	(1.08)	(2.31)	(1.27)	(1.35)	(2.09)
Net asset value, end of period	$19.42	$16.59	$18.81	$17.40	$20.36	$20.08
Total return[d]	17.06%	(5.04)%	22.57%	(9.07)%	8.35%	16.06%
Ratios to average net assets[e]						
Expenses[f,g,h]	0.99%	0.98%	0.96%	0.96%	0.97%	0.97%
Expenses - incurred in connection with securities sold short	0.03%	0.01%	0.02%	0.01%	—	0.01%
Net investment income	1.51%	3.25%[c]	2.10%	1.52%	2.09%	2.32%
Supplemental data						
Net assets, end of period (000's)	$2,475,764	$2,620,645	$2,931,753	$2,516,834	$3,476,913	$3,621,358
Portfolio turnover rate	20.52%[i]	36.96%	38.50%	24.67%	18.32%	24.45%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.19 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.04%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[h]Includes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(e).
[i]Excludes the value of portfolio securities delivered as a result of redemption in-kind. See Note 11.

Franklin Mutual Shares VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$16.75	$18.99	$17.55	$20.53	$20.23	$19.32
Income from investment operations[a]:						
Net investment income[b]	0.13	0.49[c]	0.38	0.29	0.41	0.44
Net realized and unrealized gains (losses)	2.72	(1.66)	3.36	(2.02)	1.21	2.53
Total from investment operations	2.85	(1.17)	3.74	(1.73)	1.62	2.97
Less distributions from:						
Net investment income	—	(0.44)	(0.35)	(0.48)	(0.45)	(0.38)
Net realized gains	—	(0.63)	(1.95)	(0.77)	(0.87)	(1.68)
Total distributions	—	(1.07)	(2.30)	(1.25)	(1.32)	(2.06)
Net asset value, end of period	$19.60	$16.75	$18.99	$17.55	$20.53	$20.23
Total return[d]	17.01%	(5.17)%	22.44%	(9.16)%	8.25%	15.94%
Ratios to average net assets[e]						
Expenses[f,g,h]	1.09%	1.08%	1.06%	1.06%	1.07%	1.07%
Expenses - incurred in connection with securities sold short	0.03%	0.01%	0.02%	0.01%	—	0.01%
Net investment income	1.41%	3.13%[c]	2.00%	1.42%	1.99%	2.22%
Supplemental data						
Net assets, end of period (000's)	$122,686	$116,704	$120,345	$105,047	$122,942	$122,476
Portfolio turnover rate	20.52%[i]	36.96%	38.50%	24.67%	18.32%	24.45%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.19 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.92%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[h]Includes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(e).
[i]Excludes the value of portfolio securities delivered as a result of redemption in-kind. See Note 11.

Statement of Investments (unaudited), June 30, 2021

Franklin Mutual Shares VIP Fund

	Country	Shares	Value
Common Stocks 95.0%			
Aerospace & Defense 2.3%			
[a]Airbus SE	France	161,543	$20,817,030
Huntington Ingalls Industries, Inc.	United States	201,744	42,517,548
			63,334,578
Auto Components 0.0%†			
[a,b,c]International Automotive Components Group Brazil LLC	Brazil	1,730,515	124,810
Automobiles 1.3%			
[a]General Motors Co.	United States	583,650	34,534,570
Banks 10.0%			
Bank of America Corp.	United States	1,012,923	41,762,815
Citigroup, Inc.	United States	649,011	45,917,528
ING Groep NV	Netherlands	4,685,346	62,200,175
JPMorgan Chase & Co.	United States	296,483	46,114,966
Synovus Financial Corp.	United States	523,735	22,981,492
Wells Fargo & Co.	United States	1,146,489	51,924,487
			270,901,463
Biotechnology 1.0%			
[a]Alexion Pharmaceuticals, Inc.	United States	141,800	26,050,078
Building Products 2.3%			
Johnson Controls International plc	United States	907,449	62,278,225
Chemicals 1.1%			
Ashland Global Holdings, Inc.	United States	326,800	28,595,000
Communications Equipment 0.5%			
Cisco Systems, Inc.	United States	275,076	14,579,028
Consumer Finance 1.7%			
Capital One Financial Corp.	United States	303,468	46,943,465
Containers & Packaging 1.3%			
International Paper Co.	United States	566,519	34,733,280
Diversified Financial Services 1.5%			
Voya Financial, Inc.	United States	676,010	41,574,615
Diversified Telecommunication Services 1.1%			
[a,d]Frontier Communications Parent, Inc.	United States	750,148	19,803,907
[a,b,c]Windstream Holdings, Inc.	United States	609,467	10,141,143
			29,945,050
Electric Utilities 1.9%			
Evergy, Inc.	United States	436,800	26,395,824
Pinnacle West Capital Corp.	United States	311,301	25,517,343
			51,913,167
Electrical Equipment 2.2%			
[a]Sensata Technologies Holding plc	United States	1,025,572	59,452,409
Entertainment 1.8%			
[a,e]Walt Disney Co. (The)	United States	279,149	49,066,020
Equity Real Estate Investment Trusts (REITs) 1.8%			
Uniti Group, Inc.	United States	461,741	4,889,837
Vornado Realty Trust	United States	939,986	43,869,147
			48,758,984

Franklin Mutual Shares VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Food Products 3.0%			
Archer-Daniels-Midland Co.	United States	552,213	$33,464,108
Kraft Heinz Co. (The)	United States	1,193,130	48,655,841
			82,119,949
Health Care Equipment & Supplies 1.9%			
Medtronic plc	United States	409,737	50,860,654
Health Care Providers & Services 4.9%			
Anthem, Inc.	United States	154,743	59,080,877
CVS Health Corp.	United States	880,173	73,441,635
			132,522,512
Household Durables 2.2%			
Lennar Corp., A.	United States	296,074	29,414,952
Newell Brands, Inc.	United States	1,048,643	28,806,223
			58,221,175
Household Products 0.7%			
Energizer Holdings, Inc.	United States	440,421	18,929,295
Industrial Conglomerates 1.7%			
General Electric Co.	United States	3,464,536	46,632,655
Insurance 7.9%			
[a]Alleghany Corp.	United States	81,523	54,381,548
Everest Re Group Ltd.	United States	152,620	38,461,766
Hartford Financial Services Group, Inc. (The)	United States	739,961	45,855,383
MetLife, Inc.	United States	626,981	37,524,813
Willis Towers Watson plc	United States	167,200	38,459,344
			214,682,854
IT Services 2.8%			
Alliance Data Systems Corp.	United States	264,554	27,563,881
Cognizant Technology Solutions Corp., A.	United States	680,946	47,162,320
			74,726,201
Media 4.8%			
[a]Charter Communications, Inc., A	United States	113,261	81,712,149
Comcast Corp., A	United States	864,809	49,311,409
			131,023,558
Oil, Gas & Consumable Fuels 5.4%			
BP plc	United Kingdom	11,951,399	52,415,395
Kinder Morgan, Inc.	United States	1,550,694	28,269,152
[e]Williams Cos., Inc. (The)	United States	2,521,947	66,957,693
			147,642,240
Pharmaceuticals 10.0%			
[a]Elanco Animal Health, Inc.	United States	546,163	18,946,394
Eli Lilly & Co.	United States	239,856	55,051,749
GlaxoSmithKline plc	United Kingdom	3,674,302	72,238,682
[e]Merck & Co., Inc.	United States	894,702	69,580,974
Novartis AG, ADR	Switzerland	608,615	55,530,033
			271,347,832
Professional Services 0.5%			
KBR, Inc.	United States	345,528	13,181,893

Franklin Mutual Shares VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Road & Rail 1.1%			
Kansas City Southern	United States	103,900	$29,442,143
Semiconductors & Semiconductor Equipment 1.4%			
Xilinx, Inc.	United States	261,900	37,881,216
Software 5.2%			
[a]Avaya Holdings Corp.	United States	116	3,121
NortonLifeLock, Inc.	United States	1,884,367	51,292,470
Oracle Corp.	United States	761,410	59,268,154
[a]Slack Technologies, Inc., A	United States	671,800	29,760,740
			140,324,485
Specialty Retail 0.0%			
[a,b,c]Wayne Services Legacy, Inc.	United States	2,039	—
Technology Hardware, Storage & Peripherals 3.6%			
Samsung Electronics Co. Ltd.	South Korea	687,406	49,045,218
[a,e]Western Digital Corp.	United States	670,782	47,739,555
			96,784,773
Textiles, Apparel & Luxury Goods 1.4%			
[a]PVH Corp.	United States	347,411	37,377,949
Tobacco 3.0%			
Altria Group, Inc.	United States	763,218	36,390,234
British American Tobacco plc	United Kingdom	1,142,275	44,352,702
			80,742,936
Wireless Telecommunication Services 1.7%			
[a]T-Mobile US, Inc.	United States	320,646	46,439,160
Total Common Stocks (Cost $1,736,212,639)			**2,573,668,222**
		Warrants	
Warrants 0.0%†			
Diversified Telecommunication Services 0.0%†			
[a,b,c]Windstream Holdings, Inc., 9/21/55	United States	34,368	571,862
Software 0.0%†			
[a]Avaya Holdings Corp., 12/15/22	United States	63,871	327,658
Total Warrants (Cost $436,130)			**899,520**
		Principal Amount*	
Corporate Bonds 2.7%			
Airlines 1.6%			
[f]American Airlines Inc/AAdvantage Loyalty IP Ltd., Senior Secured Note, 144A, 5.5%, 4/20/26	United States	10,557,000	11,190,420
Senior Secured Note, 144A, 5.75%, 4/20/29	United States	845,000	914,713
[f]American Airlines, Inc., Senior Secured Note, 144A, 11.75%, 7/15/25	United States	15,905,000	19,980,656
[f]Mileage Plus Holdings LLC / Mileage Plus Intellectual Property Assets Ltd., Senior Secured Note, 144A, 6.5%, 6/20/27	United States	9,869,000	10,878,105
			42,963,894
Diversified Telecommunication Services 0.1%			
Frontier Communications Holdings LLC, Secured Note, 5.875%, 11/01/29	United States	2,949,278	3,007,084

Franklin Mutual Shares VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Machinery 0.1%			
[f]Navistar International Corp., Senior Secured Note, 144A, 9.5%, 5/01/25	United States	1,562,400	$1,676,846
Multiline Retail 0.1%			
[f]Macy's, Inc., Senior Secured Note, 144A, 8.375%, 6/15/25	United States	3,958,000	4,368,464
Software 0.8%			
[f]Veritas US, Inc. / Veritas Bermuda Ltd., Senior Note, 144A, 10.5%, 2/01/24	United States	21,045,000	21,684,663
Total Corporate Bonds (Cost $64,697,201)			**73,700,951**
[g,h]**Senior Floating Rate Interests 0.1%**			
Airlines 0.1%			
AAdvantage Loyalty IP Ltd. (American Airlines, Inc.), Initial Term Loan, 5.5%, (3-month USD LIBOR + 4.75%), 4/20/28	United States	2,477,000	2,585,530
Software 0.0%†			
Veritas US, Inc., USD Term Loan, B, 6%, (3-month USD LIBOR + 5%), 9/01/25	United States	1,813,078	1,827,129
Total Senior Floating Rate Interests (Cost $4,212,218)			**4,412,659**
Asset-Backed Securities 0.2%			
Airlines 0.2%			
American Airlines Pass-Through Trust, 2013-2, A, 4.95%, 1/15/23	United States	4,740,363	4,811,754
Total Asset-Backed Securities (Cost $4,669,257)			**4,811,754**
		Shares	
Companies in Liquidation 0.0%			
[a,b,i]Bosgen Liquidating Trust c/o Verdolino and Lowey P.C., Contingent Distribution	Netherlands	347,093	—
[a,b,i]Tribune Media, Litigation Trust, Contingent Distribution	United States	397,730	—
[a,b,i]Vistra Energy Corp., Litigation Trust, Contingent Distribution	United States	90,618,405	—
[a,b,i]Walter Energy, Inc., Litigation Trust, Contingent Distribution	United States	6,301,000	—
Total Companies in Liquidation (Cost $2,834,275)			**—**
Total Long Term Investments (Cost $1,813,061,720)			**2,657,493,106**

Short Term Investments 1.3%

	Country	Principal Amount*	Value
U.S. Government and Agency Securities 1.2%			
[j]FHLB, 7/01/21	United States	500,000	500,000
[j]U.S. Treasury Bills,			
7/08/21	United States	8,000,000	7,999,948
7/22/21	United States	2,500,000	2,499,938
8/05/21	United States	1,000,000	999,959
[e] 8/12/21	United States	1,000,000	999,939
8/26/21	United States	20,000,000	19,998,771
			32,498,555

Franklin Mutual Shares VIP Fund (continued)

Short Term Investments (continued)

	Country	Principal Amount*	Value
U.S. Government and Agency Securities (continued)			
[j]U.S. Treasury Bills, (continued)			
Total U.S. Government and Agency Securities (Cost $32,998,095)			**32,998,555**
[k]Investments from Cash Collateral Received for Loaned Securities 0.1%			
		Shares	
Money Market Funds 0.1%			
[l,m]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	1,858,000	$1,858,000
		Principal Amount*	
Repurchase Agreements 0.0%†			
[n]Joint Repurchase Agreement, BofA Securities, Inc., 0.05%, 7/01/21 (Maturity Value $464,936) Collateralized by U.S. Treasury Note, 1.5%, 11/30/24 (valued at $474,234)		464,935	464,935
Total Investments from Cash Collateral Received for Loaned Securities (Cost $2,322,935)			**2,322,935**
Total Short Term Investments (Cost $35,321,030)			**35,321,490**
Total Investments (Cost $1,848,382,750) 99.3%			**$2,692,814,596**
Securities Sold Short (4.3)%			**(117,909,120)**
Other Assets, less Liabilities 5.0%			**136,004,468**
Net Assets 100.0%			**$2,710,909,944**
		Shares	
Securities Sold Short (4.3)%			
Common Stocks (4.3)%			
Insurance (1.5)%			
[o]Aon plc, A	United States	167,832	(40,071,568)
Pharmaceuticals (0.6)%			
[o]AstraZeneca plc, ADR	United Kingdom	301,225	(18,043,378)
Road & Rail (0.2)%			
[o]Canadian National Railway Co.	Canada	44,200	(4,663,984)
Semiconductors & Semiconductor Equipment (1.5)%			
[o]Advanced Micro Devices, Inc.	United States	451,359	(42,396,151)
Software (0.5)%			
[o]salesforce.com, Inc.	United States	52,131	(12,734,039)
Total Common Stocks (Proceeds $107,570,645)			**(117,909,120)**
Total Securities Sold Short (Proceeds $107,570,645)			**$(117,909,120)**

Franklin Mutual Shares VIP Fund (continued)

* The principal amount is stated in U.S. dollars unless otherwise indicated.
† Rounds to less than 0.1% of net assets.
[a] Non-income producing.
[b] Fair valued using significant unobservable inputs. See Note 12 regarding fair value measurements.
[c] See Note 8 regarding restricted securities.
[d] A portion or all of the security is on loan at June 30, 2021. See Note 1(f).
[e] A portion or all of the security has been segregated as collateral for securities sold short and/or open forward exchange contracts. At June 30, 2021, the aggregate value of these securities pledged amounted to $136,678,448, representing 5.0% of net assets.
[f] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $70,693,867, representing 2.6% of net assets.
[g] See Note 1(g) regarding senior floating rate interests.
[h] The coupon rate shown represents the rate at period end.
[i] Contingent distributions represent the right to receive additional distributions, if any, during the reorganization of the underlying company. Shares represent total underlying principal of debt securities.
[j] The security was issued on a discount basis with no stated coupon rate.
[k] See Note 1(f) regarding securities on loan.
[l] See Note 3(e) regarding investments in affiliated management investment companies.
[m] The rate shown is the annualized seven-day effective yield at period end.
[n] See Note 1(c) regarding joint repurchase agreement.
[o] See Note 1(e) regarding securities sold short.

At June 30, 2021, the Fund had the following futures contracts outstanding. See Note 1(d).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Foreign exchange contracts					
Foreign Exchange EUR/USD	Short	39	$5,784,188	9/13/21	$171,768
Foreign Exchange GBP/USD	Short	176	15,185,500	9/13/21	409,828
Total Futures Contracts					$581,596

* As of period end.

At June 30, 2021, the Fund had the following forward exchange contracts outstanding. See Note 1(d).

Forward Exchange Contracts

Currency	Counter-party[a]	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
British Pound	HSBK	Buy	52,545	72,547	7/23/21	$146	$—
British Pound	HSBK	Sell	3,305,686	4,659,579	7/23/21	86,320	—
British Pound	SSBT	Buy	1,046,656	1,456,550	7/23/21	—	(8,552)
British Pound	UBSW	Buy	413,005	584,568	7/23/21	—	(13,194)
Euro	BOFA	Buy	197,993	241,746	8/23/21	—	(6,691)
Euro	HSBK	Buy	6,938,651	8,434,302	8/23/21	—	(196,829)

Franklin Mutual Shares VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counter-party[a]	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Euro	HSBK	Sell	18,207,824	21,930,772	8/23/21	$314,688	$—
Euro	SSBT	Buy	4,386,350	5,343,394	8/23/21	—	(135,979)
Euro	SSBT	Sell	20,326,093	24,249,855	8/23/21	120,957	(1,968)
Euro	UBSW	Buy	4,679,002	5,582,269	8/23/21	—	(27,421)
Euro	UBSW	Sell	6,241,784	7,525,142	8/23/21	114,979	—
South Korean Won	HSBK	Buy	6,487,853,600	5,710,887	11/19/21	26,964	—
South Korean Won	HSBK	Sell	18,634,460,573	16,534,570	11/19/21	54,272	—
South Korean Won	UBSW	Sell	10,600,916,932	9,410,908	11/19/21	35,467	—
South Korean Won	HSBK	Sell	23,213,960,218	20,888,449	12/17/21	361,714	—
South Korean Won	UBSW	Sell	9,030,995,877	8,130,026	12/17/21	144,450	—
Total Forward Exchange Contracts						$1,259,957	$(390,634)
Net unrealized appreciation (depreciation)						$869,323	

*In U.S. dollars unless otherwise indicated.
[a]May be comprised of multiple contracts with the same counterparty, currency and settlement date.

See Note 9 regarding other derivative information.

See abbreviations on page MS-33.

Statement of Assets and Liabilities

June 30, 2021

	Franklin Mutual Shares VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$1,846,059,815
Cost - Non-controlled affiliates (Note 3e)	1,858,000
Cost - Unaffiliated repurchase agreements	464,935
Value - Unaffiliated issuers (Includes securities loaned of $2,315,174)	$2,690,491,661
Value - Non-controlled affiliates (Note 3e)	1,858,000
Value - Unaffiliated repurchase agreements	464,935
Cash	12,400,999
Receivables:	
Investment securities sold	4,396,600
Capital shares sold	227,844
Dividends and interest	6,131,354
European Union tax reclaims (Note 1h)	3,586,576
Deposits with brokers for:	
Securities sold short	117,530,918
Futures contracts	490,775
Variation margin on futures contracts	79,612
Unrealized appreciation on OTC forward exchange contracts	1,259,957
Other assets	495,436
Total assets	2,839,414,667
Liabilities:	
Payables:	
Investment securities purchased	4,029,124
Capital shares redeemed	949,505
Management fees	1,664,393
Distribution fees	594,310
Securities sold short, at value (proceeds $107,570,645)	117,909,120
Unrealized depreciation on OTC forward exchange contracts	390,634
Payable upon return of securities loaned (Note 1f)	2,322,935
Accrued expenses and other liabilities	644,702
Total liabilities	128,504,723
Net assets, at value	$2,710,909,944
Net assets consist of:	
Paid-in capital	$1,639,021,451
Total distributable earnings (losses)	1,071,888,493
Net assets, at value	$2,710,909,944

Statement of Assets and Liabilities (continued)

June 30, 2021

	Franklin Mutual Shares VIP Fund
Class 1:	
Net assets, at value	$112,459,576
Shares outstanding	5,665,904
Net asset value and maximum offering price per share	$19.85
Class 2:	
Net assets, at value	$2,475,763,963
Shares outstanding	127,506,142
Net asset value and maximum offering price per share	$19.42
Class 4:	
Net assets, at value	$122,686,405
Shares outstanding	6,258,294
Net asset value and maximum offering price per share	$19.60

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Mutual Shares VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $775,199)	
Unaffiliated issuers	$33,304,356
Interest:	
Unaffiliated issuers	4,167,441
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	2,252
Non-controlled affiliates (Note 3e)	56
Total investment income	37,474,105
Expenses:	
Management fees (Note 3a)	10,121,322
Distribution fees: (Note 3c)	
Class 2	3,392,103
Class 4	211,050
Custodian fees (Note 4)	14,980
Reports to shareholders	277,947
Professional fees	71,501
Trustees' fees and expenses	8,255
Dividends on securities sold short	464,895
Other	70,968
Total expenses	14,633,021
Expense reductions (Note 4)	(82)
Expenses waived/paid by affiliates (Note 3e)	(257)
Net expenses	14,632,682
Net investment income	22,841,423
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:+	
Unaffiliated issuers	246,089,709
Foreign currency transactions	(113,168)
Forward exchange contracts	215,700
Futures contracts	(1,612,660)
Securities sold short	(1,439,027)
Net realized gain (loss)	243,140,554
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	208,788,375
Translation of other assets and liabilities denominated in foreign currencies	(238,698)
Forward exchange contracts	3,919,485
Futures contracts	1,182,248
Securities sold short	(9,747,355)
Net change in unrealized appreciation (depreciation)	203,904,055
Net realized and unrealized gain (loss)	447,044,609
Net increase (decrease) in net assets resulting from operations	$469,886,032

+Includes gains from redemption in-kind (Note 11) $66,991,358

Statements of Changes in Net Assets

	Franklin Mutual Shares VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	$22,841,423	$83,091,278
Net realized gain (loss)	243,140,554	(85,543,839)
Net change in unrealized appreciation (depreciation)	203,904,055	(174,178,576)
Net increase (decrease) in net assets resulting from operations	469,886,032	(176,631,137)
Distributions to shareholders:		
Class 1	—	(9,923,875)
Class 2	—	(153,724,682)
Class 4	—	(7,227,115)
Total distributions to shareholders	—	(170,875,672)
Capital share transactions: (Note 2)		
Class 1	(70,559,170)	15,161,489
Class 2	(570,496,215)	9,448,782
Class 4	(13,003,862)	7,450,316
Total capital share transactions	(654,059,247)	32,060,587
Net increase (decrease) in net assets	(184,173,215)	(315,446,222)
Net assets:		
Beginning of period	2,895,083,159	3,210,529,381
End of period	$2,710,909,944	$2,895,083,159

Notes to Financial Statements (unaudited)

Franklin Mutual Shares 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). Franklin Mutual Shares 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.

Equity securities and derivative financial instruments listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the 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.

Investments in open-end mutual funds are valued at the closing NAV. Investments in repurchase agreements are valued at cost, which approximates fair value.

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.

Franklin Mutual Shares VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities

Franklin Mutual Shares VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Joint Repurchase Agreement (continued)

if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Statement of Investments, had been entered into on June 30, 2021.

d. 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. At June 30, 2021 the Fund had OTC derivatives in a net liability position of $25,542 and the aggregate value of collateral pledged for such contracts was $272,989.

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.

The Fund entered into exchange traded futures contracts primarily to manage and/or gain exposure to interest rate and equity price risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. 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.

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.

See Note 9 regarding other derivative information.

Franklin Mutual Shares VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

e. Securities Sold Short

The Fund is engaged in selling securities short, which obligates the Fund to replace a borrowed security with the same security at current fair value. The Fund incurs a loss if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. The Fund realizes a gain if the price of the security declines between those dates. Gains are limited to the price at which the Fund sold the security short, while losses are potentially unlimited in size.

The Fund is required to establish a margin account with the broker lending the security sold short. While the short sale is outstanding, the broker retains the proceeds of the short sale to the extent necessary to meet margin requirements until the short position is closed out. A deposit must also be maintained with the Fund's custodian/counterparty broker consisting of cash and/or securities having a value equal to a specified percentage of the value of the securities sold short. The Fund is obligated to pay fees for borrowing the securities sold short and is required to pay the counterparty any dividends and/or interest due on securities sold short. Such dividends and/or interest and any security borrowing fees are recorded as an expense to the Fund.

f. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund, and/or a joint repurchase agreement. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

g. Senior Floating Rate Interests

The Fund invests in senior secured corporate loans that pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the London InterBank Offered Rate (LIBOR). Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially less than the stated maturity. Senior secured corporate loans in which the Fund invests are generally readily marketable, but may be subject to certain restrictions on resale.

h. 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.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. When uncertainty exists as to the ultimate

Franklin Mutual Shares VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

h. Income and Deferred Taxes (continued)

resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, when EU reclaims are received by the Fund and the Fund previously passed foreign tax credit on to its shareholders, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund's shareholders.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

i. 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. Paydown gains and losses are recorded as an adjustment to interest income. Dividend income, capital gain distributions are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

j. 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.

k. 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.

Franklin Mutual Shares VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	92,434	$1,788,130	991,549	$14,998,414
Shares issued in reinvestment of distributions	—	—	686,298	9,923,875
Shares redeemed in-kind (Note 11)	(3,060,698)	(59,532,727)	—	—
Shares redeemed	(680,991)	(12,814,573)	(619,658)	(9,760,800)
Net increase (decrease)	(3,649,255)	$(70,559,170)	1,058,189	$15,161,489
Class 2 Shares:				
Shares sold	679,892	$12,550,045	22,804,922	$339,671,560
Shares issued in reinvestment of distributions	—	—	10,848,601	153,724,682
Shares redeemed in-kind (Note 11)	(13,941,656)	(265,295,778)	—	—
Shares redeemed	(17,242,173)	(317,750,482)	(31,525,525)	(483,947,460)
Net increase (decrease)	(30,503,937)	$(570,496,215)	2,127,998	$9,448,782
Class 4 Shares:				
Shares sold	186,197	$3,383,339	1,256,949	$18,190,882
Shares issued in reinvestment of distributions	—	—	504,687	7,227,115
Shares redeemed	(893,996)	(16,387,201)	(1,132,933)	(17,967,681)
Net increase (decrease)	(707,799)	$(13,003,862)	628,703	$7,450,316

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

Franklin Mutual Shares VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.675%	Up to and including $5 billion
0.645%	Over $5 billion, up to and including $10 billion
0.625%	Over $10 billion, up to and including $15 billion
0.595%	Over $15 billion, up to and including $20 billion
0.585%	Over $20 billion, up to and including $25 billion
0.565%	Over $25 billion, up to and including $30 billion
0.555%	Over $30 billion, up to and including $35 billion
0.545%	In excess of $35 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.675% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with Franklin Mutual, FT Services provides administrative services to the Fund. The fee is paid by Franklin Mutual 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 0.35% per year of its average daily net assets of each class. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

Franklin Mutual Shares VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Mutual Shares VIP Fund								
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	$—	$28,250,000	$(26,392,000)	$—	$—	$1,858,000	1,858,000	$56
Total Affiliated Securities	$—	$28,250,000	$(26,392,000)	$—	$—	$1,858,000		$56

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, 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, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	$9,931,155
Long term	75,381,114
Total capital loss carryforwards	$85,312,269

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$1,765,060,591
Unrealized appreciation	$876,782,551
Unrealized depreciation	(65,486,748)
Net unrealized appreciation (depreciation)	$811,295,803

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of EU reclaims, partnerships, defaults, return of capital from securities, foreign currency transactions and wash sales.

Franklin Mutual Shares VIP Fund (continued)

6. Investment Transactions

Purchases and sales of investments (excluding short term securities, in-kind transactions, and securities sold short) for the period ended June 30, 2021, aggregated $587,732,574 and $924,449,020, respectively. Sales of investments excludes in-kind transactions of $290,114,734.

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $2,322,935 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

8. Restricted Securities

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At June 30, 2021, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
Franklin Mutual Shares VIP Fund				
1,730,515	International Automotive Components Group Brazil LLC	4/13/06 - 12/26/08	$1,149,241	$124,810
2,039	Wayne Services Legacy, Inc.	1/22/20	—	—
609,467	Windstream Holdings, Inc.	9/21/20	4,827,676	10,141,143
34,368	Windstream Holdings, Inc., 9/21/55	9/21/20	436,130	571,862
	Total Restricted Securities (Value is 0.39% of Net Assets)		$6,413,047	$10,837,815

Franklin Mutual Shares VIP Fund (continued)

9. Other Derivative Information

At June 30, 2021, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Franklin Mutual Shares VIP Fund				
Foreign exchange contracts . .				
	Variation margin on futures contracts	$581,596[a]	Variation margin on futures contracts	$—
	Unrealized appreciation on OTC forward exchange contracts	1,259,957	Unrealized depreciation on OTC forward exchange contracts	390,634
Total		$1,841,553		$390,634

[a]This amount reflects the cumulative appreciation (depreciation) of futures 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.

For the period ended June 30, 2021, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Operations Location**	**Net Realized Gain (Loss) for the Period**	**Statement of Operations Location**	**Net Change in Unrealized Appreciation (Depreciation) for the Period**
Franklin Mutual Shares VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Foreign exchange contracts				
	Futures contracts	$(1,612,660)	Futures contracts	$1,182,248
	Forward exchange contracts	215,700	Forward exchange contracts	3,919,485
Total		$(1,396,960)		$5,101,733

For the period ended June 30, 2021, the average month end notional amount of futures contracts represented $30,435,286. The average month end contract value of forward exchange contracts was $197,448,504.

See Note 1(d) regarding derivative financial instruments.

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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers,

Franklin Mutual Shares VIP Fund (continued)

10. Credit Facility (continued)

including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

11. Redemption In-Kind

During the period ended June 30, 2021, the Fund realized $66,991,358 of net gains resulting from a redemption in-kind in which a shareholder redeemed fund shares for cash and securities held by the Fund. Because such gains are not taxable to the Fund and are not distributed to remaining shareholders, they are reclassified from accumulated net realized gains to paid-in capital.

12. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Mutual Shares VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$42,517,548	$20,817,030	$—	$63,334,578
Auto Components	—	—	124,810	124,810
Automobiles	34,534,570	—	—	34,534,570
Banks	208,701,288	62,200,175	—	270,901,463
Biotechnology	26,050,078	—	—	26,050,078
Building Products	62,278,225	—	—	62,278,225
Chemicals	28,595,000	—	—	28,595,000
Communications Equipment	14,579,028	—	—	14,579,028
Consumer Finance	46,943,465	—	—	46,943,465
Containers & Packaging	34,733,280	—	—	34,733,280
Diversified Financial Services	41,574,615	—	—	41,574,615
Diversified Telecommunication Services	19,803,907	—	10,141,143	29,945,050
Electric Utilities	51,913,167	—	—	51,913,167
Electrical Equipment	59,452,409	—	—	59,452,409
Entertainment	49,066,020	—	—	49,066,020
Equity Real Estate Investment Trusts (REITs)	48,758,984	—	—	48,758,984
Food Products	82,119,949	—	—	82,119,949
Health Care Equipment & Supplies	50,860,654	—	—	50,860,654
Health Care Providers & Services	132,522,512	—	—	132,522,512

Franklin Mutual Shares VIP Fund (continued)

12. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Mutual Shares VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Household Durables	$58,221,175	$—	$—	$58,221,175
Household Products	18,929,295	—	—	18,929,295
Industrial Conglomerates	46,632,655	—	—	46,632,655
Insurance	214,682,854	—	—	214,682,854
IT Services	74,726,201	—	—	74,726,201
Media	131,023,558	—	—	131,023,558
Oil, Gas & Consumable Fuels	95,226,845	52,415,395	—	147,642,240
Pharmaceuticals	199,109,150	72,238,682	—	271,347,832
Professional Services	13,181,893	—	—	13,181,893
Road & Rail	29,442,143	—	—	29,442,143
Semiconductors & Semiconductor Equipment	37,881,216	—	—	37,881,216
Software	140,324,485	—	—	140,324,485
Specialty Retail	—	—	—[a]	—
Technology Hardware, Storage & Peripherals	47,739,555	49,045,218	—	96,784,773
Textiles, Apparel & Luxury Goods	37,377,949	—	—	37,377,949
Tobacco	36,390,234	44,352,702	—	80,742,936
Wireless Telecommunication Services	46,439,160	—	—	46,439,160
Warrants:				
Diversified Telecommunication Services	—	—	571,862	571,862
Software	327,658	—	—	327,658
Corporate Bonds	—	73,700,951	—	73,700,951
Senior Floating Rate Interests	—	4,412,659	—	4,412,659
Asset-Backed Securities	—	4,811,754	—	4,811,754
Companies in Liquidation	—	—	—[a]	—
Short Term Investments	34,356,555	964,935	—	35,321,490
Total Investments in Securities	$2,297,017,280	$384,959,501[b]	$10,837,815	$2,692,814,596
Other Financial Instruments:				
Forward exchange contracts	$—	$1,259,957	$—	$1,259,957
Futures contracts	581,596	—	—	581,596
Total Other Financial Instruments	$581,596	$1,259,957	$—	$1,841,553
Liabilities:				
Other Financial Instruments:				
Securities Sold Short	117,909,120	—	—	117,909,120
Forward exchange contracts	$—	$390,634	$—	$390,634
Total Other Financial Instruments	$117,909,120	$390,634	$—	$118,299,754

[a]Includes securities determined to have no value at June 30, 2021.
[b]Includes foreign securities valued at $301,069,202, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

A reconciliation 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.

13. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provides optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications

Franklin Mutual Shares VIP Fund (continued)

13. New Accounting Pronouncements (continued)

due to the planned discontinuation of LIBOR and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

14. 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.

Abbreviations

Counterparty	
BOFA	Bank of America Corp.
HSBK	HSBC Bank plc
SSBT	State Street Bank and Trust Co.
UBSW	UBS AG

Currency	
EUR	Euro
GBP	British Pound
USD	United States Dollar

Selected Portfolio	
ADR	American Depositary Receipt
FHLB	Federal Home Loan Banks
LIBOR	London Inter-Bank Offered Rate

Franklin Rising Dividends VIP Fund

This semiannual report for Franklin Rising Dividends VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +12.72% total return for the six-month period ended June 30, 2021.

*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.

Franklin Rising Dividends VIP Fund

Fund Goal and Main Investments

The Fund seeks long-term capital appreciation. Preservation of capital, while not a goal, is also an important consideration. Under normal market conditions, the Fund invests at least 80% of its net assets in equity securities of financially sound companies that have paid consistently rising dividends.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Growth stock prices reflect projections of future earnings or revenues and can fall dramatically if the company fails to meet those projections. Value stocks may not increase in value as anticipated by the Fund or may decline even further if other investors fail to recognize the company's value, or favor investing in faster-growing companies. Companies that have historically paid regular dividends to shareholders may decrease or eliminate dividend payments in the future. Securities issued by smaller and midsize companies may be more volatile in price than those of larger companies, involve substantial risks and should be considered relatively more speculative. To the extent that the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, the Fund may be subject to greater risks of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks that are heightened in developing countries. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Standard & Poor's® 500 Index (S&P 500®) posted a +15.25% total return for the same period.[1] Please note the Fund employs a bottom-up stock selection process, and the managers invest in securities without regard to benchmark comparisons.

Portfolio Composition
6/30/21

	% of Total Net Assets
Health Care Equipment & Supplies	13.6%
Chemicals	10.1%
Software	8.9%
Industrial Conglomerates	8.2%
Semiconductors & Semiconductor Equipment	6.9%
IT Services	6.4%
Specialty Retail	3.9%
Aerospace & Defense	3.6%
Machinery	3.4%
Multiline Retail	2.9%
Household Products	2.7%
Pharmaceuticals	2.5%
Health Care Providers & Services	2.5%
Textiles, Apparel & Luxury Goods	2.5%
Other*	20.9%
Short-Term Investments & Other Net Assets	1.0%

*Categories within the Other category are listed in full in the Fund's Statement of Investments (SOI), which can be found later in this report.

Economic and Market Overview

U.S. equities, as measured by the S&P 500, posted a +15.25% total return for the six months ended June 30, 2021.[1] Stocks benefited from the continued economic recovery, accommodative monetary policy, additional fiscal stimulus measures, implementation of novel coronavirus (COVID-19) vaccination programs and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. The progress toward a bipartisan infrastructure bill further bolstered investor sentiment, aiding equities to reach new all-time price highs toward period-end.

The U.S. economic recovery accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels, as the lifting of many COVID-19 restrictions and strong consumer spending bolstered growth. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials. The unemployment rate declined from 6.7% in December 2020 to 5.9% in June 2021 as job openings grew, but a relative lack of available

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).

workers fueled wage growth, adding to some investors' inflation concerns.[2]

In an effort to support the economy, the U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25%. The Fed also maintained quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended bond purchasing. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

Investment Strategy

We are a research-driven, fundamental investment adviser, pursuing a disciplined value-oriented strategy. As bottom-up investors concentrating primarily on individual securities, we seek fundamentally sound companies that we believe meet our screening criteria, which include consistent, substantial dividend increases; reinvested earnings; and strong balance sheets. We attempt to acquire such stocks at attractive prices, often when they are out of favor with other investors. In following these criteria, we do not necessarily focus on companies whose securities pay a high dividend but rather on companies that consistently raise their dividends.

Manager's Discussion

During the 12-month period ended June 30, 2021, some companies that contributed to absolute performance included Microsoft, Target and Johnson Controls International.

Enterprise software company Microsoft contributed, as the stock continued to rise on strong demand for its cloud-based services during the pandemic. The company has seen strength in its commercial cloud services, gaming and in sales of Windows as customers migrated away from Windows 7 in recent quarters. We believe that the trends of helping business customers move to the cloud and providing workers with productivity tools should support what we consider attractive growth over the medium to longer term.

Target was an absolute contributor during the six-month period following a series of robust quarterly financial results. The retailer has continued to see strong sales trends both in its stores and online, as investment spending in recent years had enabled it to become a strong omnichannel retailer. The company has made improvements to its merchandise, and the company's efforts to utilize its large store base to provide flexible fulfillment options has been successful. We continue to view Target as a high-conviction, multi-year growth story.

Top 10 Holdings
6/30/21

Company *Industry, Country*	% of Total Net Assets
Microsoft Corp. *Software, United States*	8.9%
Roper Technologies, Inc. *Industrial Conglomerates, United States*	4.7%
Accenture plc *IT Services, United States*	3.9%
Stryker Corp. *Health Care Equipment & Supplies, United States*	3.6%
Texas Instruments, Inc. *Semiconductors & Semiconductor Equipment, United States*	3.5%
Analog Devices, Inc. *Semiconductors & Semiconductor Equipment, United States*	3.4%
Linde plc *Chemicals, United Kingdom*	3.2%
West Pharmaceutical Services, Inc. *Health Care Equipment & Supplies, United States*	3.0%
Target Corp. *Multiline Retail, United States*	3.0%
Air Products and Chemicals, Inc. *Chemicals, United States*	2.8%

In the industrials sector, Johnson Controls International, a heating, ventilation, and air conditioning and fire and safety systems manufacturer, boosted absolute performance following an upbeat earnings report. We believe that over the longer term, as real estate owners look to make their buildings more efficient and environmentally sustainable, Johnson Controls could see robust demand for its products and services.

In contrast, some companies that detracted from absolute performance included Erie Indemnity, McCormick & Co. and Colgate-Palmolive.

Insurer Erie Indemnity weighed on absolute returns during the six-month period. The property and casualty insurer's latest quarterly report was mixed. Although operating revenue and investment income rose since 2020, operating expenses were also higher and average premium rates declined. However, we believe the company could post steady premium growth over the longer term.

2. Source: Bureau of Labor Statistics.

Food seasoning and spice maker McCormick & Co. was a detractor during the period, despite the strong increase in demand for its products from more people eating at home. Novel coronavirus-related costs have weighed on profitability in recent quarters. However, we believe McCormick is one of the biggest long-term beneficiaries of a more permanent shift to increased cooking at home. Furthermore, the company's fundamentals are among the most robust in the packaged food industry, in our view.

Household products company Colgate-Palmolive hindered performance on an absolute basis, as the broader consumer staples sector lagged the overall market. The company has been boosting research and development spending to focus on greater innovation to boost long-term growth. Colgate-Palmolive is also investing in digital initiatives.

Thank you for your participation in Franklin Rising Dividends VIP Fund. We look forward to continuing to serve your investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,127.20	$4.64	$1,020.43	$4.41	0.88%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

Financial Highlights

Franklin Rising Dividends VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$30.17	$27.90	$25.75	$29.21	$25.51	$25.26
Income from investment operations[a]:						
Net investment income[b]	0.15	0.32	0.37	0.39	0.40	0.42
Net realized and unrealized gains (losses)	3.72	3.76	6.77	(1.65)	4.76	3.45
Total from investment operations	3.87	4.08	7.14	(1.26)	5.16	3.87
Less distributions from:						
Net investment income	(0.35)	(0.41)	(0.45)	(0.44)	(0.48)	(0.44)
Net realized gains	(1.06)	(1.40)	(4.54)	(1.76)	(0.98)	(3.18)
Total distributions	(1.41)	(1.81)	(4.99)	(2.20)	(1.46)	(3.62)
Net asset value, end of period	$32.63	$30.17	$27.90	$25.75	$29.21	$25.51
Total return[c]	12.88%	16.23%	29.58%	(4.84)%	20.85%	16.33%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.63%	0.65%	0.63%	0.62%	0.62%	0.63%
Expenses net of waiver and payments by affiliates[e]	0.63%[f]	0.65%[f]	0.63%[f]	0.62%[f]	0.62%[f]	0.62%
Net investment income	0.94%	1.20%	1.34%	1.38%	1.49%	1.67%
Supplemental data						
Net assets, end of period (000's)	$167,062	$156,585	$150,864	$157,838	$216,015	$181,072
Portfolio turnover rate	2.37%	12.83%	7.26%[g]	3.09%[g]	3.36%	6.66%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Rising Dividends VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$29.14	$26.99	$25.04	$28.46	$24.89	$24.72
Income from investment operations[a]:						
Net investment income[b]	0.11	0.24	0.29	0.31	0.33	0.35
Net realized and unrealized gains (losses)	3.58	3.65	6.57	(1.61)	4.63	3.37
Total from investment operations	3.69	3.89	6.86	(1.30)	4.96	3.72
Less distributions from:						
Net investment income	(0.28)	(0.33)	(0.37)	(0.36)	(0.41)	(0.37)
Net realized gains	(1.06)	(1.41)	(4.54)	(1.76)	(0.98)	(3.18)
Total distributions	(1.34)	(1.74)	(4.91)	(2.12)	(1.39)	(3.55)
Net asset value, end of period	$31.49	$29.14	$26.99	$25.04	$28.46	$24.89
Total return[c]	12.72%	15.97%	29.23%	(5.07)%	20.56%	16.04%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.88%	0.90%	0.88%	0.87%	0.87%	0.88%
Expenses net of waiver and payments by affiliates[e]	0.88%[f]	0.90%[f]	0.88%[f]	0.87%[f]	0.87%[f]	0.87%
Net investment income	0.69%	0.95%	1.09%	1.13%	1.24%	1.42%
Supplemental data						
Net assets, end of period (000's)	$1,458,139	$1,365,745	$1,387,688	$1,106,334	$1,640,883	$1,530,374
Portfolio turnover rate	2.37%	12.83%	7.26%[g]	3.09%[g]	3.36%	6.66%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Rising Dividends VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$29.22	$27.08	$25.11	$28.54	$24.98	$24.81
Income from investment operations[a]:						
Net investment income[b]	0.09	0.22	0.26	0.29	0.30	0.32
Net realized and unrealized gains (losses)	3.59	3.65	6.60	(1.62)	4.65	3.39
Total from investment operations	3.68	3.87	6.86	(1.33)	4.95	3.71
Less distributions from:						
Net investment income	(0.27)	(0.32)	(0.35)	(0.34)	(0.41)	(0.36)
Net realized gains	(1.06)	(1.41)	(4.54)	(1.76)	(0.98)	(3.18)
Total distributions	(1.33)	(1.73)	(4.89)	(2.10)	(1.39)	(3.54)
Net asset value, end of period	$31.57	$29.22	$27.08	$25.11	$28.54	$24.98
Total return[c]	12.64%	15.85%	29.16%	(5.16)%	20.40%	15.93%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.98%	1.00%	0.98%	0.97%	0.97%	0.98%
Expenses net of waiver and payments by affiliates[e]	0.98%[f]	1.00%[f]	0.98%[f]	0.97%[f]	0.97%[f]	0.97%
Net investment income	0.60%	0.85%	0.99%	1.03%	1.14%	1.32%
Supplemental data						
Net assets, end of period (000's)	$62,764	$51,137	$46,539	$32,825	$36,407	$28,579
Portfolio turnover rate	2.37%	12.83%	7.26%[g]	3.09%[g]	3.36%	6.66%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Statement of Investments (unaudited), June 30, 2021

Franklin Rising Dividends VIP Fund

	Country	Shares	Value
Common Stocks 99.0%			
Aerospace & Defense 3.6%			
General Dynamics Corp.	United States	107,552	$20,247,740
Raytheon Technologies Corp.	United States	482,246	41,140,406
			61,388,146
Air Freight & Logistics 2.2%			
United Parcel Service, Inc., B	United States	175,317	36,460,677
Banks 1.3%			
JPMorgan Chase & Co.	United States	139,325	21,670,611
Beverages 1.5%			
PepsiCo, Inc.	United States	174,630	25,874,927
Biotechnology 1.0%			
AbbVie, Inc.	United States	148,936	16,776,151
Building Products 1.9%			
Johnson Controls International plc	United States	457,510	31,398,911
Capital Markets 1.1%			
Nasdaq, Inc.	United States	111,200	19,548,960
Chemicals 10.1%			
Air Products and Chemicals, Inc.	United States	164,767	47,400,170
Albemarle Corp.	United States	223,310	37,618,803
Ecolab, Inc.	United States	118,809	24,471,090
Linde plc	United Kingdom	189,532	54,793,701
Sherwin-Williams Co. (The)	United States	21,500	5,857,675
			170,141,439
Commercial Services & Supplies 1.8%			
Cintas Corp.	United States	78,572	30,014,504
Electrical Equipment 0.6%			
nVent Electric plc	United States	324,926	10,150,688
Food & Staples Retailing 1.4%			
Walmart, Inc.	United States	167,208	23,579,672
Food Products 1.3%			
McCormick & Co., Inc.	United States	243,994	21,549,550
Health Care Equipment & Supplies 13.6%			
Abbott Laboratories	United States	296,495	34,372,665
Becton Dickinson and Co.	United States	156,815	38,135,840
Medtronic plc	United States	363,354	45,103,132
Stryker Corp.	United States	237,045	61,567,698
West Pharmaceutical Services, Inc.	United States	140,101	50,310,269
			229,489,604
Health Care Providers & Services 2.5%			
CVS Health Corp.	United States	87,493	7,300,416
UnitedHealth Group, Inc.	United States	88,200	35,318,808
			42,619,224
Hotels, Restaurants & Leisure 1.7%			
McDonald's Corp.	United States	124,199	28,688,727
Household Products 2.7%			
Colgate-Palmolive Co.	United States	236,040	19,201,854
Procter & Gamble Co. (The)	United States	190,694	25,730,341
			44,932,195

Franklin Rising Dividends VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Industrial Conglomerates 8.2%			
Carlisle Cos., Inc.	United States	73,902	$14,143,365
Honeywell International, Inc.	United States	200,475	43,974,191
Roper Technologies, Inc.	United States	170,383	80,114,087
			138,231,643
Insurance 0.7%			
Erie Indemnity Co., A.	United States	61,070	11,807,885
IT Services 6.4%			
Accenture plc, A	United States	224,978	66,321,265
Visa, Inc., A.	United States	178,862	41,821,513
			108,142,778
Machinery 3.4%			
Donaldson Co., Inc.	United States	176,597	11,219,207
Dover Corp.	United States	179,888	27,091,133
Pentair plc	United States	284,394	19,193,751
			57,504,091
Multiline Retail 2.9%			
Target Corp.	United States	206,237	49,855,732
Oil, Gas & Consumable Fuels 2.0%			
Chevron Corp.	United States	146,094	15,301,885
EOG Resources, Inc.	United States	116,661	9,734,194
Exxon Mobil Corp.	United States	141,761	8,942,284
			33,978,363
Pharmaceuticals 2.5%			
Johnson & Johnson	United States	185,029	30,481,678
Pfizer, Inc.	United States	323,015	12,649,267
			43,130,945
Road & Rail 1.4%			
Norfolk Southern Corp.	United States	86,547	22,970,439
Semiconductors & Semiconductor Equipment 6.9%			
Analog Devices, Inc.	United States	332,219	57,194,823
Texas Instruments, Inc.	United States	307,768	59,183,787
			116,378,610
Software 8.9%			
Microsoft Corp.	United States	554,628	150,248,725
Specialty Retail 3.9%			
Lowe's Cos., Inc.	United States	186,200	36,117,214
Ross Stores, Inc.	United States	234,930	29,131,320
			65,248,534
Textiles, Apparel & Luxury Goods 2.5%			
NIKE, Inc., B	United States	273,884	42,312,339
Trading Companies & Distributors 1.0%			
WW Grainger, Inc.	United States	37,193	16,290,534
Total Common Stocks (Cost $603,002,618)			**1,670,384,604**

Franklin Rising Dividends VIP Fund (continued)

Short Term Investments 0.9%	Country	Shares	Value
Money Market Funds 0.9%			
[a,b]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	15,489,195	$15,489,195
Total Money Market Funds (Cost $15,489,195)			**15,489,195**
Total Short Term Investments (Cost $15,489,195)			**15,489,195**
Total Investments (Cost $618,491,813) 99.9%			**$1,685,873,799**
Other Assets, less Liabilities 0.1%			**2,090,166**
Net Assets 100.0%			**$1,687,963,965**

[a] See Note 3(e) regarding investments in affiliated management investment companies.
[b] The rate shown is the annualized seven-day effective yield at period end.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Rising Dividends VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$603,002,618
Cost - Non-controlled affiliates (Note 3e)	15,489,195
Value - Unaffiliated issuers	$1,670,384,604
Value - Non-controlled affiliates (Note 3e)	15,489,195
Receivables:	
Investment securities sold	3,900,018
Capital shares sold	200,859
Dividends	972,457
Total assets	1,690,947,133
Liabilities:	
Payables:	
Capital shares redeemed	1,703,476
Management fees	839,219
Distribution fees	314,454
Accrued expenses and other liabilities	126,019
Total liabilities	2,983,168
Net assets, at value	$1,687,963,965
Net assets consist of:	
Paid-in capital	$571,571,929
Total distributable earnings (losses)	1,116,392,036
Net assets, at value	$1,687,963,965

	Franklin Rising Dividends VIP Fund
Class 1:	
Net assets, at value	$167,061,568
Shares outstanding	5,120,127
Net asset value and maximum offering price per share	$32.63
Class 2:	
Net assets, at value	$1,458,138,652
Shares outstanding	46,301,363
Net asset value and maximum offering price per share	$31.49
Class 4:	
Net assets, at value	$62,763,745
Shares outstanding	1,987,803
Net asset value and maximum offering price per share	$31.57

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Rising Dividends VIP Fund
Investment income:	
Dividends:	
Unaffiliated issuers	$12,628,337
Non-controlled affiliates (Note 3e)	560
Total investment income	12,628,897
Expenses:	
Management fees (Note 3a)	4,938,796
Distribution fees: (Note 3c)	
Class 2	1,735,614
Class 4	99,161
Custodian fees (Note 4)	4,119
Reports to shareholders	73,778
Professional fees	27,411
Trustees' fees and expenses	4,616
Other	12,888
Total expenses	6,896,383
Expense reductions (Note 4)	(7)
Expenses waived/paid by affiliates (Note 3e)	(6,853)
Net expenses	6,889,523
Net investment income	5,739,374
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	47,034,664
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	141,936,187
Net realized and unrealized gain (loss)	188,970,851
Net increase (decrease) in net assets resulting from operations	$194,710,225

Statements of Changes in Net Assets

	Franklin Rising Dividends VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	$5,739,374	$13,661,769
Net realized gain (loss)	47,034,664	54,763,744
Net change in unrealized appreciation (depreciation)	141,936,187	120,578,165
Net increase (decrease) in net assets resulting from operations	194,710,225	189,003,678
Distributions to shareholders:		
Class 1	(6,930,364)	(9,363,148)
Class 2	(59,905,574)	(76,921,977)
Class 4	(2,534,485)	(2,888,656)
Total distributions to shareholders	(69,370,423)	(89,173,781)
Capital share transactions: (Note 2)		
Class 1	(1,959,154)	(6,915,276)
Class 2	(16,137,007)	(105,113,819)
Class 4	7,253,878	574,344
Total capital share transactions	(10,842,283)	(111,454,751)
Net increase (decrease) in net assets	114,497,519	(11,624,854)
Net assets:		
Beginning of period	1,573,466,446	1,585,091,300
End of period	$1,687,963,965	$1,573,466,446

Notes to Financial Statements (unaudited)

Franklin Rising Dividends 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). Franklin Rising Dividends 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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m Eastern time.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

Franklin Rising Dividends VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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, 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. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

d. 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. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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

Franklin Rising Dividends VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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

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.

e. 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.

f. 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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	107,877	$3,450,187	144,545	$3,628,818
Shares issued in reinvestment of distributions	215,162	6,930,364	386,747	9,363,148
Shares redeemed	(392,186)	(12,339,705)	(749,651)	(19,907,242)
Net increase (decrease)	(69,147)	$(1,959,154)	(218,359)	$(6,915,276)
Class 2 Shares:				
Shares sold	835,578	$25,743,755	6,981,462	$173,231,502
Shares issued in reinvestment of distributions	1,926,843	59,905,574	3,284,457	76,921,977
Shares redeemed	(3,325,555)	(101,786,336)	(14,809,098)	(355,267,298)
Net increase (decrease)	(563,134)	$(16,137,007)	(4,543,179)	$(105,113,819)
Class 4 Shares:				
Shares sold	244,179	$7,399,528	261,260	$6,613,767
Shares issued in reinvestment of distributions	81,312	2,534,485	122,974	2,888,656
Shares redeemed	(87,868)	(2,680,135)	(352,750)	(8,928,079)
Net increase (decrease)	237,623	$7,253,878	31,484	$574,344

Franklin Rising Dividends VIP Fund (continued)

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 Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.750%	Up to and including $500 million
0.625%	Over $500 million, up to and including $1 billion
0.500%	Over $1 billion, up to and including $5 billion
0.490%	In excess of $5 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.615% 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 0.35% per year of its average daily net assets of each class. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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. As defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund’s outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

Franklin Rising Dividends VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Rising Dividends VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$18,135,871	$66,959,443	$(69,606,119)	$—	$—	$15,489,195	15,489,195	$560
Total Affiliated Securities	$18,135,871	$66,959,443	$(69,606,119)	$—	$—	$15,489,195		$560

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$621,107,381
Unrealized appreciation.	$1,071,375,940
Unrealized depreciation.	(6,609,522)
Net unrealized appreciation (depreciation).	$1,064,766,418

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

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $37,823,401 and $111,814,984, respectively.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

Franklin Rising Dividends VIP Fund (continued)

8. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

9. 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.

At June 30, 2021, all of the Fund’s investments in financial instruments carried at fair value were valued using Level 1 inputs. For detailed categories, see the accompanying Statement of Investments.

10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

11. 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.

Franklin Small Cap Value VIP Fund

This semiannual report for Franklin Small Cap Value VIP Fund covers the period ended June 30, 2021. The Fund closed to new insurance company subaccounts on June 20, 2021. Existing insurance company subaccounts who had an open and funded account on June 20, 2021, can continue to make additional purchases.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +20.15% total return for the six-month period ended June 30, 2021.

*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.

Franklin Small Cap Value VIP Fund

Fund Goal and Main Investments

The Fund seeks long-term total return. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of small capitalization companies. For this Fund, small capitalization companies are those with market capitalizations not exceeding either the highest market capitalization in the Russell 2000® Index or the 12-month average of the highest market capitalization in the Russell 2000® Index, whichever is greater, at the time of purchase. The Fund generally invests in equity securities of companies that the manager believes are undervalued at the time of purchase and have the potential for capital appreciation.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's investments in smaller company stocks carry special risks as such stocks have historically exhibited greater price volatility than large-company stocks, particularly over the short term. Additionally, smaller companies often have relatively small revenues, limited product lines and a small market share. Value securities may not increase in price as anticipated, or may decline further in value. In addition, the Fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. The Fund also may invest in equity real estate investment trusts (REITs). The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Russell 2000® Value Index posted a +26.69% total return for the same period.[1] Please note the Fund employs a bottom-up stock selection process, and the managers invest in securities without regard to benchmark comparisons.

Portfolio Composition
6/30/21

	% of Total Net Assets
Machinery	14.1%
Insurance	11.2%
Banks	10.7%
Chemicals	8.8%
Hotels, Restaurants & Leisure	6.7%
Oil, Gas & Consumable Fuels	4.9%
Specialty Retail	4.0%
Building Products	3.8%
Construction & Engineering	3.4%
Software	3.3%
Construction Materials	2.9%
Health Care Equipment & Supplies	2.9%
Electronic Equipment, Instruments & Components	2.8%
Communications Equipment	2.1%
Other*	17.4%
Short-Term Investments & Other Net Assets	1.0%

*Categories within the Other category are listed in full in the Fund's Statement of Investments (SOI), which can be found later in this report.

Economic and Market Overview

U.S. equities, as measured by the Standard & Poor's® 500 Index (S&P 500®), posted a +15.25% total return for the six months ended June 30, 2021.[1] Stocks benefited from the continued economic recovery, accommodative monetary policy, additional fiscal stimulus measures, implementation of novel coronavirus (COVID-19) vaccination programs and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. The progress toward a bipartisan infrastructure bill further bolstered investor sentiment, aiding equities to reach new all-time price highs toward period-end.

The U.S. economic recovery accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels, as the lifting of many COVID-19 restrictions and strong consumer spending bolstered growth. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials. The unemployment rate declined from 6.7% in December 2020 to 5.9% in June

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).

2021 as job openings grew, but a relative lack of available workers fueled wage growth, adding to some investors' inflation concerns.[2]

In an effort to support the economy, the U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25%. The Fed also maintained quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended bond purchasing. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

Investment Strategy

Our strategy is to invest in small-cap companies that we believe are undervalued at the time of purchase and have the potential for capital appreciation. A stock is undervalued, or is a "value," when it trades at less than the price at which the investment manager believes it would trade if the market reflected all factors relating to the company's worth. Following this strategy, the Fund invests in companies that the investment manager believes have, for example: stock prices that are low relative to current, or historical or future earnings, book value, cash flow or sales; recent sharp price declines but the potential for good long-term earnings prospects; and valuable intangibles not reflected in the stock price. The Fund also may invest in equity REITs.

Manager's Discussion

For the six-month period ending June 30, 2021, the utilities, real estate and consumer staples sectors contributed to relative returns. An underweighting in the utilities sector was a leading contributor to relative performance. Stock selection within real estate was also accretive, as was an underweighted position in and stock selection within the consumer staples sector. Conversely, the consumer discretionary, communication services and industrials sectors detracted from relative results. Stock selection within the consumer discretionary sector was a major detractor from relative returns. An underweighted exposure to the communication services sector also weighed on performance. Within industrials, our stock selection and an overweighted position in the sector detracted.

Holdings that contributed to absolute Fund performance during the period included Crescent Point Energy, First Horizon and Old Republic International.

Top 10 Holdings
6/30/21

Company *Industry*	% of Total Net Assets
Crescent Point Energy Corp. *Oil, Gas & Consumable Fuels*	3.4%
Hanover Insurance Group, Inc. (The) *Insurance*	3.1%
Summit Materials, Inc. *Construction Materials*	2.9%
Old Republic International Corp. *Insurance*	2.6%
Timken Co. (The) *Machinery*	2.6%
Avient Corp. *Chemicals*	2.4%
Greenbrier Cos., Inc. (The) *Machinery*	2.3%
Minerals Technologies, Inc. *Chemicals*	2.3%
Ashland Global Holdings, Inc. *Chemicals*	2.2%
ACI Worldwide, Inc. *Software*	2.2%

Crescent Point Energy, a Canada-based exploration and production company, was a leading contributor to returns during the period. The stock rose along with the price of oil due to an anticipated increase in oil demand as the global economy emerged from novel coronavirus (COVID-19) lockdowns, supply reductions from the Organization of the Petroleum Exporting Countries and the company's ability to generate positive free cash flow. In addition, the market reacted favorably to an announcement in February 2021 that Crescent Point was acquiring certain Canadian assets from Royal Dutch Shell (not a Fund holding) for approximately $900 million.

Shares of First Horizon, a regional bank with a southeastern U.S. footprint, rose during the period as economic indicators improved and the yield curve steepened, resulting in an improved profitability forecast for the commercial banking industry. With improving economic activity levels, First Horizon's asset quality results improved, resulting in a lower credit loss outlook. Additionally, First Horizon is positioned to be a net beneficiary of higher interest rates which could drive higher spread-based income.

Shares of Old Republic, a multi-line property and casualty insurer, rose during the period following the publication of an activist letter calling for a strategic review of alternatives for its title segment which was followed by the company reporting higher than expected first quarter 2021 results. Both general insurance and title segment results

2. Source: Bureau of Labor Statistics.

exceeded investor expectations in the first quarter with strong underlying trends contributing to a more favorable profitability outlook.

Detractors from performance included Horace Mann Educators, ACI Worldwide and IDACORP.

Horace Mann Educators, a multi-line insurer focused on the educator market, declined during the period as remote learning remained prevalent in many markets. Although lower claim frequency in supplemental and personal auto lines benefited Horace Mann's 2021 profitability outlook, policy sales have been under pressure as leads are often generated through in-person meetings. Although sales activity is likely to remain at depressed levels in the near-term, retention has remained relatively stable, and management expects a return to more normalized sales levels by the end of 2021.

Shares of ACI Worldwide, a provider of software products and solutions that facilitate electronic payments, detracted from results for the period. The company anticipated the challenging COVID-19 related conditions to endure through the first half of 2021, which led to a softer than expected guidance for the second quarter of 2021. Management expects revenue growth to accelerate to mid-single digits in the second half of 2021 and maintained their guidance for the year.

Shares of IDACORP, an electric utility in Idaho and eastern Oregon, underperformed the benchmark during the period as interest rates rose. With rising interest rates, shares of companies with higher dividend yields are typically viewed as less attractive by investors. We continue to view IDACORP as a well-managed, regulated utility with what we consider an attractive growth footprint.

Thank you for your participation in Franklin Small Cap Value VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,201.50	$4.93	$1,020.32	$4.52	0.90%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses

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SUPPLEMENT DATED MAY 21, 2021
TO THE PROSPECTUSES DATED MAY 1, 2021
FOR FRANKLIN SMALL CAP VALUE VIP FUND
(a series of Franklin Templeton Variable Insurance Products Trust)

The prospectuses are amended as follows:

I. The following paragraph is added under the "Fund Summaries – Franklin Small Cap Value VIP Fund" and "Fund Details – Franklin Small Cap Value VIP Fund" sections of the prospectuses:

Effective at the close of market (1:00 p.m. Pacific time or the close of the New York Stock Exchange, whichever is earlier) on June 20, 2021, the Fund will be closed to new insurance company subaccounts. Existing insurance company subaccounts that have open accounts on June 20, 2021 may continue to make additional purchases. The Fund may restrict, reject or cancel any purchase order and reserves the right to modify this policy at any time.

Please keep this supplement with your prospectus for future reference.

Financial Highlights

Franklin Small Cap Value VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	$15.20	$15.73	$15.14	$20.43	$19.93	$18.12
Income from investment operations[a]:						
Net investment income[b]	0.10	0.20	0.24[c]	0.21	0.21[d]	0.15
Net realized and unrealized gains (losses)	3.03	0.31	3.35	(2.29)	1.82	4.79
Total from investment operations	3.13	0.51	3.59	(2.08)	2.03	4.94
Less distributions from:						
Net investment income	(0.21)	(0.23)	(0.22)	(0.23)	(0.15)	(0.21)
Net realized gains	(0.47)	(0.81)	(2.78)	(2.98)	(1.38)	(2.92)
Total distributions	(0.68)	(1.04)	(3.00)	(3.21)	(1.53)	(3.13)
Net asset value, end of period	$17.65	$15.20	$15.73	$15.14	$20.43	$19.93
Total return[e]	20.35%	5.41%	26.72%	(12.69)%	10.92%	30.54%
Ratios to average net assets[f]						
Expenses before waiver and payments by affiliates	0.65%	0.68%	0.67%	0.66%	0.66%	0.66%
Expenses net of waiver and payments by affiliates	0.65%[g]	0.68%[g,h]	0.67%[g,h]	0.65%[h]	0.65%[h]	0.64%[h]
Net investment income	1.12%	1.54%	1.58%[c]	1.13%	1.06%[d]	0.84%
Supplemental data						
Net assets, end of period (000's)	$72,143	$50,572	$46,980	$40,644	$51,245	$47,831
Portfolio turnover rate	29.43%	69.40%	54.36%	47.82%	33.36%	34.60%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.23%.
[d]Net investment income per share includes approximately $0.06 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.75%.
[e]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[f]Ratios are annualized for periods less than one year.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[h]Benefit of expense reduction rounds to less than 0.01%.

Franklin Small Cap Value VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.50	$15.05	$14.60	$19.80	$19.36	$17.68
Income from investment operations[a]:						
Net investment income[b]	0.08	0.16	0.20[c]	0.16	0.15[d]	0.10
Net realized and unrealized gains (losses)	2.87	0.30	3.20	(2.20)	1.77	4.66
Total from investment operations	2.95	0.46	3.40	(2.04)	1.92	4.76
Less distributions from:						
Net investment income	(0.17)	(0.19)	(0.17)	(0.18)	(0.10)	(0.16)
Net realized gains	(0.47)	(0.82)	(2.78)	(2.98)	(1.38)	(2.92)
Total distributions	(0.64)	(1.01)	(2.95)	(3.16)	(1.48)	(3.08)
Net asset value, end of period	$16.81	$14.50	$15.05	$14.60	$19.80	$19.36
Total return[e]	20.15%	5.19%	26.35%	(12.88)%	10.65%	30.19%
Ratios to average net assets[f]						
Expenses before waiver and payments by affiliates	0.90%	0.93%	0.92%	0.91%	0.91%	0.91%
Expenses net of waiver and payments by affiliates	0.90%[g]	0.93%[g,h]	0.92%[g,h]	0.90%[h]	0.90%[h]	0.89%[h]
Net investment income	0.90%	1.28%	1.33%[c]	0.88%	0.81%[d]	0.59%
Supplemental data						
Net assets, end of period (000's)	$1,253,904	$1,103,373	$1,123,093	$978,675	$1,302,055	$1,366,807
Portfolio turnover rate	29.43%	69.40%	54.36%	47.82%	33.36%	34.60%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.98%.
[d]Net investment income per share includes approximately $0.06 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.50%.
[e]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[f]Ratios are annualized for periods less than one year.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[h]Benefit of expense reduction rounds to less than 0.01%.

Franklin Small Cap Value VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.99	$15.51	$14.96	$20.22	$19.74	$17.96
Income from investment operations[a]:						
Net investment income[b]	0.07	0.15	0.19[c]	0.15	0.14[d]	0.09
Net realized and unrealized gains (losses)	2.97	0.32	3.30	(2.28)	1.81	4.75
Total from investment operations	3.04	0.47	3.49	(2.13)	1.95	4.84
Less distributions from:						
Net investment income	(0.16)	(0.18)	(0.16)	(0.15)	(0.09)	(0.14)
Net realized gains	(0.47)	(0.81)	(2.78)	(2.98)	(1.38)	(2.92)
Total distributions	(0.63)	(0.99)	(2.94)	(3.13)	(1.47)	(3.06)
Net asset value, end of period	$17.40	$14.99	$15.51	$14.96	$20.22	$19.74
Total return[e]	20.07%	5.13%	26.23%	(13.01)%	10.56%	30.12%
Ratios to average net assets[f]						
Expenses before waiver and payments by affiliates	1.00%	1.03%	1.02%	1.01%	1.01%	1.01%
Expenses net of waiver and payments by affiliates	1.00%[g]	1.03%[g,h]	1.02%[g,h]	1.00%[h]	1.00%[h]	0.99%[h]
Net investment income	0.79%	1.18%	1.23%[c]	0.78%	0.71%[d]	0.49%
Supplemental data						
Net assets, end of period (000's)	$34,186	$29,461	$29,238	$24,592	$32,053	$32,751
Portfolio turnover rate	29.43%	69.40%	54.36%	47.82%	33.36%	34.60%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.88%.
[d]Net investment income per share includes approximately $0.06 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.40%.
[e]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[f]Ratios are annualized for periods less than one year.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[h]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments (unaudited), June 30, 2021

Franklin Small Cap Value VIP Fund

	Country	Shares	Value
Common Stocks 99.0%			
Aerospace & Defense 1.7%			
[a]Meggitt plc	United Kingdom	3,711,440	$23,710,404
Auto Components 0.7%			
LCI Industries	United States	71,671	9,419,003
Automobiles 0.6%			
Thor Industries, Inc.	United States	71,754	8,108,202
Banks 10.7%			
Atlantic Union Bankshares Corp.	United States	335,212	12,141,379
Bryn Mawr Bank Corp.	United States	316,201	13,340,520
Camden National Corp.	United States	65,553	3,130,811
Columbia Banking System, Inc.	United States	455,366	17,558,913
First Horizon Corp.	United States	1,660,169	28,687,720
First of Long Island Corp. (The)	United States	361,411	7,672,756
German American Bancorp, Inc.	United States	197,571	7,349,641
Glacier Bancorp, Inc.	United States	60,096	3,310,088
Lakeland Financial Corp.	United States	130,439	8,040,260
Peoples Bancorp, Inc.	United States	205,028	6,072,929
South State Corp.	United States	228,522	18,683,959
TriCo Bancshares	United States	193,311	8,231,182
Washington Trust Bancorp, Inc.	United States	224,451	11,525,559
			145,745,717
Building Products 3.8%			
Apogee Enterprises, Inc.	United States	407,815	16,610,305
Insteel Industries, Inc.	United States	313,210	10,069,701
[a]Masonite International Corp.	United States	20,620	2,305,110
UFP Industries, Inc.	United States	299,520	22,266,317
			51,251,433
Chemicals 8.8%			
Ashland Global Holdings, Inc.	United States	342,017	29,926,487
Avient Corp.	United States	664,629	32,673,162
Cabot Corp.	United States	268,324	15,275,685
[a]Elementis plc	United Kingdom	4,817,705	10,043,873
Minerals Technologies, Inc.	United States	400,489	31,506,470
			119,425,677
Communications Equipment 2.1%			
[a]NetScout Systems, Inc.	United States	978,746	27,933,411
Construction & Engineering 3.4%			
Argan, Inc.	United States	193,069	9,226,767
[a]Great Lakes Dredge & Dock Corp.	United States	885,541	12,937,754
[a]WillScot Mobile Mini Holdings Corp.	United States	859,011	23,940,637
			46,105,158
Construction Materials 2.9%			
[a]Summit Materials, Inc., A.	United States	1,146,544	39,957,058
Electric Utilities 0.7%			
IDACORP, Inc.	United States	98,964	9,648,990
Electrical Equipment 0.7%			
Regal Beloit Corp.	United States	75,428	10,070,392
Electronic Equipment, Instruments & Components 2.8%			
Benchmark Electronics, Inc.	United States	594,860	16,929,715

Franklin Small Cap Value VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Electronic Equipment, Instruments & Components (continued)			
[a]Knowles Corp.	United States	1,066,928	$21,061,159
			37,990,874
Energy Equipment & Services 1.8%			
Hunting plc	United Kingdom	1,395,634	4,269,656
[a]Natural Gas Services Group, Inc.	United States	173,987	1,788,586
[a]NexTier Oilfield Solutions, Inc.	United States	890,440	4,238,495
[a]TechnipFMC plc	United Kingdom	1,483,315	13,424,001
			23,720,738
Equity Real Estate Investment Trusts (REITs) 0.8%			
Alexander & Baldwin, Inc.	United States	7,750	141,980
Healthcare Realty Trust, Inc.	United States	146,090	4,411,918
Highwoods Properties, Inc.	United States	90,459	4,086,033
[a]Sunstone Hotel Investors, Inc.	United States	172,690	2,144,810
			10,784,741
Food & Staples Retailing 0.1%			
[a]BJ's Wholesale Club Holdings, Inc.	United States	20,543	977,436
Food Products 1.8%			
Glanbia plc	Ireland	1,533,544	24,978,545
Gas Utilities 0.2%			
Spire, Inc.	United States	30,218	2,183,855
Health Care Equipment & Supplies 2.9%			
[a]Envista Holdings Corp.	United States	435,276	18,808,276
[a]Integer Holdings Corp.	United States	218,344	20,568,005
			39,376,281
Hotels, Restaurants & Leisure 6.7%			
[a]Dalata Hotel Group plc	Ireland	2,082,520	9,491,152
[a]Denny's Corp.	United States	1,520,103	25,066,498
[a]Hilton Grand Vacations, Inc.	United States	660,632	27,343,559
Jack in the Box, Inc.	United States	259,775	28,949,326
			90,850,535
Household Durables 0.2%			
[a]M/I Homes, Inc.	United States	54,909	3,221,511
Insurance 11.2%			
CNO Financial Group, Inc.	United States	1,068,442	25,236,600
Hanover Insurance Group, Inc. (The)	United States	310,675	42,139,957
Horace Mann Educators Corp.	United States	693,652	25,956,458
Old Republic International Corp.	United States	1,415,825	35,268,201
Selective Insurance Group, Inc.	United States	297,517	24,143,504
			152,744,720
Leisure Products 1.9%			
BRP, Inc.	United States	61,123	4,782,360
Brunswick Corp.	United States	215,421	21,460,240
			26,242,600
Machinery 14.1%			
Astec Industries, Inc.	United States	186,512	11,739,065
Columbus McKinnon Corp.	United States	260,316	12,557,644
Flowserve Corp.	United States	21,623	871,839
Greenbrier Cos., Inc. (The)	United States	723,275	31,520,324

Franklin Small Cap Value VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Machinery (continued)			
Hillenbrand, Inc.	United States	377,408	$16,636,145
Mueller Industries, Inc.	United States	233,931	10,131,552
Mueller Water Products, Inc., A	United States	1,469,069	21,183,975
Oshkosh Corp.	United States	215,435	26,851,818
REV Group, Inc.	United States	164,897	2,587,234
Rexnord Corp.	United States	444,449	22,240,228
Timken Co. (The)	United States	436,447	35,173,264
			191,493,088
Metals & Mining 0.5%			
Kaiser Aluminum Corp.	United States	52,094	6,433,088
Multi-Utilities 1.7%			
Black Hills Corp.	United States	352,721	23,149,079
Oil, Gas & Consumable Fuels 4.9%			
Crescent Point Energy Corp.	Canada	10,313,887	46,671,431
[a]Green Plains, Inc.	United States	607,312	20,417,829
			67,089,260
Professional Services 1.3%			
[a,b]Intertrust NV, 144A, Reg S	Netherlands	100,535	1,811,675
Kforce, Inc.	United States	150,858	9,493,494
Stantec, Inc.	Canada	145,861	6,507,419
			17,812,588
Software 3.3%			
[a]ACI Worldwide, Inc.	United States	801,416	29,764,590
Software AG	Germany	329,486	14,824,067
			44,588,657
Specialty Retail 4.0%			
[a]Bed Bath & Beyond, Inc.	United States	364,473	12,133,306
[a]Children's Place, Inc. (The)	United States	30,648	2,852,103
[a]Dufry AG	Switzerland	333,158	19,769,025
Group 1 Automotive, Inc.	United States	126,100	19,473,623
			54,228,057
Textiles, Apparel & Luxury Goods 0.5%			
Carter's, Inc.	United States	65,579	6,765,786
Thrifts & Mortgage Finance 0.4%			
TrustCo Bank Corp.	United States	156,540	5,381,845
Trading Companies & Distributors 1.8%			
[a]Herc Holdings, Inc.	United States	26,241	2,940,829
McGrath RentCorp	United States	271,297	22,129,696
			25,070,525
Total Common Stocks (Cost $1,003,335,112)			**1,346,459,254**

Franklin Small Cap Value VIP Fund (continued)

Short Term Investments 1.2%

	Country	Shares	Value
Money Market Funds 1.2%			
[c,d]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	15,840,318	$15,840,318
Total Money Market Funds (Cost $15,840,318)			**15,840,318**
Total Short Term Investments (Cost $15,840,318)			**15,840,318**
Total Investments (Cost $1,019,175,430) 100.2%			**$1,362,299,572**
Other Assets, less Liabilities (0.2)%			**(2,065,995)**
Net Assets 100.0%			**$1,360,233,577**

[a]Non-income producing.
[b]Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the value of this security was $1,811,675, representing 0.1% of net assets.
[c]See Note 3(e) regarding investments in affiliated management investment companies.
[d]The rate shown is the annualized seven-day effective yield at period end.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Small Cap Value VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$1,003,335,112
Cost - Non-controlled affiliates (Note 3e)	15,840,318
Value - Unaffiliated issuers	$1,346,459,254
Value - Non-controlled affiliates (Note 3e)	15,840,318
Receivables:	
Investment securities sold	509,012
Capital shares sold	643,584
Dividends	835,749
Total assets	1,364,287,917
Liabilities:	
Payables:	
Investment securities purchased	1,381,637
Capital shares redeemed	1,434,170
Management fees	713,298
Distribution fees	274,522
Reports to shareholders	230,262
Accrued expenses and other liabilities	20,451
Total liabilities	4,054,340
Net assets, at value	$1,360,233,577
Net assets consist of:	
Paid-in capital	$917,819,742
Total distributable earnings (losses)	442,413,835
Net assets, at value	$1,360,233,577

	Franklin Small Cap Value VIP Fund
Class 1:	
Net assets, at value	$72,143,406
Shares outstanding	4,087,651
Net asset value and maximum offering price per share	$17.65
Class 2:	
Net assets, at value	$1,253,903,685
Shares outstanding	74,572,510
Net asset value and maximum offering price per share	$16.81
Class 4:	
Net assets, at value	$34,186,486
Shares outstanding	1,964,311
Net asset value and maximum offering price per share	$17.40

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Small Cap Value VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $51,855)	
Unaffiliated issuers	$11,995,969
Non-controlled affiliates (Note 3e)	562
Interest:	
Unaffiliated issuers	2,378
Total investment income	11,998,909
Expenses:	
Management fees (Note 3a)	4,189,270
Distribution fees: (Note 3c)	
Class 2	1,547,230
Class 4	58,611
Custodian fees (Note 4)	3,854
Reports to shareholders	136,545
Professional fees	29,499
Trustees' fees and expenses	3,410
Other	13,450
Total expenses	5,981,869
Expenses waived/paid by affiliates (Note 3e)	(6,926)
Net expenses	5,974,943
Net investment income	6,023,966
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	98,766,940
Foreign currency transactions	32,786
Net realized gain (loss)	98,799,726
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	129,311,041
Translation of other assets and liabilities denominated in foreign currencies	(8,652)
Net change in unrealized appreciation (depreciation)	129,302,389
Net realized and unrealized gain (loss)	228,102,115
Net increase (decrease) in net assets resulting from operations	$234,126,081

Statements of Changes in Net Assets

	Franklin Small Cap Value VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	$6,023,966	$12,966,525
Net realized gain (loss)	98,799,726	35,583,469
Net change in unrealized appreciation (depreciation)	129,302,389	9,897,496
Net increase (decrease) in net assets resulting from operations	234,126,081	58,447,490
Distributions to shareholders:		
Class 1	(2,642,045)	(3,163,057)
Class 2	(45,737,885)	(74,826,606)
Class 4	(1,174,804)	(1,993,248)
Total distributions to shareholders	(49,554,734)	(79,982,911)
Capital share transactions: (Note 2)		
Class 1	13,992,954	3,879,512
Class 2	(21,770,743)	1,523,597
Class 4	34,098	226,802
Total capital share transactions	(7,743,691)	5,629,911
Net increase (decrease) in net assets	176,827,656	(15,905,510)
Net assets:		
Beginning of period	1,183,405,921	1,199,311,431
End of period	$1,360,233,577	$1,183,405,921

Notes to Financial Statements (unaudited)

Franklin Small Cap Value 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). Franklin Small Cap Value 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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day

Franklin Small Cap Value VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Funds for financial reporting purposes.

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, 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. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

d. 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 and capital gain distributions are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

Franklin Small Cap Value VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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

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.

e. 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.

f. 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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	891,179	$16,288,463	455,233	$5,805,187
Shares issued in reinvestment of distributions	136,633	2,503,125	275,768	3,163,057
Shares redeemed	(266,271)	(4,798,634)	(392,293)	(5,088,732)
Net increase (decrease)	761,541	$13,992,954	338,708	$3,879,512
Class 2 Shares:				
Shares sold	4,998,394	$86,115,776	9,825,906	$112,925,732
Shares issued in reinvestment of distributions	2,619,581	45,737,885	6,827,245	74,826,606
Shares redeemed	(9,128,116)	(153,624,404)	(15,190,634)	(186,228,741)
Net increase (decrease)	(1,510,141)	$(21,770,743)	1,462,517	$1,523,597
Class 4 Shares:				
Shares sold	302,123	$5,285,789	422,087	$4,787,696
Shares issued in reinvestment of distributions	65,014	1,174,804	175,927	1,993,248
Shares redeemed	(368,376)	(6,426,495)	(517,251)	(6,554,142)
Net increase (decrease)	(1,239)	$34,098	80,763	$226,802

Franklin Small Cap Value VIP Fund (continued)

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

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.750%	Up to and including $200 million
0.635%	Over $200 million, up to and including $700 million
0.600%	Over $700 million, up to and including $1.2 billion
0.575%	Over $1.2 billion, up to and including $1.3 billion
0.475%	In excess of $1.3 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.627% of the Fund’s average daily net assets.

b. Administrative Fees

Under an agreement with Franklin Mutual, FT Services provides administrative services to the Fund. The fee is paid by Franklin Mutual 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 0.35% per year of its average daily net asset of each class. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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. As defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund’s outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund

Franklin Small Cap Value VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Small Cap Value VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	$21,360,711	$162,986,662	$(168,507,055)	$—	$—	$15,840,318	15,840,318	$562
Total Affiliated Securities	$21,360,711	$162,986,662	$(168,507,055)	$—	$—	$15,840,318		$562

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$1,023,368,448
Unrealized appreciation	$353,237,040
Unrealized depreciation	(14,305,916)
Net unrealized appreciation (depreciation)	$338,931,124

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

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $382,221,553 and $429,970,791, respectively.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

Franklin Small Cap Value VIP Fund (continued)

8. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

9. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Small Cap Value VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$—	$23,710,404	$—	$23,710,404
Auto Components	9,419,003	—	—	9,419,003
Automobiles	8,108,202	—	—	8,108,202
Banks	145,745,717	—	—	145,745,717
Building Products	51,251,433	—	—	51,251,433
Chemicals	119,425,677	—	—	119,425,677
Communications Equipment	27,933,411	—	—	27,933,411
Construction & Engineering	46,105,158	—	—	46,105,158
Construction Materials	39,957,058	—	—	39,957,058
Electric Utilities	9,648,990	—	—	9,648,990
Electrical Equipment	10,070,392	—	—	10,070,392
Electronic Equipment, Instruments & Components	37,990,874	—	—	37,990,874
Energy Equipment & Services	19,451,082	4,269,656	—	23,720,738
Equity Real Estate Investment Trusts (REITs)	10,784,741	—	—	10,784,741
Food & Staples Retailing	977,436	—	—	977,436
Food Products	—	24,978,545	—	24,978,545
Gas Utilities	2,183,855	—	—	2,183,855

Franklin Small Cap Value VIP Fund (continued)

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Small Cap Value VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Health Care Equipment & Supplies	$39,376,281	$—	$—	$39,376,281
Hotels, Restaurants & Leisure	81,359,383	9,491,152	—	90,850,535
Household Durables	3,221,511	—	—	3,221,511
Insurance	152,744,720	—	—	152,744,720
Leisure Products	26,242,600	—	—	26,242,600
Machinery	191,493,088	—	—	191,493,088
Metals & Mining	6,433,088	—	—	6,433,088
Multi-Utilities	23,149,079	—	—	23,149,079
Oil, Gas & Consumable Fuels	67,089,260	—	—	67,089,260
Professional Services	16,000,913	1,811,675	—	17,812,588
Software	29,764,590	14,824,067	—	44,588,657
Specialty Retail	34,459,032	19,769,025	—	54,228,057
Textiles, Apparel & Luxury Goods	6,765,786	—	—	6,765,786
Thrifts & Mortgage Finance	5,381,845	—	—	5,381,845
Trading Companies & Distributors	25,070,525	—	—	25,070,525
Short Term Investments	15,840,318	—	—	15,840,318
Total Investments in Securities	$1,263,445,048	$98,854,524[a]	$—	$1,362,299,572

[a]Includes foreign securities valued at $98,854,524, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

11. 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.

Franklin Small-Mid Cap Growth VIP Fund

This semiannual report for Franklin Small-Mid Cap Growth VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +10.31% total return* for the six-month period ended June 30, 2021.
*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 4/30/22. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

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

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

Franklin Small-Mid Cap Growth Fund

Fund Goal and Main Investments

The Fund seeks long-term capital growth. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of small-capitalization and mid-capitalization companies. For this Fund, small-cap companies are those within the market capitalization range of companies in the Russell 2500™ Index at the time of purchase, and midcap companies are those within the market capitalization range of companies in the Russell Midcap® Index at the time of purchase.[1]

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Growth stock prices reflect projections of future earnings or revenues, and can, therefore, fall dramatically if the company fails to meet those projections. Smaller, midsized and relatively new or unseasoned companies can be particularly sensitive to changing economic conditions, and their prospects for growth are less certain than those of larger, more established companies. Historically, these securities have experienced more price volatility than larger-company stocks, especially over the short term. To the extent the Fund focuses on particular countries, regions, industries, sectors or types of investment from time to time, it may be subject to greater risk of adverse developments in such areas of focus than a fund that invests in a wider variety of countries, regions, industries, sectors or investments. From time to time, the trading market for a particular security or type of security in which the Fund invests may become less liquid or even illiquid. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's narrow benchmark, the Russell Midcap Growth® Index, posted a +10.44% total return, and its broad benchmark, the Standard & Poor's® 500 Index (S&P 500®) posted a +15.25 total return for the same period.[2]

Portfolio Composition
6/30/21

	% of Total Net Assets
Software	20.0%
IT Services	7.6%
Health Care Equipment & Supplies	6.7%
Semiconductors & Semiconductor Equipment	5.9%
Professional Services	5.4%
Capital Markets	5.1%
Specialty Retail	4.9%
Life Sciences Tools & Services	4.4%
Biotechnology	3.5%
Hotels, Restaurants & Leisure	3.3%
Entertainment	2.9%
Interactive Media & Services	2.5%
Textiles, Apparel & Luxury Goods	2.5%
Health Care Technology	2.4%
Other*	18.8%
Short-Term Investments & Other Net Assets	4.1%

*Categories within the Other category are listed in full in the Fund's Statement of Investments (SOI), which can be found later in this report.

Economic and Market Overview

U.S. equities, as measured by the S&P 500, posted a +15.25% total return for the six months ended June 30, 2021.[2] Stocks benefited from the continued economic recovery, accommodative monetary policy, additional fiscal stimulus measures, implementation of novel coronavirus (COVID-19) vaccination programs and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. The progress toward a bipartisan infrastructure bill further bolstered investor sentiment, aiding equities to reach new all-time price highs toward period-end.

The U.S. economic recovery accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels, as the lifting of many COVID-19 restrictions and strong consumer spending bolstered growth. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials. The unemployment rate declined from 6.7% in December 2020 to 5.9% in June

1. Please see Index Descriptions following the Fund Summaries.
2. 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).

2021 as job openings grew, but a relative lack of available workers fueled wage growth, adding to some investors' inflation concerns.[3]

In an effort to support the economy, the U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25%. The Fed also maintained quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended bond purchasing. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

Investment Strategy

We use fundamental, bottom-up research to seek companies meeting our criteria of growth potential, quality and valuation. In seeking sustainable growth characteristics, we look for companies we believe can produce sustainable earnings and cash flow growth, evaluating the long-term market opportunity and competitive structure of an industry to target leaders and emerging leaders. We define quality companies as those with strong and improving competitive positions in attractive markets. We also believe important attributes of quality are experienced and talented management teams as well as financial strength reflected in the capital structure, gross and operating margins, free cash flow generation and returns on capital employed. In assessing value, we consider whether security prices fully reflect the balance of the sustainable growth opportunities relative to business and financial risks.

Manager's Discussion

During the period under review, the Fund benefited from stock selection and an overweighting in the consumer discretionary sector. Stock selection in the information technology (IT), communication services and financials sectors also supported relative performance.

In consumer discretionary, a leading contributor was vertically integrated e-commerce health care apparel company Figs (not part of the index), which went public in May 2021. Our participation in the company's initial public offering (IPO) was rewarded by the stock's rally following its debut.

Top 10 Holdings
6/30/21

Company Industry	% of Total Net Assets
IDEXX Laboratories, Inc. *Health Care Equipment & Supplies*	2.4%
Synopsys, Inc. *Software*	2.4%
DocuSign, Inc. *Software*	2.3%
Roku, Inc. *Entertainment*	1.9%
MSCI, Inc. *Capital Markets*	1.8%
CoStar Group, Inc. *Professional Services*	1.7%
SBA Communications Corp. *Equity Real Estate Investment Trusts (REITs)*	1.6%
Veeva Systems, Inc. *Health Care Technology*	1.6%
Okta, Inc. *IT Services*	1.6%
ANSYS, Inc. *Software*	1.5%

The IT sector benefited from a position in Marqeta (not part of the index), which also had a fruitful IPO during the period. Marqeta is a payment platform that allows businesses to create customized credit cards that provide innovative payment experiences for end users.

Elsewhere, health care companies GW Pharmaceuticals (not part of the index; not held at period-end), Penumbra and Bio-Techne contributed to relative returns. In the case of GW Pharmaceuticals, the cannabinoid-focused drugmaker received an acquisition offer that rallied its shares.

In contrast, stock selection in the industrials, health care and real estate sectors detracted from relative performance. Performance in those sectors was hurt by a lack of positions in well-performing companies.

Relative performance in health care was also hurt by medical device company iRhythm Technologies (not part of the index; not held at period-end), which fell in part due to negative news impacting Medicare reimbursement rates. Iovance Biotherapeutics hurt performance as well, with shares falling after the company announced a delay in submitting an approval application to the U.S. Food and Drug Administration for a cancer drug. The announcement was followed by the unexpected departure of the company's chief executive officer.

Elsewhere, individual relative detractors included data analytics platform specialist Alteryx and mortgage data company Black Knight.

3. Bureau of Labor Statistics.

Thank you for your participation in Franklin Small-Mid Cap Growth VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,103.10	$5.58	$1,019.49	$5.36	1.07%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Franklin Small-Mid Cap Growth VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$26.99	$19.74	$17.04	$19.71	$17.77	$19.09
Income from investment operations[a]:						
Net investment (loss)[b]	(0.08)	(0.07)	(0.04)	(0.05)	(0.04)	(0.03)
Net realized and unrealized gains (losses)	2.77	9.96	5.31	(0.70)	3.74	0.77
Total from investment operations	2.69	9.89	5.27	(0.75)	3.70	0.74
Less distributions from:						
Net realized gains	(2.91)	(2.64)	(2.57)	(1.92)	(1.76)	(2.06)
Net asset value, end of period	$26.77	$26.99	$19.74	$17.04	$19.71	$17.77
Total return[c]	10.42%	55.52%	31.80%	(5.15)%	21.75%	4.40%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.82%	0.85%	0.84%	0.86%	0.85%	0.84%
Expenses net of waiver and payments by affiliates	0.82%[e]	0.84%[f]	0.83%[f]	0.85%[f]	0.84%[f]	0.82%[f]
Net investment (loss)	(0.55)%	(0.33)%	(0.19)%	(0.24)%	(0.24)%	(0.16)%
Supplemental data						
Net assets, end of period (000's)	$76,464	$72,039	$43,169	$33,518	$36,864	$31,756
Portfolio turnover rate	20.98%	48.93%	59.07%	44.78%	40.49%	32.23%[g]

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Small-Mid Cap Growth VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$23.11	$17.29	$15.22	$17.83	$16.27	$17.69
Income from investment operations[a]:						
Net investment (loss)[b]	(0.09)	(0.11)	(0.08)	(0.09)	(0.08)	(0.07)
Net realized and unrealized gains (losses)	2.35	8.57	4.72	(0.60)	3.40	0.71
Total from investment operations	2.26	8.46	4.64	(0.69)	3.32	0.64
Less distributions from:						
Net realized gains	(2.91)	(2.64)	(2.57)	(1.92)	(1.76)	(2.06)
Net asset value, end of period	$22.46	$23.11	$17.29	$15.22	$17.83	$16.27
Total return[c]	10.31%	55.09%	31.44%	(5.37)%	21.40%	4.17%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.07%	1.10%	1.09%	1.11%	1.10%	1.09%
Expenses net of waiver and payments by affiliates	1.07%[e]	1.09%[f]	1.08%[f]	1.10%[f]	1.09%[f]	1.07%[f]
Net investment (loss)	(0.80)%	(0.61)%	(0.44)%	(0.49)%	(0.49)%	(0.41)%
Supplemental data						
Net assets, end of period (000's)	$509,411	$503,032	$372,442	$310,300	$390,094	$392,777
Portfolio turnover rate	20.98%	48.93%	59.07%	44.78%	40.49%	32.23%[g]

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Franklin Small-Mid Cap Growth VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$24.26	$18.04	$15.81	$18.47	$16.81	$18.23
Income from investment operations[a]:						
Net investment (loss)[b]	(0.11)	(0.14)	(0.10)	(0.11)	(0.10)	(0.09)
Net realized and unrealized gains (losses)	2.47	9.00	4.90	(0.63)	3.52	0.73
Total from investment operations	2.36	8.86	4.80	(0.74)	3.42	0.64
Less distributions from:						
Net realized gains	(2.91)	(2.64)	(2.57)	(1.92)	(1.76)	(2.06)
Net asset value, end of period	$23.71	$24.26	$18.04	$15.81	$18.47	$16.81
Total return[c]	10.23%	55.01%	31.26%	(5.46)%	21.30%	4.04%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.17%	1.20%	1.19%	1.21%	1.20%	1.19%
Expenses net of waiver and payments by affiliates	1.17%[e]	1.19%[f]	1.18%[f]	1.20%[f]	1.19%[f]	1.17%[f]
Net investment (loss)	(0.90)%	(0.71)%	(0.54)%	(0.59)%	(0.59)%	(0.51)%
Supplemental data						
Net assets, end of period (000's)	$28,001	$25,580	$17,662	$13,759	$15,829	$13,825
Portfolio turnover rate	20.98%	48.93%	59.07%	44.78%	40.49%	32.23%[g]

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

Statement of Investments (unaudited), June 30, 2021

Franklin Small-Mid Cap Growth VIP Fund

	Country	Shares	Value
Common Stocks 94.3%			
Aerospace & Defense 1.6%			
[a]Mercury Systems, Inc.	United States	61,300	$4,062,964
[a]TransDigm Group, Inc.	United States	9,300	6,019,797
			10,082,761
Airlines 0.4%			
[a]Southwest Airlines Co.	United States	52,100	2,765,989
Banks 0.5%			
[a]SVB Financial Group	United States	5,400	3,004,722
Biotechnology 3.5%			
[a]Centessa Pharmaceuticals plc, ADR	United States	32,900	730,709
[a]Global Blood Therapeutics, Inc.	United States	71,700	2,510,934
[a]Heron Therapeutics, Inc.	United States	143,500	2,227,120
[a]Horizon Therapeutics plc	United States	59,900	5,609,036
[a]Iovance Biotherapeutics, Inc.	United States	100,705	2,620,344
[a]Mirati Therapeutics, Inc.	United States	8,000	1,292,240
[a]PTC Therapeutics, Inc.	United States	52,000	2,198,040
[a]Rocket Pharmaceuticals, Inc.	United States	4,500	199,305
[a]Seagen, Inc.	United States	26,600	4,199,608
			21,587,336
Capital Markets 5.1%			
Ares Management Corp.	United States	91,500	5,818,485
[a,b,c,d]Churchill Capital Corp. IV	United States	79,866	1,882,436
MarketAxess Holdings, Inc.	United States	12,500	5,794,875
MSCI, Inc.	United States	20,600	10,981,448
[a]Soaring Eagle Acquisition Corp.	United States	123,300	1,305,747
[a,b,c,d]Soaring Eagle Acquisition Corp., A	United States	28,800	288,000
[a,b,c]Spartan Acquisition Corp. II, A	United States	108,057	1,080,570
Tradeweb Markets, Inc., A	United States	51,700	4,371,752
			31,523,313
Commercial Services & Supplies 1.1%			
[a]Legalzoom.com, Inc.	United States	1,000	37,850
Republic Services, Inc.	United States	60,900	6,699,609
			6,737,459
Containers & Packaging 1.1%			
Ball Corp.	United States	80,300	6,505,906
Electrical Equipment 0.3%			
Rockwell Automation, Inc.	United States	6,198	1,772,752
Electronic Equipment, Instruments & Components 1.8%			
Cognex Corp.	United States	43,800	3,681,390
[a]Keysight Technologies, Inc.	United States	49,450	7,635,574
			11,316,964
Entertainment 2.9%			
[a]Roku, Inc.	United States	25,556	11,736,593
[a]Zynga, Inc., A	United States	543,200	5,774,216
			17,510,809
Equity Real Estate Investment Trusts (REITs) 2.2%			
SBA Communications Corp.	United States	31,757	10,120,956
Terreno Realty Corp.	United States	48,150	3,106,638
			13,227,594

Franklin Small-Mid Cap Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Food & Staples Retailing 0.5%			
[a]Grocery Outlet Holding Corp.	United States	83,000	$2,876,780
Food Products 0.6%			
[a]Freshpet, Inc.	United States	18,100	2,949,576
[a]Oatly Group AB, ADR	United States	18,500	452,510
			3,402,086
Health Care Equipment & Supplies 6.7%			
[a]DexCom, Inc.	United States	7,988	3,410,876
[a,e]Figs, Inc., A.	United States	60,400	3,026,040
[a]IDEXX Laboratories, Inc.	United States	23,550	14,873,003
[a]Inari Medical, Inc.	United States	31,400	2,928,992
[a]Insulet Corp.	United States	22,300	6,121,573
[a]Penumbra, Inc.	United States	12,000	3,288,720
Teleflex, Inc.	United States	18,150	7,292,488
			40,941,692
Health Care Providers & Services 1.3%			
[a]Guardant Health, Inc.	United States	39,300	4,880,667
[a]HealthEquity, Inc.	United States	32,100	2,583,408
[a]LifeStance Health Group, Inc.	United States	27,300	760,578
			8,224,653
Health Care Technology 2.4%			
[a]Certara, Inc.	United States	40,400	1,144,532
[a]Teladoc Health, Inc.	United States	20,466	3,403,291
[a]Veeva Systems, Inc., A	United States	32,500	10,105,875
			14,653,698
Hotels, Restaurants & Leisure 3.3%			
[a]Chipotle Mexican Grill, Inc.	United States	5,230	8,108,278
[a,e]DraftKings, Inc., A	United States	67,633	3,528,414
[a]Vail Resorts, Inc.	United States	13,300	4,209,716
[a]Wynn Resorts Ltd.	United States	37,100	4,537,330
			20,383,738
Household Durables 0.6%			
[a]NVR, Inc.	United States	782	3,889,121
Interactive Media & Services 2.5%			
[a,e]Bumble, Inc., A	United States	38,100	2,194,560
[a]Match Group, Inc.	United States	48,024	7,743,870
[a]Pinterest, Inc., A	United States	70,800	5,589,660
			15,528,090
Internet & Direct Marketing Retail 1.0%			
[a]Etsy, Inc.	United States	9,000	1,852,560
[a,e]Wayfair, Inc., A	United States	12,800	4,041,088
			5,893,648
IT Services 7.6%			
[a]BigCommerce Holdings, Inc., 1	United States	60,600	3,934,152
[a]Black Knight, Inc.	United States	106,900	8,336,062
[a]GoDaddy, Inc., A	United States	71,017	6,175,638
[a,b,c]Marqeta, Inc.	United States	129,178	3,490,500
[a]Marqeta, Inc., A.	United States	22,200	623,154
[a]MongoDB, Inc.	United States	23,700	8,568,024
[a,f]Nuvei Corp., 144A, Reg S	Canada	25,300	2,087,250

Franklin Small-Mid Cap Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
IT Services (continued)			
[a]Okta, Inc.	United States	39,000	$9,542,520
[a]Paymentus Holdings, Inc., A	United States	10,000	355,000
[a]Wix.com Ltd.	Israel	12,600	3,657,528
			46,769,828
Life Sciences Tools & Services 4.4%			
[a]10X Genomics, Inc., A.	United States	28,700	5,620,034
[a]Avantor, Inc.	United States	43,100	1,530,481
Bio-Techne Corp.	United States	18,025	8,115,937
[a]Maravai LifeSciences Holdings, Inc., A	United States	81,800	3,413,514
[a]Mettler-Toledo International, Inc.	United States	5,980	8,284,333
			26,964,299
Machinery 1.7%			
Fortive Corp.	United States	60,800	4,240,192
IDEX Corp.	United States	12,450	2,739,622
Stanley Black & Decker, Inc.	United States	16,446	3,371,266
			10,351,080
Personal Products 0.6%			
[a]BellRing Brands, Inc., A.	United States	122,800	3,848,552
Pharmaceuticals 0.7%			
[a]Jazz Pharmaceuticals plc	United States	8,000	1,421,120
[a]Reata Pharmaceuticals, Inc., A	United States	19,500	2,759,835
			4,180,955
Professional Services 5.4%			
Booz Allen Hamilton Holding Corp.	United States	69,700	5,937,046
[a]CoStar Group, Inc.	United States	126,350	10,464,307
TransUnion	United States	71,300	7,829,453
Verisk Analytics, Inc.	United States	49,761	8,694,242
			32,925,048
Road & Rail 1.1%			
[a,b,c]New Starship Parent, Inc.	United States	74,800	775,676
Old Dominion Freight Line, Inc.	United States	24,450	6,205,410
			6,981,086
Semiconductors & Semiconductor Equipment 5.9%			
[a]Allegro MicroSystems, Inc.	Japan	109,100	3,022,070
[a]Alphawave IP Group plc	United Kingdom	192,850	960,439
Entegris, Inc.	United States	35,528	4,368,878
KLA Corp.	United States	9,737	3,156,833
[a]Lattice Semiconductor Corp.	United States	100,555	5,649,180
Monolithic Power Systems, Inc.	United States	13,450	5,022,902
[a]Semtech Corp.	United States	57,700	3,969,760
[a]SiTime Corp.	United States	63,300	8,013,147
[a]SolarEdge Technologies, Inc.	United States	7,600	2,100,412
			36,263,621
Software 19.2%			
[a]Alkami Technology, Inc.	United States	11,703	417,446
[a,b,c]Alkami Technology, Inc.	United States	40,822	1,400,776
[a]Alteryx, Inc., A.	United States	52,000	4,473,040
[a]ANSYS, Inc.	United States	27,000	9,370,620
[a,e]AppLovin Corp., A	United States	27,200	2,044,624
[a]Avalara, Inc.	United States	50,800	8,219,440

Franklin Small-Mid Cap Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Software (continued)			
[a]Bill.com Holdings, Inc.	United States	29,148	$5,339,331
[a]BTRS Holdings, Inc.	United States	140,300	1,770,586
[a]Cloudflare, Inc., A	United States	55,000	5,821,200
[a]Confluent, Inc., A	United States	4,122	195,795
[a]Coupa Software, Inc.	United States	26,600	6,972,126
[a]Crowdstrike Holdings, Inc., A	United States	6,000	1,507,860
[a]DocuSign, Inc.	United States	51,300	14,341,941
[a]Duck Creek Technologies, Inc.	United States	51,770	2,252,513
[a]HubSpot, Inc.	United States	14,400	8,391,168
[a]Lightspeed POS, Inc.	Canada	56,300	4,707,243
[a]Monday.com Ltd.	United States	3,200	715,488
[a]Paylocity Holding Corp.	United States	45,050	8,595,540
[a,e]Procore Technologies, Inc.	United States	4,900	465,255
[a]PTC, Inc.	United States	34,300	4,845,218
[a]Q2 Holdings, Inc.	United States	34,796	3,569,374
[a]SentinelOne, Inc., A	United States	10,300	437,750
[a]Synopsys, Inc.	United States	52,750	14,547,922
[a]Zendesk, Inc.	United States	51,600	7,447,944
			117,850,200
Specialty Retail 4.9%			
[a]Burlington Stores, Inc.	United States	23,400	7,534,566
[a]Five Below, Inc.	United States	34,150	6,600,171
[a]O'Reilly Automotive, Inc.	United States	10,800	6,115,068
[a,e]Petco Health & Wellness Co., Inc.	United States	135,300	3,032,073
Tractor Supply Co.	United States	36,237	6,742,256
			30,024,134
Textiles, Apparel & Luxury Goods 2.3%			
Levi Strauss & Co., A	United States	88,400	2,450,448
[a]Lululemon Athletica, Inc.	United States	18,600	6,788,442
VF Corp.	United States	59,400	4,873,176
			14,112,066
Trading Companies & Distributors 1.1%			
Fastenal Co.	United States	127,700	6,640,400
Total Common Stocks (Cost $337,155,710)			**578,740,380**
Convertible Preferred Stocks 0.8%			
Diversified Consumer Services 0.2%			
[a,b,c]Newsela, Inc., 0%, D	United States	48,915	1,040,875
Internet & Direct Marketing Retail 0.0%†			
[a,b,c]Fanatics, Inc., 0%, F	United States	2,000	69,177
Software 0.6%			
[a,b,c]Databricks, Inc., 0%, G	United States	8,626	1,893,538
[a,b,c]OneTrust LLC, C	United States	82,367	1,817,016
			3,710,554
Total Convertible Preferred Stocks (Cost $4,249,764)			**4,820,606**
Preferred Stocks 0.8%			
Internet & Direct Marketing Retail 0.4%			
[a,b,c]Fanatics, Inc., E	United States	92,539	2,523,013

Franklin Small-Mid Cap Growth VIP Fund (continued)

	Country	Shares	Value
Preferred Stocks (continued)			
Software 0.2%			
[a,b,c]Blaize, Inc., D	United States	141,632	$1,478,993
Textiles, Apparel & Luxury Goods 0.2%			
[a,b,c]Allbirds, Inc., E	United States	92,392	1,140,726
Total Preferred Stocks (Cost $4,147,272)			**5,142,732**
		Warrants	
Warrants 0.0%			
Software 0.0%			
[a,b,c]Blaize, Inc. Ltd., 2/28/24	United Kingdom	7,082	—
Total Warrants (Cost $—)			**—**
Total Long Term Investments (Cost $345,552,746)			**588,703,718**

Short Term Investments 5.3%

	Country	Shares	Value
Money Market Funds 3.4%			
[g,h]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	20,698,823	20,698,823
Total Money Market Funds (Cost $20,698,823)			**20,698,823**
[i]**Investments from Cash Collateral Received for Loaned Securities 1.9%**			
Money Market Funds 1.9%			
[g,h]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	11,593,660	11,593,660
Total Investments from Cash Collateral Received for Loaned Securities (Cost $11,593,660)			**11,593,660**
Total Short Term Investments (Cost $32,292,483)			**32,292,483**
Total Investments (Cost $377,845,229) 101.2%			**$620,996,201**
Other Assets, less Liabilities (1.2)%			**(7,120,417)**
Net Assets 100.0%			**$613,875,784**

See Abbreviations on page FSC- 28.

[†] Rounds to less than 0.1% of net assets.
[a] Non-income producing.
[b] Fair valued using significant unobservable inputs. See Note 10 regarding fair value measurements.
[c] See Note 7 regarding restricted securities.
[d] A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).
[e] A portion or all of the security is on loan at June 30, 2021. See Note 1(d).
[f] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the value of this security was $2,087,250, representing 0.3% of net assets.
[g] See Note 3(e) regarding investments in affiliated management investment companies.
[h] The rate shown is the annualized seven-day effective yield at period end.

Franklin Small-Mid Cap Growth VIP Fund (continued)

[i] See Note 1(d) regarding securities on loan.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Small-Mid Cap Growth VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$345,552,746
Cost - Non-controlled affiliates (Note 3e)	32,292,483
Value - Unaffiliated issuers (Includes securities loaned of $14,785,902)	$588,703,718
Value - Non-controlled affiliates (Note 3e)	32,292,483
Cash	18,241
Receivables:	
Investment securities sold (Includes securities loaned of $661,458)	12,581,649
Capital shares sold	744,381
Dividends	54,775
Total assets	634,395,247
Liabilities:	
Payables:	
Investment securities purchased	7,797,717
Capital shares redeemed	502,231
Management fees	378,045
Distribution fees	108,307
Payable upon return of securities loaned (Note 1d)	11,593,660
Accrued expenses and other liabilities	139,503
Total liabilities	20,519,463
Net assets, at value	$613,875,784
Net assets consist of:	
Paid-in capital	$299,340,072
Total distributable earnings (losses)	314,535,712
Net assets, at value	$613,875,784

	Franklin Small-Mid Cap Growth VIP Fund
Class 1:	
Net assets, at value	$76,463,797
Shares outstanding	2,856,407
Net asset value and maximum offering price per share	$26.77
Class 2:	
Net assets, at value	$509,411,109
Shares outstanding	22,685,696
Net asset value and maximum offering price per share	$22.46
Class 4:	
Net assets, at value	$28,000,878
Shares outstanding	1,181,128
Net asset value and maximum offering price per share	$23.71

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin Small-Mid Cap Growth VIP Fund
Investment income:	
Dividends:	
Unaffiliated issuers	$753,191
Non-controlled affiliates (Note 3e)	632
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	43,117
Non-controlled affiliates (Note 3e)	247
Total investment income	797,187
Expenses:	
Management fees (Note 3a)	2,303,481
Distribution fees: (Note 3c)	
Class 2	611,687
Class 4	46,486
Custodian fees (Note 4)	2,874
Reports to shareholders	64,540
Professional fees	37,403
Trustees' fees and expenses	1,710
Other	10,153
Total expenses	3,078,334
Expenses waived/paid by affiliates (Note 3e)	(8,251)
Net expenses	3,070,083
Net investment income (loss)	(2,272,896)
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	73,551,836
Foreign currency transactions	(1,090)
Net realized gain (loss)	73,550,746
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(12,460,736)
Net realized and unrealized gain (loss)	61,090,010
Net increase (decrease) in net assets resulting from operations	$58,817,114

Statements of Changes in Net Assets

	Franklin Small-Mid Cap Growth VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	**Year Ended December 31, 2020**
Increase (decrease) in net assets:		
Operations:		
Net investment income (loss)	$(2,272,896)	$(2,771,523)
Net realized gain (loss)	73,550,746	72,207,047
Net change in unrealized appreciation (depreciation)	(12,460,736)	144,395,647
Net increase (decrease) in net assets resulting from operations	58,817,114	213,831,171
Distributions to shareholders:		
Class 1	(7,430,783)	(5,568,768)
Class 2	(58,482,161)	(53,710,860)
Class 4	(3,098,704)	(2,461,041)
Total distributions to shareholders	(69,011,648)	(61,740,669)
Capital share transactions: (Note 2)		
Class 1	4,624,272	11,218,927
Class 2	15,927,602	2,617,481
Class 4	2,866,244	1,452,781
Total capital share transactions	23,418,118	15,289,189
Net increase (decrease) in net assets	13,223,584	167,379,691
Net assets:		
Beginning of period	600,652,200	433,272,509
End of period	$613,875,784	$600,652,200

Notes to Financial Statements (unaudited)

Franklin Small-Mid Cap Growth 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). Franklin Small-Mid Cap Growth 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. At June 30, 2021, 40.6% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. 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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result

Franklin Small-Mid Cap Growth VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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. Securities Purchased on a Delayed Delivery Basis

The Fund purchases securities on a delayed delivery basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of holding the securities, they may sell the securities before the settlement date.

d. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

e. 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.

Franklin Small-Mid Cap Growth VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

e. Income and Deferred Taxes (continued)

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

f. 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. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

g. 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.

h. 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.

Franklin Small-Mid Cap Growth VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	217,140	$6,007,861	706,229	$16,500,714
Shares issued in reinvestment of distributions	290,492	7,430,783	289,889	5,568,768
Shares redeemed	(320,352)	(8,814,372)	(514,114)	(10,850,555)
Net increase (decrease)	187,280	$4,624,272	482,004	$11,218,927
Class 2 Shares:				
Shares sold	490,617	$11,553,503	2,526,425	$47,366,200
Shares issued in reinvestment of distributions	2,725,171	58,482,161	3,261,133	53,710,860
Shares redeemed	(2,294,540)	(54,108,062)	(5,564,626)	(98,459,579)
Net increase (decrease)	921,248	$15,927,602	222,932	$2,617,481
Class 4 Shares:				
Shares sold	143,178	$3,575,279	319,307	$6,396,773
Shares issued in reinvestment of distributions	136,748	3,098,704	142,257	2,461,041
Shares redeemed	(153,286)	(3,807,739)	(385,938)	(7,405,033)
Net increase (decrease)	126,640	$2,866,244	75,626	$1,452,781

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 Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

Franklin Small-Mid Cap Growth 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
0.800%	Up to and including $500 million
0.700%	Over $500 million, up to and including $1 billion
0.650%	Over $1 billion, up to and including $1.5 billion
0.600%	Over $1.5 billion, up to and including $6.5 billion
0.575%	Over $6.5 billion, up to and including $11.5 billion
0.550%	Over $11.5 billion, up to and including $16.5 billion
0.540%	Over $16.5 billion, up to and including $19 billion
0.530%	Over $19 billion, up to and including $21.5 billion
0.520%	In excess of $21.5 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.783% 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 0.35% per year of its average daily net assets of each class. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

Franklin Small-Mid Cap Growth VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Small-Mid Cap Growth VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$12,671,175	$87,774,371	$(79,746,723)	$—	$—	$20,698,823	20,698,823	$632
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$8,418,420	$77,973,269	$(74,798,029)	$—	$—	$11,593,660	11,593,660	$247
Total Affiliated Securities	$21,089,595	$165,747,640	$(154,544,752)	$—	$—	$32,292,483		$879

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, there were no credits earned.

5. Income Taxes

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$377,947,481
Unrealized appreciation.	$249,084,548
Unrealized depreciation.	(6,035,828)
Net unrealized appreciation (depreciation).	$243,048,720

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

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $121,080,104 and $182,053,943, respectively.

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $11,593,660 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

Franklin Small-Mid Cap Growth VIP Fund (continued)

7. Restricted Securities

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At June 30, 2021, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Shares/ Warrants	Issuer	Acquisition Date	Cost	Value
Franklin Small-Mid Cap Growth VIP Fund				
40,822	[a]Alkami Technology, Inc.	9/24/20	$653,142	$1,400,776
92,392	Allbirds, Inc., E	9/22/20	1,068,276	1,140,726
7,082	Blaize, Inc. Ltd., 2/28/24	3/01/21	—	—
141,632	Blaize, Inc., D	3/02/21 - 3/22/21	1,478,997	1,478,993
79,866	Churchill Capital Corp. IV	2/22/21	1,197,990	1,882,436
8,626	Databricks, Inc., G	2/01/21	1,529,975	1,893,538
92,539	Fanatics, Inc., E	8/13/20	1,599,999	2,523,013
2,000	Fanatics, Inc., F	3/22/21	69,740	69,177
129,178	[b]Marqeta, Inc.	8/20/20	1,077,009	3,490,500
74,800	New Starship Parent, Inc.	2/02/21	748,000	775,676
48,915	Newsela, Inc., D	1/21/21	1,034,807	1,040,875
82,367	OneTrust LLC, C	4/01/21	1,615,242	1,817,016
28,800	[c]Soaring Eagle Acquisition Corp., A	5/11/21	288,000	288,000
108,057	Spartan Acquisition Corp. II, A	1/28/21	1,080,570	1,080,570
	Total Restricted Securities (Value is 3.09% of Net Assets)		$13,441,747	$18,881,296

[a] The Fund also invests in unrestricted securities of the issuer, valued at $417,446 as of June 30, 2021.
[b] The Fund also invests in unrestricted securities of the issuer, valued at $623,154 as of June 30, 2021.
[c] The Fund also invests in unrestricted securities of the issuer, valued at $1,305,747 as of June 30, 2021.

8. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

9. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. 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.

Franklin Small-Mid Cap Growth VIP Fund (continued)

9. Credit Facility (continued)

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

10. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Small-Mid Cap Growth VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$10,082,761	$—	$—	$10,082,761
Airlines	2,765,989	—	—	2,765,989
Banks	3,004,722	—	—	3,004,722
Biotechnology	21,587,336	—	—	21,587,336
Capital Markets	28,272,307	—	3,251,006	31,523,313
Commercial Services & Supplies	6,737,459	—	—	6,737,459
Containers & Packaging	6,505,906	—	—	6,505,906
Electrical Equipment	1,772,752	—	—	1,772,752
Electronic Equipment, Instruments & Components	11,316,964	—	—	11,316,964
Entertainment	17,510,809	—	—	17,510,809
Equity Real Estate Investment Trusts (REITs)	13,227,594	—	—	13,227,594
Food & Staples Retailing	2,876,780	—	—	2,876,780
Food Products	3,402,086	—	—	3,402,086
Health Care Equipment & Supplies	40,941,692	—	—	40,941,692
Health Care Providers & Services	8,224,653	—	—	8,224,653
Health Care Technology	14,653,698	—	—	14,653,698
Hotels, Restaurants & Leisure	20,383,738	—	—	20,383,738
Household Durables	3,889,121	—	—	3,889,121
Interactive Media & Services	15,528,090	—	—	15,528,090
Internet & Direct Marketing Retail	5,893,648	—	—	5,893,648
IT Services	43,279,328	—	3,490,500	46,769,828
Life Sciences Tools & Services	26,964,299	—	—	26,964,299
Machinery	10,351,080	—	—	10,351,080

Franklin Small-Mid Cap Growth VIP Fund (continued)

10. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Small-Mid Cap Growth VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Personal Products	$3,848,552	$—	$—	$3,848,552
Pharmaceuticals	4,180,955	—	—	4,180,955
Professional Services	32,925,048	—	—	32,925,048
Road & Rail	6,205,410	—	775,676	6,981,086
Semiconductors & Semiconductor Equipment	36,263,621	—	—	36,263,621
Software	116,449,424	—	1,400,776	117,850,200
Specialty Retail	30,024,134	—	—	30,024,134
Textiles, Apparel & Luxury Goods	14,112,066	—	—	14,112,066
Trading Companies & Distributors	6,640,400	—	—	6,640,400
Convertible Preferred Stocks	—	—	4,820,606	4,820,606
Preferred Stocks	—	—	5,142,732	5,142,732
Warrants	—	—	—[a]	—
Short Term Investments	32,292,483	—	—	32,292,483
Total Investments in Securities	$602,114,905	$—	$18,881,296	$620,996,201

[a]Includes securities determined to have no value at June 30, 2021.

A reconciliation 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 period. At June 30, 2021, the reconciliation is as follows:

	Balance at Beginning of Period	Purchases[a]	Sales[b]	Transfer Into Level 3	Transfer Out of Level 3	Net accretion (amortization)	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Period	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Period End
Franklin Small-Mid Cap Growth VIP Fund										
Assets:										
Investments in Securities:										
Common Stocks:										
Capital Markets	$—	$2,566,560	$—	$—	$—	$—	$—	$684,446	$3,251,006	$684,446
IT Services	1,208,923	—	—	—	—	—	—	2,281,577	3,490,500	2,281,577
Road & Rail	—	748,000	—	—	—	—	—	27,676	775,676	27,676
Software	—	653,142	—	—	—	—	—	747,634	1,400,776	747,634
Convertible Preferred Stocks:										
Diversified Consumer Services	—	1,034,805	—	—	—	—	—	6,070	1,040,875	6,070
Internet & Direct Marketing Retail	—	69,740	—	—	—	—	—	(563)	69,177	(563)
Software	—	3,145,217	—	—	—	—	—	565,337	3,710,554	565,337
Preferred Stocks:										
Internet & Direct Marketing Retail	1,657,023	—	—	—	—	—	—	865,990	2,523,013	865,990
Software	768,400	1,478,997	(768,400)	—	—	—	—	(4)	1,478,993	(4)
Textiles, Apparel & Luxury Goods	1,068,276	—	—	—	—	—	—	72,450	1,140,726	72,450
Warrants:										
Software	—	—[c]	—	—	—	—	—	—	—[c]	—
Total Investments in Securities	$4,702,622	$9,696,461	$(768,400)	$—	$—	$—	$—	$5,250,613	$18,881,296	$5,250,613

[a]Purchases include all purchases of securities and securities received in corporate actions.

Franklin Small-Mid Cap Growth VIP Fund (continued)

10. Fair Value Measurements (continued)

[b]Sales include all sales of securities, maturities, paydowns and securities tendered in corporate actions.
[c]Includes securities determined to have no value.

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 June 30, 2021, are as follows:

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount / Range (Weighted Average)[a]	Impact to Fair Value if Input Increases[b]
Franklin Small-Mid Cap Growth VIP Fund					
Assets:					
Investments in Securities:					
Common Stocks					
Capital Markets	$2,963,006	Market comparables	Discount for lack of marketability	0.6% - 18.2% (11.8%)	Decrease[c]
IT Services	3,490,500	Market comparables	Discount for lack of marketability	3.7%	Decrease[c]
Road & Rail	775,676	Market comparables	Discount for lack of marketability	0.0%	Decrease
Software	1,400,776	Market comparables	Discount for lack of marketability	3.8%	Decrease
Convertible Preferred Stocks					
Diversified Consumer Services	1,040,875	Discounted cash flow	Discount for lack of marketability	12.9%	Decrease[c]
			Weighted average cost of capital	14.8%	Decrease[d]
			Long-term growth rate	5.0%	Increase
Software	3,710,554	Market comparables	EV / revenue multiple	17.1x - 61.4x (35.6x)	Increase[c]
			Discount for lack of marketability	6.9%	Decrease[c]
Preferred Stocks					
Internet & Direct Marketing Retail	2,523,013	Market comparables	EV / EBITDA multiple	45.6x	Increase[c]
			EV / revenue multiple	3.4x	Increase[c]
			Discount for lack of marketability	11.1%	Decrease[c]
Textiles, Apparel & Luxury Goods	1,140,726	Market comparables	EV / revenue multiple	5.7x	Increase[c]
			Discount for lack of marketability	8.0%	Decrease[c]
All Other Investments	1,836,170[e,f]				
Total	$18,881,296				

[a]Weighted based on the relative fair value of the financial instruments.
[b]Represents 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.
[c]Represents a significant impact to fair value but not net assets.
[d]Represents a significant impact to fair value and net assets.
[e]Includes 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.

Franklin Small-Mid Cap Growth VIP Fund (continued)

10. Fair Value Measurements (continued)

[f]Includes securities determined to have no value at June 30, 2021.

Abbreviations List
EBITDA - Earnings before interest, taxes, depreciation and amortization
EV - Enterprise value

11. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

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.

Abbreviations

Selected Portfolio	
ADR	American Depositary Receipt

Franklin Strategic Income VIP Fund

This semiannual report for Franklin Strategic Income VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +1.81% total return* for the six-month period ended June 30, 2021.
*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 4/30/22. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

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

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

Franklin Strategic Income VIP Fund

Fund Goal and Main Investments

The Fund seeks a high level of current income, with capital appreciation over the long term as a secondary goal. Under normal market conditions, the Fund invests primarily to predominantly in U.S. and foreign debt securities, including those in emerging markets.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. High yields reflect the higher credit risks associated with certain lower rated securities held in the portfolio. Floating rate loans and high yield corporate bonds are rated below investment grade and are subject to greater risk of default, which could result in loss of principal—a risk that may be heightened in a slowing economy. The risks of foreign securities include currency fluctuations and political uncertainty. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with their relatively small size and lesser liquidity. Investing in derivative securities and the use of foreign currency techniques involve special risks as such may not achieve the anticipated benefits and/or may result in losses to the Fund. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. For comparison, the Fund's benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, posted a -1.60% total return for the period under review.[1] The Fund's peers, as measured by the Lipper Multi-Sector Income Funds Classification Average, posted a +1.64% return.[2]

Portfolio Composition
6/30/21

	% of Total Net Assets
Corporate Bonds	52.6%
Foreign Government and Agency Securities	13.8%
Residential Mortgage-Backed Securities	8.3%
Management Investment Companies	7.5%
Asset-Backed Securities	7.3%
U.S. Government and Agency Securities	3.1%
Mortgage-Backed Securities	2.8%
Senior Floating Rate Interests	1.4%
Municipal Bonds	1.0%
Other	1.0%
Short-Term Investments & Other Net Assets	1.2%

Economic and Market Overview

The U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, posted a -1.60% total return for the six months ended June 30, 2021.[1] The economy continued to recover from the novel coronavirus (COVID-19) pandemic, aided by additional fiscal stimulus measures, and yields (which move inversely to prices) increased for most bonds. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials.

The U.S. Federal Reserve (Fed) maintained the federal funds target rate at a range of 0.00%–0.25% and continued its program of open-ended purchasing of government-backed and corporate bonds as necessary to provide liquidity to bond markets. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

U.S. Treasury bonds, as measured by the Bloomberg Barclays U.S. Treasury Index, posted a -2.58% total return for the six-month period.[1] The 10-year U.S. Treasury yield, which began the period below one percent, rose notably amid many investors' increasing inflation expectations. Mortgage-backed securities (MBS), as measured by the

1. Source: Morningstar.
2. Source: Lipper, a Thomson Reuters Company.

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).

Bloomberg Barclays MBS Index, posted a -0.77% total return for the period, as low interest rates led to accelerated prepayments from mortgage refinancing.[1]

U.S. corporate bond performance varied significantly based on credit rating, reflecting the continued recovery of credit markets following the onset of COVID-19. Although the strengthening economy pressured corporate bonds generally, it helped temper investor concerns about credit quality, which benefited lower-rated bonds. In this environment, high-yield corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield Bond Index, posted a +3.62% return, while investment-grade corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate Bond Index, posted a -1.27% total return.[1]

Investment Strategy

We allocate our investments among the various types of debt available based on our assessment of changing economic, global market, industry and issuer conditions. We use a top-down analysis of macroeconomic trends, combined with a bottom-up fundamental analysis of market sectors, industries and issuers, seeking to take advantage of varying sector reactions to economic events. For example, we may evaluate business cycles, yield curves, country risk, and the relative interest rates among currencies, and values between and within markets. In selecting debt securities, we generally conduct our own analysis of the security's intrinsic value rather than simply relying on the coupon rate or rating. We may also enter into various transactions involving certain currency-, interest rate- or credit-related derivative instruments.

Manager's Discussion

The Fund allocated assets across the broad fixed income markets seeking the best relative value opportunities for income and capital appreciation.

We maintained our largest exposure in high-yield corporate credit and increased allocation over the period. The U.S. high-yield market continues to enjoy a positive environment for leveraged credit, with a re-opening economy supported by fiscal and monetary policy combined with wide-open capital markets leading to improving credit profiles and diminishing default risk, which we believe will remain for the balance of this year and into 2022. The overall technical environment remains firm despite issuance that has continued at a record-setting pace through the period and mutual fund flows that have turned negative, with flows from institutional and non-traditional high-yield investors, both foreign and domestic, along with elevated call and tender activity and natural coupon reinvestment all serving to keep supply and demand for U.S. high-yield fairly tight. History has shown that U.S. high-yield spreads can remain at lows for extended periods of time, and we believe that current conditions are conducive to such an outcome. We also added to senior secured floating-rate loan exposure, while reducing allocation to investment-grade corporate bonds.

The portfolio's second largest allocation remained in sovereign emerging market debt as we retained our positive outlook for the asset class. Emerging market debt fundamentals strengthened as a stronger economic outlook for the global economy and the reflationary benefits this will bring in terms of balance sheet repair for most emerging market countries gathered momentum, in our view.

We remained allocated to the non-agency residential mortgage-backed securities (RMBS) sector, with exposure primarily in the seasoned credit risk transfer securities. We pared exposure over the period amid continued strength in the sector. Supply and demand imbalances combined with mortgage rates still near historic lows will continue to support a strong housing market. We believe this fundamental backdrop should bolster solid risk-adjusted returns for the RMBS sector in the near-term.

Our foreign-currency exposure was held through a basket of longs versus a short position in the Canadian dollar. Over the period, we closed out our long Japanese yen and euro positions. We moved from a short Australian dollar to slight long position and reduced our short Canadian dollar position.

Allocation across corporate credit boosted performance with the Fund's high corporate credit allocation being the most significant contributor to returns. Additionally, allocations to sovereign emerging markets securities, marketplace loans and RMBS boosted performance. In contrast, the Fund's allocation to fixed-rate agency mortgage-backed securities (MBS) was a slight detractor from performance. Foreign currency exposure negatively contributed to returns. Gains mainly from our long Mexican peso were more than offset by negative returns from Japanese yen and Colombian peso positions.

The Fund utilized derivatives, including credit default swaps, currency forwards and government bond futures, primarily as a tool for efficient portfolio management and to manage overall portfolio risk. These derivative transactions may provide the same, or similar, net long or short exposure to select currencies, interest rates, countries, duration or credit risks compared to holding securities.

Thank you for your participation in Franklin Strategic Income VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,018.10	$4.89	$1,019.95	$4.90	0.98%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Consolidated Financial Highlights

Franklin Strategic Income VIP Fund

	Six Months Ended June 30, 2021* (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$10.76	$10.93	$10.65	$11.15	$11.01	$10.55
Income from investment operations[a]:						
Net investment income[b]	0.18	0.36	0.45	0.47	0.45	0.48
Net realized and unrealized gains (losses)	0.01	0.01	0.43	(0.65)	0.04	0.37
Total from investment operations	0.19	0.37	0.88	(0.18)	0.49	0.85
Less distributions from:						
Net investment income and net foreign currency gains	(0.37)	(0.54)	(0.60)	(0.32)	(0.35)	(0.39)
Net asset value, end of period	$10.58	$10.76	$10.93	$10.65	$11.15	$11.01
Total return[c]	1.80%	3.75%	8.41%	(1.65)%	4.46%	8.25%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.76%	0.75%	0.71%	0.67%	0.68%	0.67%
Expenses net of waiver and payments by affiliates[e]	0.73%	0.73%	0.68%	0.63%	0.63%	0.60%
Net investment income	3.40%	3.46%	4.09%	4.28%	4.00%	4.42%
Supplemental data						
Net assets, end of period (000's)	$257,475	$261,409	$285,437	$302,610	$361,465	$396,170
Portfolio turnover rate	33.65%[f]	114.19%	114.89%[f]	107.90%[g]	108.73%	128.51%
Portfolio turnover rate excluding mortgage dollar rolls[h]	22.51%[f]	73.45%	72.45%[f]	40.38%[g]	48.11%	77.93%

*Includes the consolidated operations of FT Holdings Corporation III from January 1, 2021 through April 27, 2021. See Note 1(f).

[a]The amount shown for a share outstanding throughout the period may not correlate with the Consolidated Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

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

[d]Ratios are annualized for periods less than one year.

[e]Benefit of expense reduction rounds to less than 0.01%.

[f]Excludes the value of portfolio activity as a result of in-kind transactions.

[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.

[h]See Note 1(g) regarding mortgage dollar rolls.

Franklin Strategic Income VIP Fund (continued)

	Six Months Ended June 30, 2021* (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$10.36	$10.55	$10.28	$10.76	$10.64	$10.21
Income from investment operations[a]:						
Net investment income[b]	0.16	0.33	0.40	0.42	0.40	0.43
Net realized and unrealized gains (losses)	0.03	—[c]	0.42	(0.61)	0.04	0.36
Total from investment operations	0.19	0.33	0.82	(0.19)	0.44	0.79
Less distributions from:						
Net investment income and net foreign currency gains	(0.35)	(0.52)	(0.55)	(0.29)	(0.32)	(0.36)
Net asset value, end of period	$10.20	$10.36	$10.55	$10.28	$10.76	$10.64
Total return[d]	1.81%	3.43%	8.05%	(1.77)%	4.17%	7.94%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	1.01%	1.01%	0.96%	0.92%	0.93%	0.92%
Expenses net of waiver and payments by affiliates[f]	0.98%	0.99%	0.93%	0.88%	0.88%	0.85%
Net investment income	3.16%	3.23%	3.84%	4.03%	3.75%	4.17%
Supplemental data						
Net assets, end of period (000's)	$92,523	$100,758	$94,928	$89,264	$214,271	$203,418
Portfolio turnover rate	33.65%[g]	114.19%	114.89%[g]	107.90%[h]	108.73%	128.51%
Portfolio turnover rate excluding mortgage dollar rolls[i]	22.51%[g]	73.45%	72.45%[g]	40.38%[h]	48.11%	77.93%

*Includes the consolidated operations of FT Holdings Corporation III from January 1, 2021 through April 27, 2021. See Note 1(f).
[a]The amount shown for a share outstanding throughout the period may not correlate with the Consolidated Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Amount rounds to less than $0.01 per share.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Excludes the value of portfolio activity as a result of in-kind transactions.
[h]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.
[i]See Note 1(g) regarding mortgage dollar rolls.

Franklin Strategic Income VIP Fund (continued)

	Six Months Ended June 30, 2021* (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$10.66	$10.83	$10.56	$11.04	$10.90	$10.44
Income from investment operations[a]:						
Net investment income[b]	0.16	0.32	0.41	0.43	0.40	0.43
Net realized and unrealized gains (losses)	0.03	0.01	0.42	(0.64)	0.04	0.38
Total from investment operations	0.19	0.33	0.83	(0.21)	0.44	0.81
Less distributions from:						
Net investment income and net foreign currency gains	(0.34)	(0.50)	(0.56)	(0.27)	(0.30)	(0.35)
Net asset value, end of period	$10.51	$10.66	$10.83	$10.56	$11.04	$10.90
Total return[c]	1.77%	3.34%	7.93%	(1.88)%	4.08%	7.86%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.11%	1.10%	1.06%	1.02%	1.03%	1.02%
Expenses net of waiver and payments by affiliates[e]	1.08%	1.09%	1.03%	0.98%	0.98%	0.95%
Net investment income	3.05%	3.12%	3.74%	3.93%	3.65%	4.07%
Supplemental data						
Net assets, end of period (000's)	$53,623	$51,709	$54,485	$60,763	$74,013	$80,175
Portfolio turnover rate	33.65%[f]	114.19%	114.89%[f]	107.90%[g]	108.73%	128.51%
Portfolio turnover rate excluding mortgage dollar rolls[h]	22.51%[f]	73.45%	72.45%[f]	40.38%[g]	48.11%	77.93%

*Includes the consolidated operations of FT Holdings Corporation III from January 1, 2021 through April 27, 2021. See Note 1(f).
[a]The amount shown for a share outstanding throughout the period may not correlate with the Consolidated Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Excludes the value of portfolio activity as a result of in-kind transactions.
[g]Excludes the value of portfolio securities delivered as a result of a redemption in-kind.
[h]See Note 1(g) regarding mortgage dollar rolls.

Statement of Investments (unaudited), June 30, 2021

Franklin Strategic Income VIP Fund

	Country	Shares	Value
Common Stocks 0.3%			
Energy Equipment & Services 0.1%			
[a]Weatherford International plc	United States	13,794	$251,051
Machinery 0.1%			
[a]Birch Permian Holdings, Inc.	United States	4,478	67,170
[a]Birch Permian Holdings, Inc.,	United States	34,907	519,242
			586,412
Media 0.1%			
[a]Clear Channel Outdoor Holdings, Inc.	United States	20,804	54,923
[a]iHeartMedia, Inc., A	United States	8,384	225,781
[a,b]iHeartMedia, Inc., B	United States	142	3,556
			284,260
Multiline Retail 0.0%			
[a,b,c]K2016470219 South Africa Ltd., A	South Africa	14,792,309	—
[a,b,c]K2016470219 South Africa Ltd., B	South Africa	1,472,041	—
			—
Oil, Gas & Consumable Fuels 0.0%†			
[a]Amplify Energy Corp.	United States	431	1,745
[a,b]Riviera Resources, Inc.	United States	6,620	1,710
			3,455
Specialty Retail 0.0%†			
[a]Party City Holdco, Inc.	United States	16,831	157,030
Total Common Stocks (Cost $2,092,944)			**1,282,208**
Management Investment Companies 7.5%			
Capital Markets 7.5%			
[d]Franklin Floating Rate Income Fund	United States	3,420,372	27,123,552
Invesco Senior Loan ETF	United States	135,000	2,990,250
			30,113,802
Total Management Investment Companies (Cost $34,650,957)			**30,113,802**
		Warrants	
Warrants 0.0%†			
Oil, Gas & Consumable Fuels 0.0%†			
[a,b]Battalion Oil Corp., A, 10/08/22	United States	879	249
[a,b]Battalion Oil Corp., B, 10/08/22	United States	1,098	175
[a,b]Battalion Oil Corp., C, 10/08/22	United States	1,412	104
			528
Paper & Forest Products 0.0%†			
[a]Verso Corp., 7/25/23	United States	592	1,616
Total Warrants (Cost $—)			**2,144**
		Principal Amount*	
Convertible Bonds 0.0%†			
Wireless Telecommunication Services 0.0%†			
[e,f,g]Digicel Group Holdings Ltd., Sub. Bond, 144A, PIK, 7%, Perpetual	Bermuda	27,166	20,644
Total Convertible Bonds (Cost $5,773)			**20,644**

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds 52.6%			
Aerospace & Defense 0.6%			
Boeing Co. (The), Senior Note , 2.196%, 2/04/26	United States	800,000	$807,774
[g]TransDigm, Inc., Senior Secured Note, 144A, 6.25%, 3/15/26	United States	1,400,000	1,478,750
			2,286,524
Air Freight & Logistics 0.6%			
[g]DAE Funding LLC,			
Senior Note , 144A, 1.55%, 8/01/24	United Arab Emirates	300,000	299,961
Senior Note , 144A, 5%, 8/01/24	United Arab Emirates	1,294,000	1,332,154
FedEx Corp., Senior Bond, 4.05%, 2/15/48	United States	650,000	747,895
			2,380,010
Airlines 0.7%			
[g]American Airlines Inc/AAdvantage Loyalty IP Ltd., Senior Secured Note, 144A, 5.75%, 4/20/29	United States	600,000	649,500
[g]Delta Air Lines, Inc. / SkyMiles IP Ltd., Senior Secured Note, 144A, 4.5%, 10/20/25	United States	1,100,000	1,182,602
[g]Hawaiian Brand Intellectual Property Ltd. / HawaiianMiles Loyalty Ltd., Senior Secured Note, 144A, 5.75%, 1/20/26	United States	900,000	967,374
[g]United Airlines, Inc., Senior Secured Note, 144A, 4.375%, 4/15/26	United States	100,000	103,643
			2,903,119
Auto Components 1.3%			
[g]Allison Transmission, Inc.,			
Senior Bond, 144A, 5.875%, 6/01/29	United States	800,000	877,600
Senior Bond, 144A, 3.75%, 1/30/31	United States	500,000	492,060
Dana, Inc., Senior Note , 5.625%, 6/15/28	United States	1,200,000	1,301,040
Goodyear Tire & Rubber Co. (The), Senior Note , 4.875%, 3/15/27	United States	1,300,000	1,381,035
[g]Real Hero Merger Sub 2, Inc., Senior Note , 144A, 6.25%, 2/01/29	United States	1,000,000	1,038,600
			5,090,335
Banks 2.6%			
[g]Akbank TAS,			
Senior Note , 144A, 5.125%, 3/31/25	Turkey	1,200,000	1,209,000
Senior Note , 144A, 6.8%, 2/06/26	Turkey	400,000	423,086
Banco Santander SA, Sub. Note, 2.749%, 12/03/30	Spain	300,000	297,454
[g]BNP Paribas SA, Senior Note , 144A, 2.219% to 6/09/25, FRN thereafter, 6/09/26	France	500,000	515,657
[g]China Construction Bank Corp., Sub. Note, Reg S, 4.25% to 2/27/24, FRN thereafter, 2/27/29	China	800,000	858,403
[f]Comerica, Inc., Junior Sub. Bond, 5.625% to 10/01/25, FRN thereafter, Perpetual	United States	300,000	333,000
HSBC Holdings plc,			
Senior Bond, 2.848% to 6/04/30, FRN thereafter, 6/04/31	United Kingdom	800,000	831,133
Senior Bond, 2.357% to 8/18/30, FRN thereafter, 8/18/31	United Kingdom	300,000	300,480
Industrial & Commercial Bank of China Ltd., Senior Note , 3.538%, 11/08/27	China	900,000	996,147
JPMorgan Chase & Co.,			
[f] R, Junior Sub. Bond, 6% to 8/01/23, FRN thereafter, Perpetual	United States	213,000	226,579
Senior Bond, 2.522% to 4/22/30, FRN thereafter, 4/22/31	United States	1,000,000	1,029,877
Senior Note , 3.2%, 6/15/26	United States	1,213,000	1,321,311
Sub. Note, 3.375%, 5/01/23	United States	309,000	325,389
Lloyds Banking Group plc, Senior Note , 3.87% to 7/09/24, FRN thereafter, 7/09/25	United Kingdom	200,000	216,765

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*		Value
Corporate Bonds (continued)				
Banks (continued)				
[g]Societe Generale SA, Senior Bond, 144A, 2.889% to 6/09/31, FRN thereafter, 6/09/32	France	800,000		$810,536
SVB Financial Group, Senior Note , 3.125%, 6/05/30	United States	300,000		319,872
[g]UniCredit SpA, Senior Bond, 144A, 3.127% to 6/03/31, FRN thereafter, 6/03/32	Italy	500,000		502,164
				10,516,853
Beverages 0.7%				
Anheuser-Busch InBev Worldwide, Inc., Senior Bond, 3.5%, 6/01/30	Belgium	1,700,000		1,892,775
[g]Primo Water Holdings, Inc., Senior Note , 144A, 4.375%, 4/30/29	Canada	1,000,000		1,001,250
				2,894,025
Biotechnology 0.2%				
AbbVie, Inc., Senior Note , 3.2%, 11/21/29	United States	700,000		760,817
Building Products 0.4%				
Owens Corning, Senior Bond, 4.3%, 7/15/47	United States	700,000		815,563
[g]Standard Industries, Inc.,				
Senior Bond, 144A, 4.75%, 1/15/28	United States	500,000		523,975
Senior Bond, 144A, 4.375%, 7/15/30	United States	200,000		206,841
Senior Bond, 144A, 3.375%, 1/15/31	United States	200,000		191,712
				1,738,091
Capital Markets 0.4%				
Goldman Sachs Group, Inc. (The), Senior Note , 3.75%, 2/25/26	United States	600,000		664,057
Morgan Stanley, Senior Bond, 3.591% to 7/22/27, FRN thereafter, 7/22/28	United States	809,000		896,727
				1,560,784
Chemicals 3.3%				
[g]Alpek SAB de CV, Senior Note , 144A, 4.25%, 9/18/29	Mexico	800,000		870,624
Anagram, Inc., Secured Note, 10%, 8/15/26	United States	131,107		126,810
[g]Axalta Coating Systems LLC, Senior Note , 144A, 3.375%, 2/15/29	United States	1,050,000		1,029,194
[g]Braskem Netherlands Finance BV, Senior Bond, 144A, 4.5%, 1/31/30	Brazil	1,600,000		1,671,136
CF Industries, Inc., Senior Bond, 5.15%, 3/15/34	United States	400,000		485,548
[g]CNAC HK Finbridge Co. Ltd., Senior Note , Reg S, 4.875%, 3/14/25	China	800,000		878,599
[g]CVR Partners LP / CVR Nitrogen Finance Corp., Senior Secured Note, 144A, 6.125%, 6/15/28	United States	300,000		307,875
[g]Element Solutions, Inc., Senior Note , 144A, 3.875%, 9/01/28	United States	1,100,000		1,123,942
[g]Gates Global LLC / Gates Corp., Senior Note , 144A, 6.25%, 1/15/26	United States	1,200,000		1,261,068
HB Fuller Co., Senior Note , 4.25%, 10/15/28	United States	800,000		828,000
[g]INEOS Quattro Finance 1 plc, Senior Note , 144A, 3.75%, 7/15/26	United Kingdom	800,000	EUR	977,793
[g]Ingevity Corp., Senior Note , 144A, 3.875%, 11/01/28	United States	400,000		397,516
Methanex Corp., Senior Note , 5.125%, 10/15/27	Canada	500,000		540,695
[g]SABIC Capital II BV, Senior Note , 144A, 4.5%, 10/10/28	Saudi Arabia	600,000		691,775
[g]SCIH Salt Holdings, Inc.,				
Senior Note , 144A, 6.625%, 5/01/29	United States	500,000		501,875
Senior Secured Note, 144A, 4.875%, 5/01/28	United States	300,000		300,732
[g]Syngenta Finance NV, Senior Note , 144A, 4.892%, 4/24/25	Switzerland	800,000		887,299
Westlake Chemical Corp., Senior Note , 3.375%, 6/15/30	United States	200,000		215,722
[g]Yara International ASA, Senior Note , 144A, 3.148%, 6/04/30	Brazil	100,000		107,134
				13,203,337
Commercial Services & Supplies 1.3%				
[g]Allied Universal Holdco LLC / Allied Universal Finance Corp., Senior Note , 144A, 6%, 6/01/29	United States	1,200,000		1,218,132

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Commercial Services & Supplies (continued)			
[g]Allied Universal Holdco LLC / Allied Universal Finance Corp. / Atlas LuxCo 4 SARL, Senior Secured Note, 144A, 4.625%, 6/01/28	United States	400,000	$401,944
[g]Nielsen Finance LLC / Nielsen Finance Co., Senior Bond, 144A, 4.75%, 7/15/31	United States	1,200,000	1,204,500
[g]Prime Security Services Borrower LLC / Prime Finance, Inc., Senior Secured Note, 144A, 3.375%, 8/31/27	United States	1,300,000	1,262,625
[g]Stericycle, Inc., Senior Note , 144A, 3.875%, 1/15/29	United States	1,000,000	1,001,515
			5,088,716
Communications Equipment 0.3%			
[g]CommScope Technologies LLC, Senior Note , 144A, 5%, 3/15/27	United States	1,374,000	1,408,350
Construction & Engineering 0.2%			
[g]Arcosa, Inc., Senior Note , 144A, 4.375%, 4/15/29	United States	300,000	305,850
[g]Great Lakes Dredge & Dock Corp., Senior Note , 144A, 5.25%, 6/01/29	United States	500,000	516,450
[g]Rutas 2 and 7 Finance Ltd., Senior Secured Bond, 144A, Zero Cpn., 9/30/36	United States	200,000	145,335
			967,635
Consumer Finance 0.4%			
[g]FirstCash, Inc., Senior Note , 144A, 4.625%, 9/01/28	United States	1,000,000	1,046,855
OneMain Finance Corp., Senior Note , 4%, 9/15/30	United States	400,000	397,000
			1,443,855
Containers & Packaging 1.6%			
[g]Ardagh Metal Packaging Finance USA LLC / Ardagh Metal Packaging Finance plc, Senior Note , 144A, 4%, 9/01/29	United States	800,000	795,000
[g]Ardagh Packaging Finance plc / Ardagh Holdings USA, Inc., Senior Note , 144A, 6%, 2/15/25	United States	248,000	256,488
Senior Note , 144A, 5.25%, 8/15/27	United States	300,000	306,399
Crown Americas LLC / Crown Americas Capital Corp. VI, Senior Note , 4.75%, 2/01/26	United States	1,066,000	1,107,579
[g]Mauser Packaging Solutions Holding Co., Senior Note , 144A, 7.25%, 4/15/25	United States	1,278,000	1,254,996
[g]Owens-Brockway Glass Container, Inc., Senior Note , 144A, 5.875%, 8/15/23	United States	566,000	611,065
Senior Note , 144A, 6.625%, 5/13/27	United States	100,000	108,950
[g]Reynolds Group Issuer, Inc. / Reynolds Group Issuer LLC / Reynolds Group Issuer Luxembourg SA, Senior Secured Note, 144A, 4%, 10/15/27	United States	600,000	596,593
[g]Sealed Air Corp., Senior Bond, 144A, 5.5%, 9/15/25	United States	124,000	139,117
Senior Note , 144A, 5.125%, 12/01/24	United States	809,000	883,307
WRKCo, Inc., Senior Bond, 3%, 6/15/33	United States	400,000	419,501
			6,478,995
Diversified Financial Services 0.4%			
[g]MPH Acquisition Holdings LLC, Senior Note , 144A, 5.75%, 11/01/28	United States	1,500,000	1,509,353
Diversified Telecommunication Services 1.2%			
[g]Altice France Holding SA, Senior Note , 144A, 6%, 2/15/28	Luxembourg	900,000	897,462
[g]Altice France SA, Senior Secured Note, 144A, 5.5%, 1/15/28	France	200,000	207,790
[g]AT&T, Inc., Senior Bond, 144A, 3.65%, 9/15/59	United States	800,000	812,495
Bell Telephone Co. of Canada or Bell Canada (The), Senior Bond, 4.464%, 4/01/48	Canada	150,000	186,944

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Diversified Telecommunication Services (continued)			
CCO Holdings LLC / CCO Holdings Capital Corp.,			
[g] Senior Bond, 144A, 4.5%, 8/15/30	United States	300,000	$312,739
Senior Bond, 4.5%, 5/01/32	United States	1,000,000	1,039,715
Telefonica Emisiones SA, Senior Bond, 4.895%, 3/06/48	Spain	150,000	180,103
TELUS Corp., Senior Bond, 4.6%, 11/16/48	Canada	150,000	187,307
[g]Virgin Media Secured Finance plc, Senior Secured Bond, 144A, 4.5%, 8/15/30	United Kingdom	900,000	907,875
			4,732,430
Electric Utilities 2.1%			
[g]CGNPC International Ltd., Senior Note , Reg S, 3.75%, 12/11/27	China	300,000	324,214
Duke Energy Corp., Senior Bond, 2.45%, 6/01/30	United States	400,000	404,904
Exelon Corp., Senior Bond, 4.05%, 4/15/30	United States	1,300,000	1,482,167
[g,h]Leeward Renewable Energy Operations LLC, Senior Note , 144A, 4.25%, 7/01/29	United States	1,000,000	1,015,000
Southern Co. (The), Senior Bond, 3.25%, 7/01/26	United States	900,000	977,321
[g]State Grid Overseas Investment 2016 Ltd., Senior Note , 144A, 3.5%, 5/04/27	China	1,651,000	1,821,044
[g]Three Gorges Finance I Cayman Islands Ltd., Senior Note , 144A, 3.15%, 6/02/26	China	1,051,000	1,127,079
Virginia Electric and Power Co., Senior Bond, 6.35%, 11/30/37	United States	85,000	123,814
[g]Vistra Operations Co. LLC, Senior Note , 144A, 4.375%, 5/01/29	United States	1,100,000	1,106,875
			8,382,418
Electrical Equipment 0.3%			
[g]Sensata Technologies BV, Senior Note , 144A, 4%, 4/15/29	United States	1,000,000	1,016,333
Electronic Equipment, Instruments & Components 0.5%			
CDW LLC / CDW Finance Corp., Senior Note , 3.25%, 2/15/29	United States	900,000	913,005
Flex Ltd., Senior Note , 4.875%, 5/12/30	United States	800,000	929,587
FLIR Systems, Inc., Senior Note , 2.5%, 8/01/30	United States	200,000	201,753
			2,044,345
Energy Equipment & Services 0.4%			
[g]Nabors Industries Ltd., Senior Note , 144A, 7.25%, 1/15/26	United States	800,000	785,612
[g]Schlumberger Holdings Corp., Senior Note , 144A, 3.9%, 5/17/28	United States	400,000	447,213
[g]Weatherford International Ltd., Senior Note , 144A, 11%, 12/01/24	United States	417,000	434,210
			1,667,035
Entertainment 0.5%			
[g]Live Nation Entertainment, Inc., Senior Secured Note, 144A, 3.75%, 1/15/28	United States	600,000	603,516
Netflix, Inc.,			
Senior Bond, 4.375%, 11/15/26	United States	300,000	341,541
Senior Bond, 5.875%, 11/15/28	United States	1,000,000	1,228,715
			2,173,772
Equity Real Estate Investment Trusts (REITs) 1.9%			
AvalonBay Communities, Inc., Senior Bond, 2.45%, 1/15/31	United States	500,000	513,707
[g]Global Net Lease, Inc. / Global Net Lease Operating Partnership LP, Senior Note , 144A, 3.75%, 12/15/27	United States	400,000	396,460
[g]MGM Growth Properties Operating Partnership LP / MGP Finance Co-Issuer, Inc., Senior Note , 144A, 3.875%, 2/15/29	United States	300,000	305,456

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Equity Real Estate Investment Trusts (REITs) (continued)			
MPT Operating Partnership LP / MPT Finance Corp.,			
Senior Bond, 5.25%, 8/01/26	United States	247,000	$255,079
Senior Bond, 5%, 10/15/27	United States	889,000	943,531
Senior Bond, 3.5%, 3/15/31	United States	300,000	303,374
[g]Park Intermediate Holdings LLC / PK Domestic Property LLC / PK Finance Co-Issuer,			
Senior Secured Note, 144A, 5.875%, 10/01/28	United States	1,000,000	1,067,975
Senior Secured Note, 144A, 4.875%, 5/15/29	United States	300,000	310,710
SBA Communications Corp., Senior Note , 3.875%, 2/15/27	United States	800,000	823,500
Simon Property Group LP, Senior Bond, 4.25%, 11/30/46	United States	800,000	923,698
[g]VICI Properties LP / VICI Note Co., Inc., Senior Note , 144A, 3.75%, 2/15/27	United States	1,400,000	1,428,609
[g]XHR LP, Senior Secured Note, 144A, 4.875%, 6/01/29	United States	400,000	413,500
			7,685,599
Food & Staples Retailing 0.2%			
[g]Cencosud SA, Senior Note , 144A, 4.375%, 7/17/27	Chile	700,000	766,997
Food Products 1.8%			
B&G Foods, Inc., Senior Note , 5.25%, 9/15/27	United States	1,500,000	1,564,185
[g]Bimbo Bakeries USA, Inc., Senior Bond, 144A, 4%, 5/17/51	Mexico	200,000	215,711
[g]Chobani LLC / Chobani Finance Corp., Inc., Senior Secured Note, 144A, 4.625%, 11/15/28	United States	1,200,000	1,245,900
[g]JBS Finance Luxembourg SARL, Senior Bond, 144A, 3.625%, 1/15/32	United States	400,000	400,276
Kraft Heinz Foods Co., Senior Note , 3.875%, 5/15/27	United States	1,200,000	1,319,410
[g]MHP Lux SA, Senior Note , 144A, 6.95%, 4/03/26	Ukraine	1,100,000	1,171,478
[g]Post Holdings, Inc., Senior Bond, 144A, 4.5%, 9/15/31	United States	1,500,000	1,499,400
			7,416,360
Gas Utilities 0.1%			
Piedmont Natural Gas Co., Inc., Senior Bond, 3.35%, 6/01/50	United States	300,000	310,044
Health Care Providers & Services 1.6%			
Anthem, Inc., Senior Bond, 3.7%, 9/15/49	United States	150,000	166,583
Centene Corp.,			
[g] Senior Note , 144A, 5.375%, 6/01/26	United States	324,000	338,985
Senior Note , 4.25%, 12/15/27	United States	300,000	316,500
Senior Note , 4.625%, 12/15/29	United States	200,000	220,204
Senior Note , 3.375%, 2/15/30	United States	600,000	628,005
[g]CHS/Community Health Systems, Inc.,			
Secured Note, 144A, 6.875%, 4/15/29	United States	800,000	839,508
Senior Secured Note, 144A, 5.625%, 3/15/27	United States	700,000	748,171
[g]DaVita, Inc., Senior Note , 144A, 4.625%, 6/01/30	United States	1,200,000	1,235,364
Orlando Health Obligated Group, 3.777%, 10/01/28	United States	330,000	367,192
Quest Diagnostics, Inc., Senior Bond, 2.8%, 6/30/31	United States	200,000	209,039
[g]Tenet Healthcare Corp., Senior Secured Note, 144A, 4.25%, 6/01/29	United States	1,200,000	1,216,500
			6,286,051
Hotels, Restaurants & Leisure 3.1%			
[g]Boyd Gaming Corp., Senior Bond, 144A, 4.75%, 6/15/31	United States	900,000	934,875
[g]Caesars Entertainment, Inc., Senior Secured Note, 144A, 6.25%, 7/01/25	United States	400,000	424,500
[g]Caesars Resort Collection LLC / CRC Finco, Inc., Senior Secured Note, 144A, 5.75%, 7/01/25	United States	1,000,000	1,055,000
[g]Carnival Corp., Senior Note , 144A, 5.75%, 3/01/27	United States	400,000	419,500
[g]Everi Holdings, Inc., Senior Note , 144A, 5%, 7/15/29	United States	700,000	700,000

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*		Value
Corporate Bonds (continued)				
Hotels, Restaurants & Leisure (continued)				
[g]Genting New York LLC / GENNY Capital, Inc., Senior Note , 144A, 3.3%, 2/15/26	United States	200,000		$202,315
[g]Golden Nugget, Inc., Senior Note , 144A, 6.75%, 10/15/24	United States	1,132,000		1,144,984
[g]International Game Technology plc, Senior Secured Note, 144A, 5.25%, 1/15/29	United States	1,300,000		1,396,103
Las Vegas Sands Corp., Senior Bond, 3.9%, 8/08/29	United States	800,000		852,327
MGM Resorts International, Senior Note , 4.75%, 10/15/28	United States	1,000,000		1,064,500
[g]Motion Bondco DAC, Senior Note , 144A, 6.625%, 11/15/27	United Kingdom	200,000		203,292
[g]NCL Corp. Ltd., Senior Note , 144A, 5.875%, 3/15/26	United States	1,800,000		1,889,487
[g,h]Penn National Gaming, Inc., Senior Note , 144A, 4.125%, 7/01/29	United States	300,000		300,375
[g]Studio City Finance Ltd., Senior Note , 144A, 5%, 1/15/29	Macau	1,200,000		1,213,224
[g]TUI Cruises GmbH, Senior Note , 144A, 6.5%, 5/15/26	Germany	100,000	EUR	123,415
[g]Wynn Macau Ltd., Senior Note , 144A, 5.625%, 8/26/28	Macau	600,000		627,378
				12,551,275
Household Durables 0.6%				
Mohawk Industries, Inc., Senior Note , 3.625%, 5/15/30	United States	1,300,000		1,424,114
[g]Williams Scotsman International, Inc., Senior Secured Note, 144A, 4.625%, 8/15/28	United States	1,000,000		1,034,700
				2,458,814
Household Products 0.8%				
[g]Central Garden & Pet Co., Senior Bond, 144A, 4.125%, 4/30/31	United States	1,100,000		1,115,455
[g]Energizer Holdings, Inc., Senior Note , 144A, 4.375%, 3/31/29	United States	1,300,000		1,303,107
[g]Kimberly-Clark de Mexico SAB de CV, Senior Bond, 144A, 2.431%, 7/01/31	Mexico	300,000		297,947
[g]Spectrum Brands, Inc.,				
Senior Bond, 144A, 5.5%, 7/15/30	United States	200,000		216,270
Senior Bond, 144A, 3.875%, 3/15/31	United States	500,000		493,027
				3,425,806
Independent Power and Renewable Electricity Producers 1.5%				
[g]Atlantica Sustainable Infrastructure plc, Senior Note , 144A, 4.125%, 6/15/28	Spain	400,000		408,020
[g]Calpine Corp.,				
Senior Bond, 144A, 5%, 2/01/31	United States	600,000		598,200
Senior Note , 144A, 5.125%, 3/15/28	United States	200,000		203,783
Senior Note , 144A, 4.625%, 2/01/29	United States	700,000		690,161
[g]Clearway Energy Operating LLC, Senior Note , 144A, 3.75%, 2/15/31	United States	700,000		697,442
[g]Colbun SA,				
Senior Note , 144A, 3.95%, 10/11/27	Chile	800,000		875,316
Senior Note , 144A, 3.15%, 3/06/30	Chile	300,000		306,595
[g]InterGen NV, Senior Secured Bond, 144A, 7%, 6/30/23	Netherlands	1,100,000		1,095,782
[g]Talen Energy Supply LLC, Senior Secured Note, 144A, 7.25%, 5/15/27	United States	1,300,000		1,214,687
				6,089,986
Insurance 0.3%				
Arch Capital Group Ltd., Senior Bond, 3.635%, 6/30/50	United States	1,000,000		1,080,294
Interactive Media & Services 0.5%				
[g]Tencent Holdings Ltd., Senior Note , 144A, 2.39%, 6/03/30	China	2,100,000		2,094,687
Internet & Direct Marketing Retail 0.3%				
JD.com, Inc., Senior Note , 3.375%, 1/14/30	China	1,200,000		1,282,269

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
IT Services 1.2%			
[g]Cablevision Lightpath LLC, Senior Secured Note, 144A, 3.875%, 9/15/27	United States	900,000	$892,503
[g]Gartner, Inc.,			
Senior Note , 144A, 4.5%, 7/01/28	United States	700,000	740,204
Senior Note , 144A, 3.625%, 6/15/29	United States	200,000	203,250
[g]Northwest Fiber LLC / Northwest Fiber Finance Sub, Inc., Senior Note , 144A, 6%, 2/15/28	United States	1,100,000	1,103,938
[g]Presidio Holdings, Inc., Senior Secured Note, 144A, 4.875%, 2/01/27	United States	1,200,000	1,236,912
[g]Tempo Acquisition LLC / Tempo Acquisition Finance Corp., Senior Note , 144A, 6.75%, 6/01/25	United States	600,000	610,128
			4,786,935
Life Sciences Tools & Services 0.0%†			
[g]Charles River Laboratories International, Inc., Senior Note , 144A, 3.75%, 3/15/29	United States	200,000	203,034
Machinery 0.6%			
[g]ATS Automation Tooling Systems, Inc., Senior Note , 144A, 4.125%, 12/15/28	Canada	1,400,000	1,438,073
[g]TK Elevator U.S. Newco, Inc., Senior Secured Note, 144A, 5.25%, 7/15/27	Germany	1,100,000	1,160,500
			2,598,573
Marine 0.3%			
[g]ICTSI Treasury BV, Senior Note , Reg S, 4.625%, 1/16/23	Philippines	1,200,000	1,275,000
Media 2.4%			
Charter Communications Operating LLC / Charter Communications Operating Capital, Senior Secured Bond, 2.8%, 4/01/31	United States	1,300,000	1,330,525
[g]Clear Channel International BV, Senior Secured Note, 144A, 6.625%, 8/01/25	United Kingdom	300,000	316,302
[g]Clear Channel Outdoor Holdings, Inc.,			
Senior Note , 144A, 7.75%, 4/15/28	United States	400,000	419,522
Senior Note , 144A, 7.5%, 6/01/29	United States	300,000	310,976
[g]Clear Channel Worldwide Holdings, Inc., Senior Secured Note, 144A, 5.125%, 8/15/27	United States	300,000	308,336
[g]Diamond Sports Group LLC / Diamond Sports Finance Co.,			
Senior Note , 144A, 6.625%, 8/15/27	United States	300,000	147,750
Senior Secured Note, 144A, 5.375%, 8/15/26	United States	400,000	259,520
DISH DBS Corp., Senior Note , 5.875%, 11/15/24	United States	100,000	107,500
[g]Gray Television, Inc., Senior Note , 144A, 4.75%, 10/15/30	United States	1,000,000	997,780
[g]News Corp., Senior Note , 144A, 3.875%, 5/15/29	United States	200,000	202,250
[g]Nexstar Broadcasting, Inc., Senior Note , 144A, 4.75%, 11/01/28	United States	800,000	823,000
[g]Outfront Media Capital LLC / Outfront Media Capital Corp., Senior Note , 144A, 4.25%, 1/15/29	United States	1,100,000	1,109,075
[g]Sinclair Television Group, Inc.,			
Senior Bond, 144A, 5.5%, 3/01/30	United States	300,000	306,306
Senior Secured Note, 144A, 4.125%, 12/01/30	United States	800,000	787,000
[g]Sirius XM Radio, Inc., Senior Note , 144A, 4%, 7/15/28	United States	600,000	618,750
[g]Univision Communications, Inc.,			
Senior Secured Note, 144A, 5.125%, 2/15/25	United States	1,321,000	1,351,720
Senior Secured Note, 144A, 4.5%, 5/01/29	United States	100,000	100,981
			9,497,293
Metals & Mining 1.6%			
Commercial Metals Co., Senior Bond, 3.875%, 2/15/31	United States	1,200,000	1,209,000

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Metals & Mining (continued)			
[g]Constellium SE, Senior Note , 144A, 3.75%, 4/15/29	United States	1,000,000	$991,270
[g]CSN Inova Ventures, Senior Note , 144A, 6.75%, 1/28/28	Brazil	800,000	885,800
[g]FMG Resources August 2006 Pty. Ltd., Senior Bond, 144A, 4.375%, 4/01/31	Australia	1,500,000	1,606,748
[g]Novelis Corp., Senior Bond, 144A, 5.875%, 9/30/26	United States	1,059,000	1,102,953
[g]SunCoke Energy, Inc., Senior Secured Note, 144A, 4.875%, 6/30/29	United States	600,000	600,000
			6,395,771
Mortgage Real Estate Investment Trusts (REITs) 0.0%†			
[g]Apollo Commercial Real Estate Finance, Inc., Senior Secured Note, 144A, 4.625%, 6/15/29	United States	100,000	98,735
Multiline Retail 0.0%			
[b,e,g]K2016470219 South Africa Ltd., Senior Secured Note, 144A, PIK, 3%, 12/31/22	South Africa	1,005,954	—
[b,e,g]K2016470260 South Africa Ltd., Senior Secured Note, 144A, PIK, 25%, 12/31/22	South Africa	446,180	—
			—
Oil, Gas & Consumable Fuels 5.3%			
[g]Antero Resources Corp.,			
Senior Note , 144A, 8.375%, 7/15/26	United States	200,000	227,750
Senior Note , 144A, 7.625%, 2/01/29	United States	200,000	222,260
Apache Corp.,			
Senior Note , 4.625%, 11/15/25	United States	600,000	649,707
Senior Note , 4.875%, 11/15/27	United States	500,000	542,197
Canadian Natural Resources Ltd., Senior Bond, 2.95%, 7/15/30	Canada	450,000	466,986
Cenovus Energy, Inc., Senior Note , 5.375%, 7/15/25	Canada	500,000	572,358
[g]Cheniere Energy Partners LP, Senior Note , 144A, 4%, 3/01/31	United States	1,100,000	1,150,875
[g]Continental Resources, Inc., Senior Bond, 144A, 5.75%, 1/15/31	United States	600,000	719,250
[g]Crestwood Midstream Partners LP / Crestwood Midstream Finance Corp., Senior Note , 144A, 6%, 2/01/29	United States	1,500,000	1,573,125
[g]CrownRock LP / CrownRock Finance, Inc., Senior Note , 144A, 5%, 5/01/29	United States	300,000	315,482
[g]CVR Energy, Inc., Senior Note , 144A, 5.25%, 2/15/25	United States	500,000	501,255
[g]DT Midstream, Inc., Senior Bond, 144A, 4.375%, 6/15/31	United States	500,000	511,520
Energy Transfer LP, Senior Note , 4.05%, 3/15/25	United States	200,000	217,021
EnLink Midstream LLC,			
Senior Bond, 5.375%, 6/01/29	United States	1,100,000	1,149,428
[g] Senior Note , 144A, 5.625%, 1/15/28	United States	100,000	105,945
[e,g]EnQuest plc, Senior Note , 144A, Reg S, PIK, 7%, 10/15/23	United Kingdom	909,763	837,262
[g]Hilcorp Energy I LP / Hilcorp Finance Co.,			
Senior Bond, 144A, 6%, 2/01/31	United States	700,000	742,875
Senior Note , 144A, 5.75%, 2/01/29	United States	200,000	208,781
[g]Martin Midstream Partners LP / Martin Midstream Finance Corp.,			
Secured Note, 144A, 10%, 2/29/24	United States	307,101	315,930
Secured Note, 144A, 11.5%, 2/28/25	United States	1,394,630	1,452,347
MPLX LP, Senior Note , 2.65%, 8/15/30	United States	1,500,000	1,515,305
Occidental Petroleum Corp.,			
Senior Bond, 6.125%, 1/01/31	United States	600,000	706,668
Senior Bond, 6.45%, 9/15/36	United States	500,000	598,455
Senior Note , 8.875%, 7/15/30	United States	700,000	937,086
[g]Rattler Midstream LP, Senior Note , 144A, 5.625%, 7/15/25	United States	1,400,000	1,473,500
Sabine Pass Liquefaction LLC, Senior Secured Note, 4.5%, 5/15/30	United States	1,600,000	1,848,382

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*		Value
Corporate Bonds (continued)				
Oil, Gas & Consumable Fuels (continued)				
Sunoco LP / Sunoco Finance Corp.,				
Senior Note , 6%, 4/15/27	United States	500,000		$524,563
[g] Senior Note , 144A, 4.5%, 5/15/29	United States	1,200,000		1,224,624
				21,310,937
Paper & Forest Products 0.3%				
Suzano Austria GmbH,				
Senior Bond, 3.75%, 1/15/31	Brazil	700,000		735,000
Senior Bond, 3.125%, 1/15/32	Brazil	400,000		396,648
				1,131,648
Personal Products 0.3%				
[g]Oriflame Investment Holding plc, Senior Secured Note, 144A, 5.125%, 5/04/26	Switzerland	800,000		822,840
[g]Prestige Brands, Inc., Senior Bond, 144A, 3.75%, 4/01/31	United States	600,000		579,675
				1,402,515
Pharmaceuticals 1.8%				
[g]Bausch Health Cos., Inc.,				
Senior Bond, 144A, 5.25%, 2/15/31	United States	300,000		280,890
Senior Note , 144A, 5%, 2/15/29	United States	200,000		186,754
Senior Secured Note, 144A, 4.875%, 6/01/28	United States	1,000,000		1,024,750
[g]Bayer US Finance II LLC, Senior Bond, 144A, 4.375%, 12/15/28	Germany	889,000		1,019,489
[g]Endo Dac / Endo Finance LLC / Endo Finco, Inc.,				
Secured Note, 144A, 9.5%, 7/31/27	United States	652,000		665,865
Senior Note , 144A, 6%, 6/30/28	United States	659,000		445,253
[g]Jazz Securities DAC, Senior Secured Note, 144A, 4.375%, 1/15/29	United States	1,200,000		1,245,660
[g]Organon & Co. / Organon Foreign Debt Co-Issuer BV,				
Senior Bond, 144A, 5.125%, 4/30/31	United States	600,000		618,870
Senior Secured Note, 144A, 4.125%, 4/30/28	United States	1,100,000		1,123,155
[g]Par Pharmaceutical, Inc., Senior Secured Note, 144A, 7.5%, 4/01/27	United States	184,000		188,354
[g]Royalty Pharma plc, Senior Bond, 144A, 3.3%, 9/02/40	United States	500,000		504,427
				7,303,467
Real Estate Management & Development 0.9%				
[g]China Overseas Finance Cayman VI Ltd., Senior Note , Reg S, 5.95%, 5/08/24	China	700,000		787,111
[g]Five Point Operating Co. LP / Five Point Capital Corp., Senior Note , 144A, 7.875%, 11/15/25	United States	800,000		847,088
[g]Forestar Group, Inc., Senior Note , 144A, 3.85%, 5/15/26	United States	500,000		505,150
[g]Howard Hughes Corp. (The), Senior Note , 144A, 5.375%, 8/01/28	United States	1,000,000		1,063,630
[g]Vivion Investments SARL, Senior Note , Reg S, 3%, 8/08/24	Luxembourg	200,000	EUR	236,940
				3,439,919
Road & Rail 0.8%				
CSX Corp., Senior Bond, 4.1%, 3/15/44	United States	550,000		649,004
[g]Kazakhstan Temir Zholy Finance BV, Senior Bond, 144A, 6.95%, 7/10/42	Kazakhstan	1,500,000		2,065,530
[g]NESCO Holdings II, Inc., Secured Note, 144A, 5.5%, 4/15/29	United States	500,000		522,500
				3,237,034
Semiconductors & Semiconductor Equipment 0.0%†				
Maxim Integrated Products, Inc., Senior Note , 3.375%, 3/15/23	United States	100,000		104,241
Software 0.3%				
[g]Blackboard, Inc., Secured Note, 144A, 10.375%, 11/15/24	United States	200,000		212,375

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Corporate Bonds (continued)			
Software (continued)			
[g]Rocket Software, Inc., Senior Note , 144A, 6.5%, 2/15/29	United States	1,100,000	$1,093,026
			1,305,401
Specialty Retail 1.3%			
AutoNation, Inc., Senior Bond, 4.75%, 6/01/30	United States	200,000	236,804
L Brands, Inc.,			
Senior Bond, 5.25%, 2/01/28	United States	500,000	560,120
[g] Senior Note , 144A, 6.625%, 10/01/30	United States	200,000	231,750
[g]Lithia Motors, Inc.,			
Senior Bond, 144A, 4.375%, 1/15/31	United States	500,000	536,247
Senior Note , 144A, 3.875%, 6/01/29	United States	700,000	726,460
[g]Magic Mergeco, Inc.,			
Senior Note , 144A, 7.875%, 5/01/29	United States	600,000	619,500
Senior Secured Note, 144A, 5.25%, 5/01/28	United States	300,000	308,154
[g]Park River Holdings, Inc., Senior Note , 144A, 6.75%, 8/01/29	United States	1,200,000	1,217,490
Party City Holdings, Inc., Senior Secured Note , 5.75%, 7/15/25	United States	236,150	224,638
[g]Victoria's Secret & Co., Senior Note , 144A, 4.625%, 7/15/29	United States	400,000	400,000
			5,061,163
Thrifts & Mortgage Finance 0.8%			
[g]Ladder Capital Finance Holdings LLLP / Ladder Capital Finance Corp., Senior Note , 144A, 4.75%, 6/15/29	United States	300,000	300,375
MGIC Investment Corp., Senior Note , 5.25%, 8/15/28	United States	800,000	849,000
[g]PennyMac Financial Services, Inc., Senior Note , 144A, 5.375%, 10/15/25	United States	1,200,000	1,266,558
[g]United Wholesale Mortgage LLC, Senior Note , 144A, 5.5%, 11/15/25	United States	900,000	934,619
			3,350,552
Tobacco 0.3%			
Altria Group, Inc., Senior Note , 3.4%, 5/06/30	United States	1,200,000	1,266,944
BAT Capital Corp., Senior Bond, 4.54%, 8/15/47	United Kingdom	50,000	53,270
			1,320,214
Trading Companies & Distributors 0.7%			
[g]H&E Equipment Services, Inc., Senior Note , 144A, 3.875%, 12/15/28	United States	1,200,000	1,182,300
[g]Herc Holdings, Inc., Senior Note , 144A, 5.5%, 7/15/27	United States	1,000,000	1,055,470
[g]WESCO Distribution, Inc., Senior Note , 144A, 7.25%, 6/15/28	United States	500,000	557,592
			2,795,362
Wireless Telecommunication Services 1.0%			
[e,g]Digicel Group Holdings Ltd., Senior Note , 144A, PIK, 8%, 4/01/25	Bermuda	165,262	137,897
Hughes Satellite Systems Corp., Senior Note , 6.625%, 8/01/26	United States	800,000	899,572
Sprint Communications, Inc., Senior Note , 6%, 11/15/22	United States	405,000	429,300
Sprint Corp., Senior Note , 7.875%, 9/15/23	United States	405,000	460,617
T-Mobile USA, Inc.,			
Senior Secured Bond, 3.3%, 2/15/51	United States	500,000	499,800
Senior Secured Note, 3.875%, 4/15/30	United States	1,300,000	1,457,625
			3,884,811
Total Corporate Bonds (Cost $208,058,924)			**212,197,919**

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*		Value
[i,j]**Senior Floating Rate Interests 1.4%**				
Aerospace & Defense 0.2%				
Dynasty Acquisition Co., Inc., 2020 Term Loan, B1, 3.647%, (3-month USD LIBOR + 3.5%), 4/06/26	United States	448,713		$437,776
2020 Term Loan, B2, 3.647%, (3-month USD LIBOR + 3.5%), 4/06/26	United States	241,244		235,363
				673,139
Diversified Consumer Services 0.2%				
KUEHG Corp., Term Loan, B3, 4.75%, (3-month USD LIBOR + 3.75%), 2/21/25	United States	728,467		718,717
Entertainment 0.2%				
Diamond Sports Group LLC, Term Loan, 3.36%, (1-month USD LIBOR + 3.25%), 8/24/26	United States	447,149		272,763
William Morris Endeavor Entertainment LLC (IMG Worldwide Holdings LLC), First Lien, Term Loan, B1, 2.86%, (1-month USD LIBOR + 2.75%), 5/18/25	United States	775,031		762,681
				1,035,444
Leisure Products 0.2%				
Hercules Achievement, Inc. (Varsity Brands Holding Co., Inc.), First Lien, Initial Term Loan, 4.5%, (1-month USD LIBOR + 3.5%), 12/16/24	United States	788,391		772,048
Media 0.4%				
Cengage Learning, Inc., 2016 Refinancing Term Loan, 5.25%, (1-month USD LIBOR + 4.25%; 3-month USD LIBOR + 4.25%), 6/07/23	United States	745,452		747,584
[h,k] Term Loan, B, TBD, 6/01/28	United States	747,414		749,286
				1,496,870
Personal Products 0.2%				
Coty, Inc., USD Term Loan, B, 2.331%, (1-month USD LIBOR + 2.25%), 4/07/25	United States	860,755		830,538
Total Senior Floating Rate Interests (Cost $5,587,520)				**5,526,756**
[l]**Marketplace Loans 0.2%**				
Diversified Financial Services 0.2%				
[b]Lending Club - LCX PM, 10.19% - 20.49%, 10/08/23 - 2/03/26	United States	165,451		155,047
[b]Lending Club - LCX, 7.56% - 25.65%, 9/26/22 - 2/28/25	United States	671,643		607,530
				762,577
Total Marketplace Loans (Cost $813,345)				**762,577**
[m]**Loan Participations and Assignments 0.4%**				
[g]Russian Railways Via RZD Capital plc, Senior Note , Reg S, 5.7%, 4/05/22	Russia	1,500,000		1,557,548
Total Loan Participations and Assignments (Cost $1,524,980)				**1,557,548**
Foreign Government and Agency Securities 13.8%				
[g]African Export-Import Bank (The), Senior Note , 144A, 3.994%, 9/21/29	Supranational[n]	2,000,000		2,109,606
[g]Angola Government Bond, Senior Note , 144A, 8.25%, 5/09/28	Angola	2,700,000		2,825,307
[g]Banque Centrale de Tunisie, Senior Note, Reg S, 5.625%, 2/17/24	Tunisia	2,300,000	EUR	2,550,443

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*		Value
Foreign Government and Agency Securities (continued)				
[g]Banque Ouest Africaine de Developpement, Senior Note , 144A, 5%, 7/27/27	Supranational[n]	1,200,000		$1,338,763
[g]Belarus Government Bond,				
Senior Note , 144A, 7.625%, 6/29/27	Belarus	1,200,000		1,174,200
Senior Bond, 144A, 6.2%, 2/28/30	Belarus	1,200,000		1,046,340
Colombia Government Bond,				
Senior Bond, 3.875%, 4/25/27	Colombia	1,400,000		1,489,362
Senior Bond, 9.85%, 6/28/27	Colombia	5,315,000,000	COP	1,693,026
Senior Bond, 4.5%, 3/15/29	Colombia	500,000		546,730
Senior Bond, 5%, 6/15/45	Colombia	1,900,000		2,025,305
[g]Dominican Republic Government Bond, Senior Note, 144A, 8.9%, 2/15/23	Dominican Republic	81,500,000	DOP	1,508,016
Ecopetrol SA, Senior Bond, 4.125%, 1/16/25	Colombia	800,000		843,984
[f,g]Electricite de France SA, Junior Sub. Bond, 144A, 5.25% to 1/29/23, FRN thereafter, Perpetual	France	2,425,000		2,546,905
Equinor ASA, Senior Note , 2.375%, 5/22/30	Norway	700,000		722,399
[g]Export-Import Bank of India, Senior Note , 144A, 3.875%, 2/01/28	India	1,655,000		1,794,746
[g]Gabon Government Bond,				
144A, 6.375%, 12/12/24	Gabon	837,538		894,443
Senior Bond, 144A, 6.625%, 2/06/31	Gabon	1,600,000		1,616,057
[g]Indonesia Asahan Aluminium Persero PT, Senior Note , 144A, 5.45%, 5/15/30	Indonesia	1,400,000		1,629,432
Indonesia Government Bond,				
FR70, 8.375%, 3/15/24	Indonesia	19,648,000,000	IDR	1,482,096
[g] Senior Bond, 144A, 4.35%, 1/08/27	Indonesia	900,000		1,020,633
[g] Senior Note , 144A, 3.85%, 7/18/27	Indonesia	2,200,000		2,455,598
FR64, 6.125%, 5/15/28	Indonesia	9,500,000,000	IDR	656,155
[g] Senior Bond, 144A, 4.625%, 4/15/43	Indonesia	700,000		812,223
[g]Iraq Government Bond, Senior Bond, 144A, 5.8%, 1/15/28	Iraq	2,362,500		2,293,054
[g]Israel Electric Corp. Ltd., Senior Secured Bond, 144A, Reg S, 4.25%, 8/14/28	Israel	1,000,000		1,122,860
[g]Kazakhstan Government Bond, Senior Bond, 144A, 4.875%, 10/14/44	Kazakhstan	1,800,000		2,264,760
Mexico Government Bond,				
Senior Note , 4.15%, 3/28/27	Mexico	2,900,000		3,282,350
Senior Note , 3.75%, 1/11/28	Mexico	500,000		545,438
Senior Bond, 4.75%, 4/27/32	Mexico	600,000		688,500
Peru Government Bond, Senior Bond, 6.55%, 3/14/37	Peru	800,000		1,104,444
Petroleos Mexicanos, Senior Bond, 6.625%, 6/15/35	Mexico	700,000		676,900
[g]Russia Government Bond,				
Senior Note , Reg S, 4.75%, 5/27/26	Russia	1,200,000		1,365,167
Senior Bond, 144A, 5.625%, 4/04/42	Russia	600,000		771,753
South Africa Government Bond, Senior Bond, 5.875%, 6/22/30	South Africa	700,000		800,317
Turkey Government Bond, Senior Bond, 4.875%, 10/09/26	Turkey	800,000		785,030
[g]Ukraine Government Bond,				
Senior Note, 144A, 7.75%, 9/01/22	Ukraine	200,000		210,516
Senior Note, 144A, 7.75%, 9/01/23	Ukraine	369,000		398,414
Senior Note, 144A, 7.75%, 9/01/24	Ukraine	369,000		403,516
Senior Bond, 144A, 7.375%, 9/25/32	Ukraine	500,000		527,065
[o] VRI, GDP Linked Security, Senior Bond, 144A, Reg S, Zero Cpn., 5/31/40	Ukraine	978,000		1,162,832
[p]Uruguay Government Bond,				
Index Linked, Senior Bond, 4.375%, 12/15/28	Uruguay	5,373,145	UYU	146,731
Index Linked, Senior Bond, 3.7%, 6/26/37	Uruguay	89,675,136	UYU	2,322,016
Total Foreign Government and Agency Securities (Cost $54,527,481)				**55,653,432**

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*		Value
U.S. Government and Agency Securities 3.1%				
U.S. Treasury Notes,				
1.5%, 11/30/21	United States	3,000,000		$3,017,992
[p] 0.375%, 7/15/25	United States	3,200,000		3,958,121
1.125%, 2/28/27	United States	5,500,000		5,540,606
Total U.S. Government and Agency Securities (Cost $12,109,823)				**12,516,719**
Asset-Backed Securities 7.3%				
Airlines 0.0%†				
United Airlines Pass-Through Trust, 2020-1, B, 4.875%, 7/15/27	United States	97,050		103,069
Consumer Finance 0.4%				
[q]Citibank Credit Card Issuance Trust, 2017-A7, A7, FRN, 0.451%, (1-month USD LIBOR + 0.37%), 8/08/24	United States	1,494,000		1,501,465
Diversified Financial Services 6.9%				
[g,q]Antares CLO Ltd., 2018-1A, B, 144A, FRN, 1.838%, (3-month USD LIBOR + 1.65%), 4/20/31	United States	1,455,000		1,437,263
[g,q]BCC Middle Market CLO LLC, 2018-1A, A2, 144A, FRN, 2.338%, (3-month USD LIBOR + 2.15%), 10/20/30	United States	700,000		692,432
[g,q]BlueMountain CLO Ltd.,				
2012-2A, BR2, 144A, FRN, 1.605%, (3-month USD LIBOR + 1.45%), 11/20/28	United States	510,000		510,517
2012-2A, CR2, 144A, FRN, 2.155%, (3-month USD LIBOR + 2%), 11/20/28	United States	270,000		267,997
2018-1A, D, 144A, FRN, 3.236%, (3-month USD LIBOR + 3.05%), 7/30/30	United States	1,000,000		957,524
[g,q]BlueMountain Fuji EUR CLO V DAC, 5A, B, 144A, FRN, 1.55%, (3-month EURIBOR + 1.55%), 1/15/33	Ireland	600,000	EUR	713,056
[g,q]Burnham Park CLO Ltd., 2016-1A, BR, 144A, FRN, 1.688%, (3-month USD LIBOR + 1.5%), 10/20/29	United States	460,000		458,718
[g,q]Buttermilk Park CLO Ltd., 2018-1A, C, 144A, FRN, 2.284%, (3-month USD LIBOR + 2.1%), 10/15/31	United States	1,408,860		1,412,453
[g,q]Carlyle Global Market Strategies CLO Ltd., 2014-4RA, C, 144A, FRN, 3.084%, (3-month USD LIBOR + 2.9%), 7/15/30	United States	300,000		288,845
[g,q]Carlyle GMS Finance MM CLO LLC, 2015-1A, A2R, 144A, FRN, 2.384%, (3-month USD LIBOR + 2.2%), 10/15/31	United States	1,213,000		1,192,258
[g,q]Carlyle US CLO Ltd., 2021-1A, A2, 144A, FRN, 1.641%, (3-month USD LIBOR + 1.45%), 4/15/34	United States	1,500,000		1,498,016
[g]CF Hippolyta LLC, 2020-1, A1, 144A, 1.69%, 7/15/60	United States	400,839		407,691
[g,r]Consumer Loan Underlying Bond Certificate Issuer Trust I,				
2019-51, PT, 144A, FRN, 15.528%, 1/15/45	United States	510,808		511,166
2019-52, PT, 144A, FRN, 16.061%, 1/15/45	United States	543,480		548,262
2019-S8, PT, 144A, FRN, 8.792%, 1/15/45	United States	371,297		365,673
2020-2, PT, 144A, FRN, 16.339%, 3/15/45	United States	509,480		511,416
2020-7, PT, 144A, FRN, 15.608%, 4/17/45	United States	304,996		302,603

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Asset-Backed Securities (continued)			
Diversified Financial Services (continued)			
[g,q]Dryden 38 Senior Loan Fund, 2015-38A, CR, 144A, FRN, 2.184%, (3-month USD LIBOR + 2%), 7/15/30	United States	863,000	$864,526
[g,q]Dryden 55 CLO Ltd., 2018-55A, D, 144A, FRN, 3.034%, (3-month USD LIBOR + 2.85%), 4/15/31	United States	300,000	298,433
[g,q]Galaxy XVIII CLO Ltd., 2018-28A, C, 144A, FRN, 2.134%, (3-month USD LIBOR + 1.95%), 7/15/31	United States	250,000	249,681
[g,q]Galaxy XXVII CLO Ltd., 2018-27A, C, 144A, FRN, 1.956%, (3-month USD LIBOR + 1.8%), 5/16/31	United States	400,000	399,997
[g,q]LCM 26 Ltd., 26A, B, 144A, FRN, 1.588%, (3-month USD LIBOR + 1.4%), 1/20/31	United States	250,000	249,375
[g,q]LCM XVII LP, 17A, BRR, 144A, FRN, 1.784%, (3-month USD LIBOR + 1.6%), 10/15/31	United States	350,000	350,356
17A, CRR, 144A, FRN, 2.284%, (3-month USD LIBOR + 2.1%), 10/15/31	United States	320,000	319,219
[g,q]LCM XVIII LP, 18A, DR, 144A, FRN, 2.988%, (3-month USD LIBOR + 2.8%), 4/20/31	United States	770,000	733,360
[g,q]Madison Park Euro Funding VIII DAC, 8A, BRN, 144A, FRN, 1.7%, (3-month EURIBOR + 1.7%), 4/15/32	Ireland	400,000 EUR	475,738
[g,q]Magnetite XXIX Ltd., 2021-29A, B, 144A, FRN, 1.504%, (3-month USD LIBOR + 1.4%), 1/15/34	United States	1,500,000	1,500,374
[g,r]Mill City Mortgage Loan Trust, 2018-4, A1B, 144A, FRN, 3.5%, 4/25/66	United States	1,094,491	1,142,967
[g,q]NZCG Funding Ltd., 2015-1A, A2R, 144A, FRN, 1.691%, (3-month USD LIBOR + 1.55%), 2/26/31	United States	2,182,000	2,181,970
[g,q]Octagon Investment Partners 28 Ltd., 2016-1A, BR, 144A, FRN, 1.976%, (3-month USD LIBOR + 1.8%), 10/24/30	United States	250,000	250,495
[g,q]Octagon Investment Partners 36 Ltd., 2018-1A, A1, 144A, FRN, 1.154%, (3-month USD LIBOR + 0.97%), 4/15/31	United States	500,000	499,877
[g,q]Octagon Investment Partners 37 Ltd., 2018-2A, C, 144A, FRN, 3.026%, (3-month USD LIBOR + 2.85%), 7/25/30	United States	400,000	397,549
[g,q]Octagon Investment Partners 38 Ltd., 2018-1A, C, 144A, FRN, 3.138%, (3-month USD LIBOR + 2.95%), 7/20/30	United States	1,000,000	974,984
[g,r]Prosper Pass-Thru Trust III, 2020-PT1, A, 144A, FRN, 8.796%, 3/15/26	United States	333,023	329,450
2020-PT2, A, 144A, FRN, 9.444%, 4/15/26	United States	367,109	360,843
2020-PT3, A, 144A, FRN, 7.183%, 5/15/26	United States	103,174	103,681
[g,q]Strata CLO I Ltd., 2018-1A, B, 144A, FRN, 2.384%, (3-month USD LIBOR + 2.2%), 1/15/31	United States	1,300,000	1,297,602
[g,r]Upgrade Master Pass-Thru Trust, 2019-PT2, A, 144A, FRN, 14.198%, 2/15/26	United States	289,594	292,415
[g,q]Voya CLO Ltd., 2013-2A, BR, 144A, FRN, 2.026%, (3-month USD LIBOR + 1.85%), 4/25/31	United States	780,000	769,542
2014-1A, CR2, 144A, FRN, 2.99%, (3-month USD LIBOR + 2.8%), 4/18/31	United States	1,000,000	967,138
2015-2A, BR, 144A, FRN, 1.673%, (3-month USD LIBOR + 1.5%), 7/23/27	United States	820,000	820,204
			27,905,666
Total Asset-Backed Securities (Cost $29,489,136)			**29,510,200**

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Commercial Mortgage-Backed Securities 0.0%			
Diversified Financial Services 0.0%†			
[r]Commercial Mortgage Trust, 2006-GG7, AJ, FRN, 6.214%, 7/10/38	United States	186,216	$167,641
Total Commercial Mortgage-Backed Securities (Cost $179,606)			**167,641**
Mortgage-Backed Securities 2.8%			
[s]**Federal Home Loan Mortgage Corp. (FHLMC) Adjustable Rate 0.0%†**			
FHLMC, 2.348%, (1-year CMT T-Note +/- MBS Margin), 1/01/33	United States	5,049	5,035
Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 0.0%†			
FHLMC Gold Pools, 20 Year, 7%, 9/01/21	United States	114	115
FHLMC Gold Pools, 30 Year, 5%, 4/01/34 - 8/01/35	United States	129,653	146,918
FHLMC Gold Pools, 30 Year, 5.5%, 3/01/33 - 1/01/35	United States	82,193	93,098
FHLMC Gold Pools, 30 Year, 6%, 4/01/33 - 2/01/36	United States	68,695	79,169
FHLMC Gold Pools, 30 Year, 6.5%, 11/01/27 - 7/01/32	United States	10,737	12,098
FHLMC Gold Pools, 30 Year, 7%, 4/01/30	United States	1,298	1,484
FHLMC Gold Pools, 30 Year, 7.5%, 8/01/30	United States	144	169
			333,051
[s]**Federal National Mortgage Association (FNMA) Adjustable Rate 0.0%†**			
FNMA, 2.331%, (1-year CMT T-Note +/- MBS Margin), 12/01/34	United States	45,216	46,213
Federal National Mortgage Association (FNMA) Fixed Rate 2.5%			
FNMA, 10 Year, 2.5%, 7/01/22	United States	1,464	1,527
FNMA, 20 Year, 5%, 4/01/30	United States	25,824	28,578
FNMA, 30 Year, 3%, 9/01/48 - 4/01/51	United States	2,715,225	2,856,296
FNMA, 30 Year, 4.5%, 5/01/48	United States	2,327,504	2,555,197
FNMA, 30 Year, 6.5%, 6/01/28 - 10/01/37	United States	77,444	89,421
[t]FNMA, Single-family, 15 Year, 2%, 7/25/36	United States	1,001,000	1,032,535
[t]FNMA, Single-family, 30 Year, 2%, 7/25/51	United States	1,136,000	1,147,094
[t]FNMA, Single-family, 30 Year, 2.5%, 7/25/51	United States	2,228,000	2,304,587
			10,015,235
Government National Mortgage Association (GNMA) Fixed Rate 0.3%			
GNMA I, Single-family, 30 Year, 5%, 11/15/33 - 7/15/34	United States	113,957	131,035
GNMA I, Single-family, 30 Year, 7%, 10/15/28 - 6/15/32	United States	11,470	11,563
GNMA I, Single-family, 30 Year, 7.5%, 9/15/30	United States	986	1,140
GNMA II, 30 Year, 6.5%, 2/20/34	United States	1,947	2,007
[t]GNMA II, Single-family, 30 Year, 2%, 7/15/51	United States	447,000	455,276
[t]GNMA II, Single-family, 30 Year, 2.5%, 7/15/51	United States	439,000	454,331
GNMA II, Single-family, 30 Year, 5%, 9/20/33 - 11/20/33	United States	31,584	35,611
GNMA II, Single-family, 30 Year, 6%, 11/20/34	United States	47,248	55,332
GNMA II, Single-family, 30 Year, 6.5%, 4/20/31 - 1/20/33	United States	19,645	23,215
GNMA II, Single-family, 30 Year, 7.5%, 1/20/28 - 4/20/32	United States	6,970	7,947
			1,177,457
Total Mortgage-Backed Securities (Cost $11,311,117)			**11,576,991**
Municipal Bonds 1.0%			
California 0.1%			
San Bernardino Community College District, GO, 2019 A-1, 3.271%, 8/01/39	United States	210,000	223,028
Illinois 0.2%			
State of Illinois, GO, 2003, 5.1%, 6/01/33	United States	695,000	817,771

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Municipal Bonds (continued)			
New Jersey 0.3%			
New Jersey Transportation Trust Fund Authority, Revenue, 2019 B, Refunding, 4.131%, 6/15/42	United States	345,000	$394,419
State of New Jersey, GO, 2020 A, 3%, 6/01/32	United States	670,000	761,677
			1,156,096
New York 0.2%			
Metropolitan Transportation Authority, Revenue, 2020 E, Refunding, 4%, 11/15/45	United States	535,000	625,512
New York State Dormitory Authority, State University of New York, Revenue, 2019 B, Refunding, 3.142%, 7/01/43	United States	305,000	315,739
			941,251
Ohio 0.1%			
State of Ohio, Cleveland Clinic Health System Obligated Group, Revenue, 2019 G, Refunding, 3.276%, 1/01/42	United States	190,000	206,360
Pennsylvania 0.1%			
University of Pittsburgh-of the Commonwealth System of Higher Education, Revenue, 2017 C, Refunding, 3.005%, 9/15/41	United States	535,000	561,418
Texas 0.0%†			
Texas State University System, Revenue, 2019 B, Refunding, 3.289%, 3/15/40	United States	190,000	197,755
Total Municipal Bonds (Cost $3,716,460)			**4,103,679**
Residential Mortgage-Backed Securities 8.3%			
Capital Markets 0.0%†			
[q]Merrill Lynch Mortgage Investors Trust, 2005-A6, 2A3, FRN, 0.852%, (1-month USD LIBOR + 0.76%), 8/25/35	United States	421	422
Diversified Financial Services 0.8%			
[g]BRAVO Residential Funding Trust,			
2019-1, A1C, 144A, 3.5%, 3/25/58	United States	406,188	416,907
[r] 2019-2, A3, 144A, FRN, 3.5%, 10/25/44	United States	626,128	653,932
[g,r]CIM Trust,			
2019-INV1, A1, 144A, FRN, 4%, 2/25/49	United States	312,269	317,087
2019-INV2, A3, 144A, FRN, 4%, 5/25/49	United States	535,545	544,489
[g,r]J.P. Morgan Mortgage Trust, 2021-6, A4, 144A, FRN, 2.5%, 10/25/51	United States	974,890	999,958
[g,r]Provident Funding Mortgage Trust,			
2019-1, A2, 144A, FRN, 3%, 12/25/49	United States	265,607	268,874
2020-1, A3, 144A, FRN, 3%, 2/25/50	United States	96,156	96,446
			3,297,693
Thrifts & Mortgage Finance 7.5%			
[q]FHLMC Structured Agency Credit Risk Debt Notes,			
2013-DN2, M2, FRN, 4.341%, (1-month USD LIBOR + 4.25%), 11/25/23	United States	1,078,516	1,108,845
2014-DN2, M3, FRN, 3.692%, (1-month USD LIBOR + 3.6%), 4/25/24	United States	1,508,836	1,532,958
2014-DN3, M3, FRN, 4.092%, (1-month USD LIBOR + 4%), 8/25/24	United States	69,720	71,186
2014-DN4, M3, FRN, 4.642%, (1-month USD LIBOR + 4.55%), 10/25/24	United States	445,668	454,063
2014-HQ1, M3, FRN, 4.192%, (1-month USD LIBOR + 4.1%), 8/25/24	United States	67,281	68,082

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Residential Mortgage-Backed Securities (continued)			
Thrifts & Mortgage Finance (continued)			
[q]FHLMC Structured Agency Credit Risk Debt Notes, (continued)			
2014-HQ3, M3, FRN, 4.841%, (1-month USD LIBOR + 4.75%), 10/25/24	United States	108,989	$109,889
2015-DNA1, M3, FRN, 3.391%, (1-month USD LIBOR + 3.3%), 10/25/27	United States	133,756	135,683
2015-DNA3, M3, FRN, 4.791%, (1-month USD LIBOR + 4.7%), 4/25/28	United States	1,565,336	1,621,671
2015-HQA1, M3, FRN, 4.791%, (1-month USD LIBOR + 4.7%), 3/25/28	United States	1,311,902	1,355,034
2016-DNA2, M3, FRN, 4.741%, (1-month USD LIBOR + 4.65%), 10/25/28	United States	1,142,378	1,194,438
2017-DNA1, M2, FRN, 3.341%, (1-month USD LIBOR + 3.25%), 7/25/29	United States	932,397	966,910
2017-DNA2, M2, FRN, 3.542%, (1-month USD LIBOR + 3.45%), 10/25/29	United States	1,340,000	1,401,455
2017-DNA3, M2, FRN, 2.591%, (1-month USD LIBOR + 2.5%), 3/25/30	United States	2,920,000	2,988,319
2017-HQA1, M2, FRN, 3.642%, (1-month USD LIBOR + 3.55%), 8/25/29	United States	987,016	1,022,231
2017-HQA2, M2, FRN, 2.742%, (1-month USD LIBOR + 2.65%), 12/25/29	United States	236,872	241,296
[q]FNMA Connecticut Avenue Securities,			
2013-C01, M2, FRN, 5.342%, (1-month USD LIBOR + 5.25%), 10/25/23	United States	150,820	157,887
2014-C01, M2, FRN, 4.492%, (1-month USD LIBOR + 4.4%), 1/25/24	United States	250,007	258,709
2014-C02, 1M2, FRN, 2.692%, (1-month USD LIBOR + 2.6%), 5/25/24	United States	761,522	766,608
2014-C02, 2M2, FRN, 2.692%, (1-month USD LIBOR + 2.6%), 5/25/24	United States	314,272	317,661
2014-C03, 1M2, FRN, 3.092%, (1-month USD LIBOR + 3%), 7/25/24	United States	1,487,455	1,500,099
2014-C03, 2M2, FRN, 2.991%, (1-month USD LIBOR + 2.9%), 7/25/24	United States	55,747	56,354
2015-C01, 1M2, FRN, 4.391%, (1-month USD LIBOR + 4.3%), 2/25/25	United States	384,997	394,486
2015-C01, 2M2, FRN, 4.642%, (1-month USD LIBOR + 4.55%), 2/25/25	United States	51,116	51,428
2015-C02, 1M2, FRN, 4.092%, (1-month USD LIBOR + 4%), 5/25/25	United States	900,151	919,868
2015-C02, 2M2, FRN, 4.092%, (1-month USD LIBOR + 4%), 5/25/25	United States	186,397	188,793
2015-C03, 1M2, FRN, 5.092%, (1-month USD LIBOR + 5%), 7/25/25	United States	1,282,605	1,321,058
2015-C03, 2M2, FRN, 5.092%, (1-month USD LIBOR + 5%), 7/25/25	United States	282,496	286,452
2016-C02, 1M2, FRN, 6.091%, (1-month USD LIBOR + 6%), 9/25/28	United States	416,997	440,500
2016-C04, 1M2, FRN, 4.341%, (1-month USD LIBOR + 4.25%), 1/25/29	United States	1,407,118	1,470,133
2016-C05, 2M2, FRN, 4.542%, (1-month USD LIBOR + 4.45%), 1/25/29	United States	863,707	905,173
2016-C06, 1M2, FRN, 4.341%, (1-month USD LIBOR + 4.25%), 4/25/29	United States	320,756	333,770
2016-C07, 2M2, FRN, 4.442%, (1-month USD LIBOR + 4.35%), 5/25/29	United States	638,644	670,100

Franklin Strategic Income VIP Fund (continued)

	Country	Principal Amount*	Value
Residential Mortgage-Backed Securities (continued)			
Thrifts & Mortgage Finance (continued)			
[q]FNMA Connecticut Avenue Securities, (continued)			
2017-C01, 1M2, FRN, 3.642%, (1-month USD LIBOR + 3.55%), 7/25/29	United States	1,272,593	$1,322,431
2017-C03, 1M2, FRN, 3.092%, (1-month USD LIBOR + 3%), 10/25/29	United States	2,424,492	2,502,382
2017-C04, 2M2, FRN, 2.941%, (1-month USD LIBOR + 2.85%), 11/25/29	United States	534,516	548,322
2017-C05, 1M2, FRN, 2.292%, (1-month USD LIBOR + 2.2%), 1/25/30	United States	1,551,025	1,577,379
			30,261,653
Total Residential Mortgage-Backed Securities (Cost $35,087,692)			**33,559,768**
		Shares	
Escrows and Litigation Trusts 0.0%†			
[a]Mesquite Energy, Inc., Escrow Account	United States	243,000	6,075
[a,b]Millennium Corporate Claim Trust, Escrow Account	United States	950,432	—
[a,b]Millennium Lender Claim Trust, Escrow Account	United States	950,432	—
Total Escrows and Litigation Trusts (Cost $243,000)			**6,075**
Total Long Term Investments (Cost $399,398,758)			**398,558,103**
	Number of Contracts	**Notional Amount#**	
Options Purchased 0.0%†			
Calls - Over-the-Counter			
Interest Rate Swaptions 0.0%†			
Receive Fixed 0.9%, Pay Floating 3-month USD LIBOR, Counterparty CITI, Expires 9/16/21	1	21,500,000	61,778
Total Options Purchased (Cost $113,413)			61,778
Short Term Investments 2.1%			
	Country	**Shares**	**Value**
Money Market Funds 2.1%			
[d,u]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	8,598,814	8,598,814
Total Money Market Funds (Cost $8,598,814)			**8,598,814**
Total Short Term Investments (Cost $8,598,814)			**8,598,814**
Total Investments (Cost $408,110,985) 100.8%			**$407,218,695**
Options Written (0.0)%†			**(30,009)**
Other Assets, less Liabilities (0.8)%			**(3,567,947)**
Net Assets 100.0%			**$403,620,739**

Franklin Strategic Income VIP Fund (continued)

[#] Notional amount is the number of units specified in the contract, and can include currency units, bushels, shares, pounds, barrels or other units. Currency units are stated in U.S. dollars unless otherwise indicated.
[*] The principal amount is stated in U.S. dollars unless otherwise indicated.
[†] Rounds to less than 0.1% of net assets.
[a] Non-income producing.
[b] Fair valued using significant unobservable inputs. See Note 12 regarding fair value measurements.
[c] See Note 9 regarding restricted securities.
[d] See Note 3(e) regarding investments in affiliated management investment companies.
[e] Income may be received in additional securities and/or cash.
[f] Perpetual security with no stated maturity date.
[g] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $217,273,379, representing 53.8% of net assets.
[h] A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).
[i] See Note 1(h) regarding senior floating rate interests.
[j] The coupon rate shown represents the rate at period end.
[k] A portion or all of the security represents an unsettled loan commitment. The coupon rate is to-be determined (TBD) at the time of the settlement and will be based upon a reference index/floor plus a spread.
[l] See Note 1(i) regarding Marketplace Lending.
[m] See Note 1(e) regarding loan participations and assignments.
[n] A supranational organization is an entity formed by two or more central governments through international treaties.
[o] The principal represents the notional amount. See Note 1(d) regarding value recovery instruments.
[p] Principal amount of security is adjusted for inflation. See Note 1(l).
[q] The coupon rate shown represents the rate inclusive of any caps or floors, if applicable, in effect at period end.
[r] Adjustable rate security with an interest rate that is not based on a published reference index and spread. The rate is based on the structure of the agreement and current market conditions. The coupon rate shown represents the rate at period end.
[s] Adjustable Rate Mortgage-Backed Security (ARM); the rate shown is the effective rate at period end. ARM rates are not based on a published reference rate and spread, but instead pass-through weighted average interest income inclusive of any caps or floors, if applicable, from the underlying mortgage loans in which the majority of mortgages pay interest based on the index shown at their designated reset dates plus a spread, less the applicable servicing and guaranty fee (MBS margin).
[t] Security purchased on a to-be-announced (TBA) basis. See Note 1(c).
[u] The rate shown is the annualized seven-day effective yield at period end.
[v] See Note 1(d) regarding written options.

	Number of Contracts	Notional Amount[#]	Value
[v]Options Written (0.0)%[†]			
Puts - Over-the-Counter			
Interest Rate Swaptions (0.0)%[†]			
Receive Floating 3-month USD LIBOR, Pay Fixed 1.39%, Counterparty CITI, Expires 9/16/21	1	(21,500,000)	$(30,009)
			(30,009)
Total Options Written (Premiums received $111,263)			$(30,009)

Franklin Strategic Income VIP Fund (continued)

At June 30, 2021, the Fund had the following futures contracts outstanding. See Note 1(d).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Interest rate contracts					
U.S. Treasury 10 Year Notes	Short	48	$6,360,000	9/21/21	$(37,566)
U.S. Treasury 10 Year Ultra Notes	Short	31	4,563,297	9/21/21	(58,959)
U.S. Treasury 2 Year Notes	Long	82	18,066,266	9/30/21	(30,850)
U.S. Treasury 5 Year Notes	Long	145	17,897,305	9/30/21	(56,299)
U.S. Treasury Long Bonds	Short	83	13,342,250	9/21/21	(293,301)
Total Futures Contracts					$(476,975)

*As of period end.

Franklin Strategic Income VIP Fund (continued)

At June 30, 2021, the Fund had the following forward exchange contracts outstanding. See Note 1(d).

Forward Exchange Contracts

Currency	Counter-party[a]	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Japanese Yen	CITI	Buy	112,185,200	1,022,224	7/12/21	$—	$(12,233)
Japanese Yen	CITI	Sell	112,185,200	1,038,553	7/12/21	28,563	—
Euro	JPHQ	Sell	3,960,000	4,796,254	7/19/21	98,481	—
Canadian Dollar	JPHQ	Sell	1,650,000	1,348,895	8/09/21	18,055	—
Chinese Yuan	JPHQ	Buy	6,500,000	988,909	8/17/21	12,681	—
Turkish Lira	JPHQ	Buy	5,800,000	649,133	9/07/21	—	(5,394)
Euro	JPHQ	Sell	450,000	549,392	9/13/21	14,916	—
Mexican Peso	JPHQ	Buy	29,300,000	1,441,351	9/21/21	12,839	—
Australian Dollar	JPHQ	Buy	1,200,000	909,750	9/27/21	—	(9,654)
South Korean Won	JPHQ	Buy	1,050,000,000	925,583	9/27/21	3,335	—
Total Forward Exchange Contracts						$188,870	$(27,281)
Net unrealized appreciation (depreciation)						$161,589	

*In U.S. dollars unless otherwise indicated.
[a]May be comprised of multiple contracts with the same counterparty, currency and settlement date.

At June 30, 2021, the Fund had the following credit default swap contracts outstanding. See Note 1(d).

Credit Default Swap Contracts

Description	Periodic Payment Rate Received (Paid)	Payment Frequency	Counter-party	Maturity Date	Notional Amount[a]	Value	Unamortized Upfront Payments (Receipts)	Unrealized Appreciation (Depreciation)	Rating[b]
Centrally Cleared Swap Contracts									
Contracts to Sell Protection[c][d]									
Traded Index									
CDX.NA.EM.33	1.00%	Quarterly		6/20/25	2,150,000	$(11,547)	$(65,805)	$54,258	Investment Grade
Total Centrally Cleared Swap Contracts						$(11,547)	$(65,805)	$54,258	
OTC Swap Contracts									
Contracts to Sell Protection[c][d]									
Single Name									
Air France-KLM	5.00%	Quarterly	BOFA	6/20/26	20,000 EUR	1,046	400	646	NR
Air France-KLM	5.00%	Quarterly	JPHQ	6/20/26	60,000 EUR	3,140	1,047	2,093	NR
Air France-KLM	5.00%	Quarterly	MSCO	12/20/25	660,000 EUR	34,280	697	33,583	NR
American Airlines Group, Inc.	5.00%	Quarterly	CITI	12/20/21	800,000	13,721	(25,280)	39,001	CCC
American Airlines Group, Inc.	5.00%	Quarterly	GSCO	6/20/22	200,000	2,672	(1,823)	4,495	CCC
Carnival Corp.	1.00%	Quarterly	CITI	12/20/25	800,000	(74,311)	(111,886)	37,575	B-
Macy's, Inc.	1.00%	Quarterly	JPHQ	12/20/25	800,000	(52,214)	(133,270)	81,056	B
Nordstrom, Inc.	1.00%	Quarterly	BNDP	6/20/26	500,000	(27,632)	(32,324)	4,692	BB+
Nordstrom, Inc.	1.00%	Quarterly	JPHQ	6/20/26	500,000	(27,632)	(24,805)	(2,827)	BB+

Franklin Strategic Income VIP Fund (continued)

Credit Default Swap Contracts (continued)

Description	Periodic Payment Rate Received (Paid)	Payment Frequency	Counter-party	Maturity Date	Notional Amount[a]	Value	Unamortized Upfront Payments (Receipts)	Unrealized Appreciation (Depreciation)	Rating[b]
OTC Swap Contracts (continued)									
Contracts to Sell Protection[c][d] (continued)									
Single Name (continued)									
Royal Caribbean Cruises Ltd.. .	5.00%	Quarterly	BZWS	12/20/25	800,000	$60,587	$(21,312)	$81,899	B
United Airlines Holdings, Inc..	5.00%	Quarterly	FBCO	12/20/25	99,000	6,753	(185)	6,938	B
Traded Index									
[e]Citibank Bespoke Franklin, Equity Tranche 0-5%	—%	Quarterly	CITI	12/20/22	1,000,000	(242,000)	(203,356)	(38,644)	Non-Investment Grade
[e]Citibank Bespoke Palm Beach, Mezzanine Tranche 5-10%	2.42%	Quarterly	CITI	12/20/22	800,000	953	—	953	Non-Investment Grade
[e]Citibank Bespoke Palm Beach, Mezzanine Tranche 5-10%	1.97%	Quarterly	CITI	12/20/22	1,100,000	1,347	—	1,347	Non-Investment Grade
MCDX. NA.MAIN.31 .	1.00%	Quarterly	CITI	12/20/23	2,270,000	27,142	11,357	15,785	Investment Grade
[e]Morgan Stanley Bespoke Pecan Index, Mezzanine Tranche 5-10%	3.98%	Quarterly	MSCO	12/20/21	850,000	(409)	—	(409)	Non-Investment Grade
[e]Morgan Stanley Bespoke Pecan Index, Mezzanine Tranche 5-10%	4.10%	Quarterly	MSCO	12/20/21	850,000	104	—	104	Non-Investment Grade
Total OTC Swap Contracts						$(272,453)	$(540,740)	$268,287	
Total Credit Default Swap Contracts						$(284,000)	$(606,545)	$322,545	

[a]In U.S. dollars unless otherwise indicated. For contracts to sell protection, the notional amount is equal to the maximum potential amount of the future payments and no recourse provisions have been entered into in association with the contracts.
[b]Based on Standard and Poor's (S&P) Rating for single name swaps and internal ratings for index swaps. Internal ratings based on mapping into equivalent ratings from external vendors.
[c]Performance triggers for settlement of contract include default, bankruptcy or restructuring for single name swaps, and failure to pay or bankruptcy of the underlying securities for traded index swaps.
[d]The fund enters contracts to sell protection to create a long credit position.
[e]Represents a custom index comprised of a basket of underlying instruments.

Franklin Strategic Income VIP Fund (continued)

At June 30, 2021, the Fund had the following inflation index swap contracts outstanding. See Note 1(d).

Inflation Index Swap Contracts

Description	Payment Frequency	Counter-party	Maturity Date	Notional Amount	Value	Unamortized Upfront Payments (Receipts)	Unrealized Appreciation (Depreciation)
Centrally Cleared Swap Contracts							
Receive variable change in USA CPI-U	At Maturity						
Pay Fixed 1.943%	At Maturity		1/15/29	$3,700,000	$207,303	$—	$207,303
Total Inflation Index Swap Contracts					$207,303	$—	$207,303

At June 30, 2021, the Fund had the following total return swap contracts outstanding. See Note 1(d).

Total Return Swap Contracts

Underlying Instruments	Financing Rate	Payment Frequency	Counter-party	Maturity Date	Notional Value*	Value/ Unrealized Appreciation (Depreciation)
OTC Swap Contracts						
Short[a]						
Markit iBoxx USD Liquid Leveraged Loans Total Return Index	3-month USD LIBOR	Quarterly	MSCO	9/20/21	410,000	$6,836
Markit iBoxx USD Liquid Leveraged Loans Total Return Index	3-month USD LIBOR	Quarterly	MSCO	12/20/21	890,000	3,199
Total Return Swap Contracts						$10,035

*In U.S. dollars unless otherwise indicated.
[a]The Fund receives the total return on the underlying instrument and pays a variable financing rate.

See Note 11 regarding other derivative information.
See Abbreviations on page FSI-55.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin Strategic Income VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$367,869,350
Cost - Non-controlled affiliates (Note 3e)	40,241,635
Value - Unaffiliated issuers	$371,496,329
Value - Non-controlled affiliates (Note 3e)	35,722,366
Cash	278,039
Receivables:	
Investment securities sold	485,961
Capital shares sold	461,890
Dividends and interest	3,630,293
Deposits with brokers for:	
OTC derivative contracts	510,000
Futures contracts	343,857
Centrally cleared swap contracts	690,801
OTC swap contracts (upfront payments $14,049)	13,501
Unrealized appreciation on OTC forward exchange contracts	188,870
Unrealized appreciation on OTC swap contracts	320,202
Deferred tax benefit (Note 1f)	309,566
Total assets	414,451,675
Liabilities:	
Payables:	
Investment securities purchased	9,373,005
Capital shares redeemed	152,810
Management fees	194,376
Distribution fees	34,307
Variation margin on futures contracts	67,292
Variation margin on centrally cleared swap contracts	146,724
OTC swap contracts (upfront receipts $620,817)	554,241
Unrealized depreciation on OTC swap contracts	41,880
Options written, at value (premiums received $111,263)	30,009
Unrealized depreciation on OTC forward exchange contracts	27,281
Deferred tax	23,810
Accrued expenses and other liabilities	185,201
Total liabilities	10,830,936
Net assets, at value	$403,620,739
Net assets consist of:	
Paid-in capital	$446,227,919
Total distributable earnings (losses)	(42,607,180)
Net assets, at value	$403,620,739

Statement of Assets and Liabilities (continued)

June 30, 2021 (unaudited)

	Franklin Strategic Income VIP Fund
Class 1:	
Net assets, at value	$257,474,547
Shares outstanding	24,328,970
Net asset value and maximum offering price per share	$10.58
Class 2:	
Net assets, at value	$92,522,732
Shares outstanding	9,073,338
Net asset value and maximum offering price per share	$10.20
Class 4:	
Net assets, at value	$53,623,460
Shares outstanding	5,103,923
Net asset value and maximum offering price per share	$10.51

Consolidated Statement of Operations*

for the six months ended June 30, 2021 (unaudited)

	Franklin Strategic Income VIP Fund
Investment income:	
Dividends:	
Unaffiliated issuers	$33,504
Non-controlled affiliates (Note 3e)	344,564
Interest: (net of foreign taxes of $34,129)	
Unaffiliated issuers	7,987,375
Income from securities loaned:	
Non-controlled affiliates (Note 3e)	2
Total investment income	8,365,445
Expenses:	
Management fees (Note 3a)	1,265,250
Distribution fees: (Note 3c)	
Class 2	119,829
Class 4	92,742
Custodian fees (Note 4)	3,744
Reports to shareholders	67,544
Registration and filing fees	1,129
Professional fees	49,707
Trustees' fees and expenses	1,616
Marketplace lending fees (Note 1i)	92,054
Other	53,730
Total expenses	1,747,345
Expense reductions (Note 4)	(1,286)
Expenses waived/paid by affiliates (Note 3e)	(58,236)
Net expenses	1,687,823
Net investment income	6,677,622
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments: (net of foreign taxes of $24,097)	
Unaffiliated issuers	2,467,700
Foreign currency transactions	(68,678)
Forward exchange contracts	(686,890)
Futures contracts	(54,995)
TBA sale commitments	6,196
Swap contracts	526,073
Net realized gain (loss)	2,189,406
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(3,088,301)
Non-controlled affiliates (Note 3e)	943,973
Translation of other assets and liabilities denominated in foreign currencies	(162,089)
Written options	81,254
Forward exchange contracts	453,743
Futures contracts	(511,939)
Swap contracts	458,301
Change in deferred tax benefit (Note 1f)	172,344
Change in deferred taxes on unrealized appreciation	30,451
Net change in unrealized appreciation (depreciation)	(1,622,263)
Net realized and unrealized gain (loss)	567,143
Net increase (decrease) in net assets resulting from operations	$7,244,765

*Includes the consolidated operations of FT Holdings Corporation III from January 1, 2021 through April 27, 2021. See Note 1(f).

Consolidated Statements of Changes in Net Assets

	Franklin Strategic Income VIP Fund	
	Six Months Ended June 30, 2021* (unaudited)	**Year Ended December 31, 2020**
Increase (decrease) in net assets:		
Operations:		
Net investment income	$6,677,622	$13,770,916
Net realized gain (loss)	2,189,406	(11,417,686)
Net change in unrealized appreciation (depreciation)	(1,622,263)	10,293,646
Net increase (decrease) in net assets resulting from operations	7,244,765	12,646,876
Distributions to shareholders:		
Class 1	(8,780,267)	(13,266,507)
Class 2	(3,050,922)	(4,661,916)
Class 4	(1,678,261)	(2,304,505)
Total distributions to shareholders	(13,509,450)	(20,232,928)
Capital share transactions: (Note 2)		
Class 1	110,954	(18,953,107)
Class 2	(6,789,972)	7,309,317
Class 4	2,687,974	(1,743,816)
Total capital share transactions	(3,991,044)	(13,387,606)
Net increase (decrease) in net assets	(10,255,729)	(20,973,658)
Net assets:		
Beginning of period	413,876,468	434,850,126
End of period	$403,620,739	$413,876,468

*Includes the consolidated operations of FT Holdings Corporation III from January 1, 2021 through April 27, 2021. See Note 1(f).

Notes to Consolidated Financial Statements (unaudited)

Franklin Strategic Income 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). Franklin Strategic Income 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. At June 30, 2021, 78.2% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. 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.

Equity securities and derivative financial instruments listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the 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

Franklin Strategic Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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 Consolidated 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. Securities Purchased on a Delayed Delivery and TBA Basis

The Fund purchases securities on a delayed delivery and to-be-announced (TBA) basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Fund will generally purchase these securities with the intention of holding the securities, it may sell the securities before the settlement date. Sufficient assets have been segregated for these securities and collateral has been pledged and/or received for open TBA trades.

d. 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

Franklin Strategic Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Derivative Financial Instruments (continued)

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 Consolidated 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.

The Fund entered into exchange traded futures contracts primarily to manage and/or gain exposure to interest rate risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. 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.

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 credit default swap contracts primarily to manage and/or gain exposure to credit risk. A credit default swap is an agreement between the Fund and a counterparty whereby the buyer of the contract receives credit protection and the seller of the contract guarantees the credit worthiness of a referenced debt obligation. These agreements may be privately negotiated in the over-the-counter market (OTC credit default swaps) or may be executed in a multilateral trade facility platform, such as a registered exchange (centrally cleared credit default swaps). The underlying referenced debt obligation may be a single issuer of corporate or sovereign debt, a credit index, a basket of issuers or indices, or a tranche of a credit index or basket of issuers or indices. In the event of

Franklin Strategic Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Derivative Financial Instruments (continued)

a default of the underlying referenced debt obligation, the buyer is entitled to receive the notional amount of the credit default swap contract from the seller in exchange for the referenced debt obligation, a net settlement amount equal to the notional amount of the credit default swap less the recovery value of the referenced debt obligation, or other agreed upon amount. For centrally cleared credit default 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, the buyer pays the seller a periodic stream of payments, provided that no event of default has occurred. Such periodic payments are accrued daily as an unrealized appreciation or depreciation until the payments are made, at which time they are realized. Upfront payments and receipts are reflected in the Statement of Assets and Liabilities and represent compensating factors between stated terms of the credit default swap agreement and prevailing market conditions (credit spreads and other relevant factors). These upfront payments and receipts are amortized over the term of the contract as a realized gain or loss in the Consolidated Statement of Operations.

The Fund entered into OTC cross currency swap contracts primarily to manage and/or gain exposure to certain foreign currencies. A cross currency swap is an agreement between the Fund and a counterparty to exchange cash flows (determined using either a fixed or floating rate) based on the notional amounts of two different currencies. The notional amounts are typically determined based on the spot exchange rates at the opening of the contract. Cross currency swaps may require the exchange of notional amounts at the opening and/or closing of the contract. 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. Upfront payments and receipts are reflected in the Statement of Assets and Liabilities and represent compensating factors between stated terms of the cross currency swap contract and prevailing market conditions (interest rate spreads and other relevant factors). These upfront payments and receipts are amortized over the term of the contract as a realized gain or loss in the Consolidated Statement of Operations.

The Fund entered into inflation index swap contracts primarily to manage and/or gain exposure to interest risk. An inflation index swap is an agreement between the Fund and a counterparty to exchange cash flows whereby one party makes payments based on the percentage change in an index that serves as a measure of inflation and the other party makes a regular payment based on a compounded fixed rate, applied to a notional amount. These agreements may be privately negotiated in the over-the-counter market (OTC inflation index swap) or may be executed on a registered exchange (centrally cleared inflation index swap). For centrally cleared inflation index 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. 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. Typically, an inflation index swap has payment obligations netted and exchanged upon maturity.

The Fund entered into OTC total return swap contracts primarily to manage and/or gain exposure to credit and other market risks of an underlying instrument such as a stock, bond, index or basket of securities or indices. A total return swap is an agreement between the Fund and a counterparty to exchange a return linked to an underlying instrument for a floating or fixed rate payment, both based upon a notional amount. Over the term of the contract, contractually required payments to be paid or received are accrued daily and recorded as unrealized appreciation or depreciation until the payments are made, at which time they are recognized as realized gain or loss.

The Fund purchased or wrote OTC option contracts primarily to manage and/or gain exposure to interest rate and credit 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.

Franklin Strategic Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Derivative Financial Instruments (continued)

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

See Note 11 other derivative information.

e. Loan Participation Notes

The Fund invests in loan participation notes (Participations). Participations are loans originally issued to a borrower by one or more financial institutions (the Lender) and subsequently sold to other investors, such as the Fund. Participations typically result in the Fund having a contractual relationship only with the Lender and not with the borrower. The Fund has the right to receive from the Lender any payments of principal, interest and fees which the Lender received from the borrower. The Fund generally has no rights to either enforce compliance by the borrower with the terms of the loan agreement or to any collateral relating to the original loan. As a result, the Fund assumes the credit risk of both the borrower and the Lender that is selling the Participation. The Participations may also involve interest rate risk and liquidity risk, including the potential default or insolvency of the borrower and/or the Lender.

f. Investments in FT Holdings Corporation III (FT Subsidiary)

Prior to April 27, 2021, the Fund invested in FT Subsidiary. FT Subsidiary is a Delaware Corporation, was a wholly-owned subsidiary of the Fund, and was able to invest in certain financial instruments consistent with the investment objective of the Fund. In December 2020, FT Subsidiary's sole investment, Turtle Bay Resort, liquidated and paid a final distribution. FT Subsidiary, which is a tax paying entity, recognized a realized loss on its Turtle Bay Resort investment. An estimated deferred tax asset based on such realized loss was recorded. The estimated benefit was calculated using the federal rates applicable at the time the tax was paid. The losses will be carried-back to offset prior year gains, resulting in a tax refund which will relieve the estimated deferred tax asset once the final tax filings are completed.

On April 27, 2021, the Fund redeemed out of FT Subsidiary. FT Subsidiary ceased operations and simultaneously transferred its assets and liabilities to the Fund (including the deferred tax asset).

The results of operations of the FT Subsidiary through April 27, 2021 have been consolidated into the Consolidated Statement of Operations, Consolidated Statements of Changes in Net Assets and Consolidated Financial Highlights.

g. Mortgage Dollar Rolls

The Fund enters into mortgage dollar rolls, typically on a TBA basis. Mortgage dollar rolls are agreements between the Fund and a financial institution where the Fund sells (or buys) mortgage-backed securities for delivery on a specified date and simultaneously contracts to repurchase (or sell) substantially similar (same type, coupon, and maturity) securities at a future date and at a predetermined price. Gains or losses are realized on the initial sale, and the difference between the repurchase price and the sale price is recorded as an unrealized gain or loss to the Fund upon entering into the mortgage dollar roll. In addition, the Fund may invest the cash proceeds that are received from the initial sale. During the period between the sale and repurchase, the Fund is not entitled to principal and interest paid on the mortgage backed securities. Transactions in mortgage dollar rolls are accounted for as purchases and sales and may result in an increase to the Fund's portfolio turnover rate. The risks of mortgage dollar roll transactions include the potential inability of the counterparty to fulfill its obligations.

h. Senior Floating Rate Interests

The Fund invests in senior secured corporate loans that pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank or the London InterBank Offered Rate (LIBOR). Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially

Franklin Strategic Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

h. Senior Floating Rate Interests (continued)

less than the stated maturity. Senior secured corporate loans in which the Fund invests are generally readily marketable, but may be subject to certain restrictions on resale.

i. Marketplace Lending

The Fund invests in loans obtained through marketplace lending. Marketplace lending, sometimes referred to as peer-to-peer lending, is a method of financing in which a platform facilitates the borrowing and lending of money. It is considered an alternative to more traditional forms of debt financing. Prospective borrowers are required to provide certain financial information to the platform, including, but not limited to, the intended purpose of the loan, income, employment information, credit score, debt-to-income ratio, credit history (including defaults and delinquencies) and home ownership status. Based on this and other information, the platform assigns its own credit rating to the borrower and sets the interest rate for the requested loan. The platform then posts the borrowing requests online, giving investors the opportunity to purchase the loans based on factors such as the interest rates and expected yields of the loans, the borrower background data, and the credit rating assigned by the platform.

When the Fund invests in these loans, it usually purchases all rights, title and interest in the loans pursuant to a loan purchase agreement directly from the platform. The platform or a third-party servicer typically continues to service the loans, collecting payments and distributing them to the Fund, less any servicing fees assessed. The servicer is typically responsible for taking actions against a borrower in the event of a default on the loan. Servicing fees, along with other administration fees, are included in marketplace lending fees in the Consolidated Statement of Operations. The Fund, as an investor in a loan, would be entitled to receive payment only from the borrower and would not be able to recover any deficiency from the platform, except under very narrow circumstances. The loans in which the Fund may invest are unsecured.

j. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Consolidated Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower. At June 30, 2021, the Fund had no securities on loan.

k. 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

Franklin Strategic Income VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

k. Income and Deferred Taxes (continued)

on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its consolidated financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

l. 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 estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Paydown gains and losses are recorded as an adjustment to interest income. Facility fees are recognized as income over the expected term of the loan. Dividend income is recorded on the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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 Consolidated Statement of Operations.

m. Accounting Estimates

The preparation of consolidated 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 consolidated financial statements and the amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

n. 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.

Franklin Strategic Income VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	610,224	$6,559,778	1,267,496	$13,449,214
Shares issued in reinvestment of distributions	830,678	8,780,267	1,318,738	13,266,507
Shares redeemed	(1,413,937)	(15,229,091)	(4,401,405)	(45,668,828)
Net increase (decrease)	26,965	$110,954	(1,815,171)	$(18,953,107)
Class 2 Shares:				
Shares sold	998,168	$10,336,606	2,449,602	$24,706,622
Shares issued in reinvestment of distributions	299,697	3,050,922	480,115	4,661,916
Shares redeemed	(1,946,329)	(20,177,500)	(2,205,780)	(22,059,221)
Net increase (decrease)	(648,464)	$(6,789,972)	723,937	$7,309,317
Class 4 Shares:				
Shares sold	493,438	$5,253,002	667,460	$6,966,802
Shares issued in reinvestment of distributions	159,987	1,678,261	230,681	2,304,505
Shares redeemed	(398,271)	(4,243,289)	(1,079,161)	(11,015,123)
Net increase (decrease)	255,154	$2,687,974	(181,020)	$(1,743,816)

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 Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

Franklin Strategic Income 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 $500 million
0.525%	Over $500 million, up to and including $1 billion
0.480%	Over $1 billion, up to and including $1.5 billion
0.435%	Over $1.5 billion, up to and including $6.5 billion
0.415%	Over $6.5 billion, up to and including $11.5 billion
0.400%	Over $11.5 billion, up to and including $16.5 billion
0.390%	Over $16.5 billion, up to and including $19 billion
0.380%	Over $19 billion, up to and including $21.5 billion
0.370%	In excess of $21.5 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.625% 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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of 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 Consolidated Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

Franklin Strategic Income VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Strategic Income VIP Fund								
Non-Controlled Affiliates								
								Dividends
Franklin Floating Rate Income Fund	$8,481,652	$17,697,927	$—	$—	$943,973	$27,123,552	3,420,372	$344,223
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$12,853,316	$62,205,445	$(66,459,947)	$—	$—	$8,598,814	8,598,814	$341
Total Non-Controlled Affiliates	$21,334,968	$79,903,372	$(66,459,947)	$—	$943,973	$35,722,366		$344,564
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$—	$3,276,000	$(3,276,000)	$—	$—	$—	—	$2
Total Affiliated Securities	$21,334,968	$83,179,372	$(69,735,947)	$—	$943,973	$35,722,366		$344,566

f. Other Affiliated Transactions

On March 5, 2021, the Fund completed a non-taxable exchange of securities with a value of $17,697,927 (which included $2,872,749 of net unrealized depreciation) for 2,301,421 shares (each then valued at $7.69 per share) of Franklin Floating Rate Income Fund, an affiliated entity. This is considered a non-taxable exchange for federal income tax purposes, with no gain or loss recognized by the Fund or its shareholders.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, the custodian fees were reduced as noted in the Consolidated Statement of Operations.

5. Income Taxes

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

At December 31, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	$2,303,755
Long term	49,881,582
Total capital loss carryforwards	$52,185,337

Franklin Strategic Income VIP Fund (continued)

5. Income Taxes (continued)

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$409,103,189
Unrealized appreciation	$14,327,582
Unrealized depreciation	(16,624,137)
Net unrealized appreciation (depreciation)	$(2,296,555)

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, bond discounts and premiums, swaps and investments in FT Subsidiary.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $135,707,171 and $146,025,980, respectively. Purchases and sales of investments exclude in-kind transactions of $17,697,927. See Note 3f.

7. Credit Risk

At June 30, 2021, the Fund had 43.2% of its portfolio invested in high yield, senior secured floating rate loans, or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

9. Restricted Securities

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At June 30, 2021, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Franklin Strategic Income VIP Fund (continued)

9. Restricted Securities (continued)

Shares	Issuer	Acquisition Date	Cost	Value
Franklin Strategic Income VIP Fund				
14,792,309	K2016470219 South Africa Ltd., A	2/01/17	$114,768	$—
1,472,041	K2016470219 South Africa Ltd., B	2/01/17	1,093	—
	Total Restricted Securities (Value is —% of Net Assets)		$115,861	$—

10. Other Derivative Information

At June 30, 2021, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Franklin Strategic Income VIP Fund				
Interest rate contracts				
	Investments in securities, at value	$61,778[a]	Options written, at value	$30,009
	Variation margin on futures contracts	—	Variation margin on futures contracts	476,975[b]
	Variation margin on centrally cleared swap contracts	207,303[c]	Variation margin on centrally cleared swap contracts	—
Foreign exchange contracts				
	Unrealized appreciation on OTC forward exchange contracts	188,870	Unrealized depreciation on OTC forward exchange contracts	27,281
Credit contracts				
	Variation margin on centrally cleared swap contracts	54,258[c]	Variation margin on centrally cleared swap contracts	—
	OTC swap contracts (upfront payments)	13,501	OTC swap contracts (upfront receipts)	554,241
	Unrealized appreciation on OTC swap contracts	320,202	Unrealized depreciation on OTC swap contracts	41,880
Value recovery instruments				
	Investments in securities, at value	1,162,832[d]	Investments in securities, at value	—
Total		$2,008,744		$1,130,386

[a]Purchased option contracts are included in investments in securities, at value in the Statement of Assets and Liabilities.
[b]This amount reflects the cumulative appreciation (depreciation) of futures contracts as reported in the Statement of Investments. Only the variation margin receivable/payable at period end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.
[c]This amount reflects the cumulative appreciation (depreciation) of centrally cleared contracts as reported in the Statement of Investments. Only the variation margin receivable/payable at period end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.
[d]VRI are included in investments in securities, at value in the Statement of Assets and Liabilities.

Franklin Strategic Income VIP Fund (continued)

10. Other Derivative Information (continued)

For the period ended June 30, 2021, the effect of derivative contracts in the Consolidated Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Consolidated Statement of Operations Location	Net Realized Gain (Loss) for the Period	Consolidated Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Franklin Strategic Income VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts				
	Investments	$—	Investments	$(51,635)[a]
	Written options	—	Written options	81,254
	Futures contracts	(54,995)	Futures contracts	(511,939)
	Swap contracts	73,908	Swap contracts	141,561
Foreign exchange contracts				
	Swap contracts	(20,726)	Swap contracts	30,316
	Forward exchange contracts	(686,890)	Forward exchange contracts	453,743
Credit contracts				
	Swap contracts	472,891	Swap contracts	286,424
Value recovery instruments	Investments	—	Investments	$151,683[a]
Total		$(215,812)		$581,407

[a]Purchased option contracts and VRI are included in net realized gain (loss) from investments and net change in unrealized appreciation (depreciation) on investments in the Consolidated Statement of Operations.

For the period ended June 30, 2021, the average month end notional amount of futures contracts, swap contracts and options, and the average month end contract value for forward exchange contracts, and average month end fair value of VRI, were as follows:

	Franklin Strategic Income VIP Fund
Futures contracts	$60,650,869
Swap Contracts	20,436,645
Forward exchange contracts	20,396,663
VRI	1,070,275
Options	12,285,714

Franklin Strategic Income VIP Fund (continued)

10. Other Derivative Information (continued)

At June 30, 2021, the Fund's 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]
Franklin Strategic Income VIP Fund		
Derivatives		
Forward exchange contracts	$188,870	$27,281
Options purchased	61,778	—
Options written	—	30,009
Swap contracts	333,703	596,121
Total	$584,351	$653,411

[a]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.

At June 30, 2021, 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	Cash Collateral Received	Net Amount (Not less than zero)
Franklin Strategic Income VIP Fund					
Counterparty					
BNDP	$4,692	$(4,692)	$—	$—	$—
BOFA	1,046	—	—	—	1,046
BZWS	81,899	(21,312)	—	—	60,587
CITI	196,359	(196,359)	—	—	—
FBCO	6,938	(185)	—	—	6,753
GSCO	4,495	(1,823)	—	—	2,672
JPHQ	244,503	(175,950)	—	—	68,553
MSCO	44,419	(409)	—	—	44,010
Total	$584,351	$(400,730)	$—	$—	$183,621

Franklin Strategic Income VIP Fund (continued)

10. Other Derivative Information (continued)

At June 30, 2021, OTC derivative liabilities, which may be offset against OTC derivative assets and collateral pledged to the counterparty, are as follows:

		Amounts Not Offset in the Statement of Assets and Liabilities			
	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Pledged[a]	Cash Collateral Pledged[a]	Net Amount (Not less than zero)
Franklin Strategic Income VIP Fund					
Counterparty					
BNDP	$32,324	$(4,692)	$—	$—	$27,632
BOFA	—	—	—	—	—
BZWS	21,312	(21,312)	—	—	—
CITI	421,408	(196,359)	—	(225,049)	—
FBCO	185	(185)	—	—	—
GSCO	1,823	(1,823)	—	—	—
JPHQ	175,950	(175,950)	—	—	—
MSCO	409	(409)	—	—	—
Total	$653,411	$(400,730)	$—	$(225,049)	$27,632

[a]In 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 over collateralization. Actual collateral received and/or pledged may be more than the amounts disclosed herein.

See Note 1(d) regarding derivative financial instruments.

See Abbreviations on page FSI-55.

11. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Consolidated Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

Franklin Strategic Income VIP Fund (continued)

12. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Strategic Income VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Energy Equipment & Services	$251,051	$—	$—	$251,051
Machinery	—	586,412	—	586,412
Media	280,704	—	3,556	284,260
Multiline Retail	—	—	—[a]	—
Oil, Gas & Consumable Fuels	1,745	—	1,710	3,455
Specialty Retail	157,030	—	—	157,030
Management Investment Companies	30,113,802	—	—	30,113,802
Warrants:				
Oil, Gas & Consumable Fuels	—	—	528	528
Paper & Forest Products	1,616	—	—	1,616
Convertible Bonds	—	20,644	—	20,644
Corporate Bonds:				
Aerospace & Defense	—	2,286,524	—	2,286,524
Air Freight & Logistics	—	2,380,010	—	2,380,010
Airlines	—	2,903,119	—	2,903,119
Auto Components	—	5,090,335	—	5,090,335
Banks	—	10,516,853	—	10,516,853
Beverages	—	2,894,025	—	2,894,025
Biotechnology	—	760,817	—	760,817
Building Products	—	1,738,091	—	1,738,091
Capital Markets	—	1,560,784	—	1,560,784
Chemicals	—	13,203,337	—	13,203,337
Commercial Services & Supplies	—	5,088,716	—	5,088,716
Communications Equipment	—	1,408,350	—	1,408,350
Construction & Engineering	—	967,635	—	967,635
Consumer Finance	—	1,443,855	—	1,443,855
Containers & Packaging	—	6,478,995	—	6,478,995
Diversified Financial Services	—	1,509,353	—	1,509,353
Diversified Telecommunication Services	—	4,732,430	—	4,732,430
Electric Utilities	—	8,382,418	—	8,382,418
Electrical Equipment	—	1,016,333	—	1,016,333
Electronic Equipment, Instruments & Components	—	2,044,345	—	2,044,345
Energy Equipment & Services	—	1,667,035	—	1,667,035
Entertainment	—	2,173,772	—	2,173,772

Franklin Strategic Income VIP Fund (continued)

12. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Strategic Income VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Corporate Bonds:				
Equity Real Estate Investment Trusts (REITs)	$—	$7,685,599	$—	$7,685,599
Food & Staples Retailing	—	766,997	—	766,997
Food Products	—	7,416,360	—	7,416,360
Gas Utilities	—	310,044	—	310,044
Health Care Providers & Services	—	6,286,051	—	6,286,051
Hotels, Restaurants & Leisure	—	12,551,275	—	12,551,275
Household Durables	—	2,458,814	—	2,458,814
Household Products	—	3,425,806	—	3,425,806
Independent Power and Renewable Electricity Producers	—	6,089,986	—	6,089,986
Insurance	—	1,080,294	—	1,080,294
Interactive Media & Services	—	2,094,687	—	2,094,687
Internet & Direct Marketing Retail	—	1,282,269	—	1,282,269
IT Services	—	4,786,935	—	4,786,935
Life Sciences Tools & Services	—	203,034	—	203,034
Machinery	—	2,598,573	—	2,598,573
Marine	—	1,275,000	—	1,275,000
Media	—	9,497,293	—	9,497,293
Metals & Mining	—	6,395,771	—	6,395,771
Mortgage Real Estate Investment Trusts (REITs)	—	98,735	—	98,735
Multiline Retail	—	—	—[a]	—
Oil, Gas & Consumable Fuels	—	21,310,937	—	21,310,937
Paper & Forest Products	—	1,131,648	—	1,131,648
Personal Products	—	1,402,515	—	1,402,515
Pharmaceuticals	—	7,303,467	—	7,303,467
Real Estate Management & Development	—	3,439,919	—	3,439,919
Road & Rail	—	3,237,034	—	3,237,034
Semiconductors & Semiconductor Equipment	—	104,241	—	104,241
Software	—	1,305,401	—	1,305,401
Specialty Retail	—	5,061,163	—	5,061,163
Thrifts & Mortgage Finance	—	3,350,552	—	3,350,552
Tobacco	—	1,320,214	—	1,320,214
Trading Companies & Distributors	—	2,795,362	—	2,795,362
Wireless Telecommunication Services	—	3,884,811	—	3,884,811
Senior Floating Rate Interests	—	5,526,756	—	5,526,756
Marketplace Loans	—	—	762,577	762,577
Loan Participations and Assignments	—	1,557,548	—	1,557,548
Foreign Government and Agency Securities	—	55,653,432	—	55,653,432
U.S. Government and Agency Securities	—	12,516,719	—	12,516,719
Asset-Backed Securities	—	29,510,200	—	29,510,200
Commercial Mortgage-Backed Securities	—	167,641	—	167,641
Mortgage-Backed Securities	—	11,576,991	—	11,576,991
Municipal Bonds	—	4,103,679	—	4,103,679
Residential Mortgage-Backed Securities	—	33,559,768	—	33,559,768
Escrows and Litigation Trusts	—	6,075	—[a]	6,075
Options purchased	—	61,778	—	61,778
Short Term Investments	8,598,814	—	—	8,598,814
Total Investments in Securities	$39,404,762	$367,045,562	$768,371	$407,218,695
Other Financial Instruments:				
Forward exchange contracts	$—	$188,870	$—	$188,870
Swap contracts	—	581,763	—	581,763
Total Other Financial Instruments	$—	$770,633	$—	$770,633

Franklin Strategic Income VIP Fund (continued)

12. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Strategic Income VIP Fund (continued)				
Liabilities:				
Other Financial Instruments:				
Options written	$—	$30,009	$—	$30,009
Forward exchange contracts	—	27,281	—	27,281
Futures contracts	476,975	—	—	476,975
Swap contracts	—	41,880	—	41,880
Total Other Financial Instruments	$476,975	$99,170	$—	$576,145

[a]Includes securities determined to have no value at June 30, 2021.

A reconciliation 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 period.

13. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

14. Subsequent Events

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

Franklin Strategic Income VIP Fund (continued)

Abbreviations

Counterparty	
BNDP	BNP Paribas SA
BOFA	Bank of America, N.A.
BZWS	Barclays Bank PLC
CITI	Citibank NA
FBCO	Credit Suisse Group AG
GSCO	Goldman Sachs Group, Inc.
JPHQ	JPMorgan Chase Bank NA
MSCO	Morgan Stanley

Currency	
AUD	Australian Dollar
COP	Colombian Peso
DOP	Dominican Peso
EUR	Euro
IDR	Indonesian Rupiah
USD	United States Dollar
UYU	Uruguayan Peso

Selected Portfolio	
CLO	Collateralized Loan Obligation
CMT	Constant Monthly U.S. Treasury Securities Yield Curve Rate Index
ETF	Exchange-Traded Fund
EURIBOR	Euro Inter-Bank Offer Rate
FHLMC	Federal Home Loan Mortgage Corp.
FNMA	Federal National Mortgage Association
FRN	Floating Rate Note
GDP	Gross Domestic Product
GNMA	Government National Mortgage Association
GO	General Obligation
LIBOR	London Inter-Bank Offered Rate
MBS	Mortgage-Backed Security
PIK	Payment-In-Kind
TBA	To-Be-Announced
TBD	To Be Determined
T-Note	Treasury Note
VRI	Value Recovery Instrument

Franklin U.S. Government Securities VIP Fund

This semiannual report for Franklin U.S. Government Securities VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a -1.15% total return for the six-month period ended June 30, 2021.

*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.

Franklin U.S. Government Securities VIP Fund

Fund Goal and Main Investments

The Fund seeks income. Under normal market conditions, the Fund invests at least 80% of its net assets in U.S. government securities.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. The Fund's share price and yield will be affected by interest rate movements and mortgage prepayments. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's primary benchmark, the Bloomberg Barclays U.S. Government - Intermediate Index, posted a -1.12% total return.[1] The Fund's secondary benchmark, the Lipper VIP General U.S. Government Funds Classification Average, posted a -1.41% total return.[2] Funds in the Lipper average may allocate as much as 35% of their investments in asset types other than U.S. government and agency mortgage-backed securities.

Economic and Market Overview

The U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, posted a -1.60% total return for the six months ended June 30, 2021.[1] The economy continued to recover from the novel coronavirus (COVID-19) pandemic, aided by additional fiscal stimulus measures, and yields (which move inversely to prices) increased for most bonds. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials.

Portfolio Composition
6/30/21

	% of Total Net Assets
Mortgage-Backed Securities	72.8%
U.S. Government and Agency Securities	13.9%
Corporate Bonds	2.1%
Foreign Government and Agency Securities	1.7%
Short-Term Investments & Other Net Assets	9.5%

The U.S. Federal Reserve (Fed) maintained the federal funds target rate at a range of 0.00%–0.25% and continued its program of open-ended purchasing of government-backed and corporate bonds as necessary to provide liquidity to bond markets. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

U.S. Treasury bonds, as measured by the Bloomberg Barclays U.S. Treasury Index, posted a -2.58% total return for the six-month period.[1] The 10-year U.S. Treasury yield, which began the period below one percent, rose notably amid many investors' increasing inflation expectations. Mortgage-backed securities (MBS), as measured by the Bloomberg Barclays MBS Index, posted a -0.77% total return for the period, as low interest rates led to accelerated prepayments from mortgage refinancing.[1]

U.S. corporate bond performance varied significantly based on credit rating, reflecting the continued recovery of credit markets following the onset of COVID-19. Although the strengthening economy pressured corporate bonds generally, it helped temper investor concerns about credit quality, which benefited lower-rated bonds. In this environment, high-yield corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield Bond Index, posted a +3.62% return, while investment-grade corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate Bond Index, posted a -1.27% total return.[1]

Investment Strategy

Using our straightforward investment approach, we seek to produce current income with a high degree of credit safety from a conservatively managed portfolio of U.S.

1. Source: Morningstar.
2. Source: Lipper, a Thomson Reuters Company.

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).

government securities. Analyzing securities using proprietary and nonproprietary research, we seek to identify attractive investment opportunities.

Manager's Discussion

For the fixed income sectors in which the Fund invests, Treasury Inflation-Protected Securities (TIPS) was the best performing sector on an excess returns basis, as measured by Bloomberg Barclays indexes. U.S. government agency securities also posted positive excess returns, while the other major fixed income sectors in which the Fund allocates posted negative excess returns and underperformed similar duration U.S. Treasuries during the period. Within the agency MBS sector, on an excess return basis, all posted negative excess returns with Fannie Mae MBS and Freddie Mac MBS performing better, while Ginnie Mae (GNMA) MBS lagged. For the GNMA coupon stack, GNMA I 5.0% and 3.0% were the best performers, while GNMA II 3.5% and 2.5% coupons lagged.

Mortgage rates increased over the reporting period but have slowed their steady upward trajectory. Despite the higher level of rates, prepayments have remained high and primary and secondary spreads have retraced from their wider levels, likely keeping prepayments elevated for the next few months, in our view.

As forbearance requests continue to decrease, we believe involuntary prepayments will decline. Rates have increased over the period, leaving less than half of the agency MBS universe with an economic incentive to refinance, compared to more than half in 2020, which is also likely to lead to lower levels of prepayments. We expect prepayments at the index level will remain elevated over the next three months.

The Fed's continued purchases of agency MBS will remain a key support for the market, potentially limiting spread widening and keeping spreads range bound, which would benefit lower coupons and their mortgage dollar rolls.

The Fund maintains a consistent and disciplined approach to our investment strategy. The Fund's investment process and strategy have not changed, and the team continues to look for strong cash flow fundamentals and valuations seeking to uncover opportunities across the agency mortgage and agency debenture universe. The Fund emphasizes agency pass-throughs and invests in other agency securities for diversification purposes.

The portfolio's largest allocation remains in fixed-rate agency MBS, primarily in 30-year GNMA II securities. Over the period, we increased our exposure to U.S. Treasuries and decreased allocation to fixed-rate agency MBS, TIPS, agency bonds and adjustable-rate mortgage securities. The Fund's largest MBS allocation remained in 3.5% and 3.0% coupons. We reduced our exposure to 3.5%, 4.0%, 4.5% and 5.0% coupons, while adding to 3.0% and 2.5% securities over the period.

The Fund's U.S. yield curve positioning was the top contributor to performance. The Fund's allocation to TIPS also contributed. Fixed-rate agency MBS detracted from performance over the period.

Thank you for your participation in Franklin U.S. Government Securities VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$988.50	$3.84	$1,020.94	$3.90	0.78%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses.

Financial Highlights

Franklin U.S. Government Securities VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$12.37	$12.34	$12.07	$12.36	$12.51	$12.74
Income from investment operations[a]:						
Net investment income[b]	0.06	0.22	0.27	0.29	0.25	0.22
Net realized and unrealized gains (losses)	(0.19)	0.28	0.38	(0.22)	(0.04)	(0.10)
Total from investment operations	(0.13)	0.50	0.65	0.07	0.21	0.12
Less distributions from:						
Net investment income	(0.32)	(0.47)	(0.38)	(0.36)	(0.36)	(0.35)
Net asset value, end of period	$11.92	$12.37	$12.34	$12.07	$12.36	$12.51
Total return[c]	(1.03)%	4.08%	5.47%	0.60%	1.66%	0.90%
Ratios to average net assets[d]						
Expenses[e]	0.53%	0.53%	0.51%	0.50%	0.50%	0.50%
Net investment income	0.98%	1.81%	2.23%	2.38%	2.00%	1.75%
Supplemental data						
Net assets, end of period (000's)	$48,983	$52,307	$54,104	$59,213	$66,404	$73,695
Portfolio turnover rate	41.38%	56.32%	24.16%	22.25%	80.49%	86.28%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.

Franklin U.S. Government Securities VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$12.08	$12.05	$11.79	$12.09	$12.24	$12.47
Income from investment operations[a]:						
Net investment income[b]	0.04	0.19	0.24	0.25	0.21	0.19
Net realized and unrealized gains (losses)	(0.18)	0.27	0.37	(0.22)	(0.04)	(0.10)
Total from investment operations	(0.14)	0.46	0.61	0.03	0.17	0.09
Less distributions from:						
Net investment income	(0.29)	(0.43)	(0.35)	(0.33)	(0.32)	(0.32)
Net asset value, end of period	$11.65	$12.08	$12.05	$11.79	$12.09	$12.24
Total return[c]	(1.15)%	3.83%	5.23%	0.34%	1.34%	0.66%
Ratios to average net assets[d]						
Expenses[e]	0.78%	0.78%	0.76%	0.75%	0.75%	0.75%
Net investment income	0.73%	1.56%	1.98%	2.13%	1.75%	1.50%
Supplemental data						
Net assets, end of period (000's)	$757,419	$771,332	$771,866	$1,105,627	$1,223,491	$1,268,963
Portfolio turnover rate	41.38%	56.32%	24.16%	22.25%	80.49%	86.28%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments (unaudited), June 30, 2021

Franklin U.S. Government Securities VIP Fund

	Country	Principal Amount*	Value
Corporate Bonds 2.1%			
Diversified Financial Services 0.2%			
Private Export Funding Corp., BB, Senior Bond, 4.3%, 12/15/21	United States	1,865,000	$1,901,204
Oil, Gas & Consumable Fuels 1.9%			
Petroleos Mexicanos, Senior Bond, 2.378%, 4/15/25	Mexico	1,316,000	1,366,005
Reliance Industries Ltd.,			
Senior Bond, 2.512%, 1/15/26	India	6,562,500	6,851,204
Senior Note, 1.87%, 1/15/26	India	3,684,210	3,792,396
Senior Note, 2.06%, 1/15/26	India	3,125,000	3,230,435
			15,240,040
Total Corporate Bonds (Cost $16,485,193)			**17,141,244**
Foreign Government and Agency Securities 1.7%			
Israel Government Bond, Senior Bond, 5.5%, 9/18/23	Israel	12,000,000	13,360,092
Total Foreign Government and Agency Securities (Cost $12,772,017)			**13,360,092**
U.S. Government and Agency Securities 13.9%			
FHLB, 2.625%, 9/12/25	United States	10,000,000	10,780,434
New Valley Generation IV, 4.687%, 1/15/22	United States	160,544	162,098
Tennessee Valley Authority, 1.875%, 8/15/22	United States	6,000,000	6,117,894
U.S. Treasury Bonds, 2.5%, 2/15/46	United States	6,000,000	6,501,563
U.S. Treasury Notes,			
[a] 0.125%, 7/15/24	United States	13,750,000	16,633,859
2.375%, 8/15/24	United States	22,000,000	23,295,508
2.25%, 8/15/27	United States	31,040,000	33,204,312
0.625%, 8/15/30	United States	8,500,000	7,920,273
United States International Development Finance Corp.,			
2.12%, 3/20/24	United States	5,500,000	5,630,405
4.01%, 5/15/30	United States	1,507,500	1,704,693
Total U.S. Government and Agency Securities (Cost $107,874,324)			**111,951,039**
Mortgage-Backed Securities 72.8%			
[b]**Federal Home Loan Mortgage Corp. (FHLMC) Adjustable Rate 0.9%**			
FHLMC, 2.035% - 2.233%, (12-month USD LIBOR +/- MBS Margin), 3/01/36 - 4/01/40	United States	6,346,178	6,684,173
FHLMC, 2.31%, (1-year CMT T-Note +/- MBS Margin), 5/01/37	United States	172,773	173,270
			6,857,443
Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 11.5%			
FHLMC Gold Pools, 15 Year, 4.5%, 3/01/25 - 4/01/25	United States	411,043	432,140
FHLMC Gold Pools, 20 Year, 3.5%, 3/01/32	United States	1,643,427	1,771,028
FHLMC Gold Pools, 30 Year, 3%, 5/01/43	United States	226,238	239,847
FHLMC Gold Pools, 30 Year, 3.5%, 5/01/43	United States	36,050	38,874
FHLMC Gold Pools, 30 Year, 4%, 9/01/40 - 12/01/41	United States	3,083,980	3,371,523
FHLMC Gold Pools, 30 Year, 4.5%, 5/01/40 - 7/01/41	United States	1,058,423	1,180,366
FHLMC Gold Pools, 30 Year, 5%, 9/01/33 - 4/01/40	United States	2,832,836	3,215,464
FHLMC Gold Pools, 30 Year, 5.5%, 7/01/33 - 5/01/38	United States	619,923	719,456
FHLMC Gold Pools, 30 Year, 6%, 1/01/24 - 8/01/35	United States	500,229	573,804
FHLMC Gold Pools, 30 Year, 6.5%, 12/01/23 - 5/01/35	United States	171,039	192,487
FHLMC Gold Pools, 30 Year, 7%, 4/01/24 - 9/01/31	United States	61,986	67,770
FHLMC Gold Pools, 30 Year, 7.5%, 12/01/22	United States	87	87
FHLMC Gold Pools, 30 Year, 8%, 5/01/22	United States	334	341
FHLMC Gold Pools, 30 Year, 8.5%, 7/01/31	United States	125,226	143,775
FHLMC Pool, 15 Year, 1.5%, 1/01/36	United States	5,670,426	5,745,910
FHLMC Pool, 15 Year, 2%, 10/01/35	United States	9,085,677	9,410,989

Franklin U.S. Government Securities VIP Fund (continued)

	Country	Principal Amount*	Value
Mortgage-Backed Securities (continued)			
Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate (continued)			
FHLMC Pool, 30 Year, 2%, 11/01/50	United States	2,443,793	$2,475,196
FHLMC Pool, 30 Year, 2%, 1/01/51	United States	5,757,569	5,827,917
FHLMC Pool, 30 Year, 2.5%, 10/01/50	United States	7,709,244	8,064,119
FHLMC Pool, 30 Year, 2.5%, 12/01/50	United States	5,786,717	6,003,793
FHLMC Pool, 30 Year, 2.5%, 7/01/51	United States	12,851,000	13,308,242
FHLMC Pool, 30 Year, 3%, 8/01/50	United States	5,412,072	5,766,328
FHLMC Pool, 30 Year, 3%, 4/01/51	United States	18,763,403	19,625,970
FHLMC Pool, 30 Year, 4.5%, 1/01/49	United States	4,173,513	4,611,666
			92,787,092
[b]**Federal National Mortgage Association (FNMA) Adjustable Rate 2.6%**			
FNMA, 2.3%, (12-month USD LIBOR +/- MBS Margin), 9/01/37	United States	6,928,067	7,354,371
FNMA, 1.175% - 4.05%, (6-month USD LIBOR +/- MBS Margin), 3/01/22 - 3/01/37	United States	491,840	499,786
FNMA, 1.318% - 2.491%, (12-month average of 1-year CMT +/- MBS Margin), 9/01/35 - 10/01/44	United States	199,103	204,130
FNMA, 1.427% - 2.665%, (12-month USD LIBOR +/- MBS Margin), 1/01/32 - 4/01/41	United States	8,565,884	8,990,189
FNMA, 1.593% - 5.21%, (COFI 11th District +/- MBS Margin), 6/01/25 - 6/01/38	United States	77,263	79,938
FNMA, 1.726% - 5.109%, (1-year CMT T-Note +/- MBS Margin), 8/01/22 - 12/01/40	United States	4,974,457	5,223,254
			22,351,668
Federal National Mortgage Association (FNMA) Fixed Rate 12.7%			
FNMA, 2.64%, 7/01/25	United States	2,370,435	2,528,430
FNMA, 2.77%, 4/01/25	United States	3,500,000	3,748,109
FNMA, 3.28%, 7/01/27	United States	4,000,000	4,437,980
FNMA, 3.51%, 8/01/23	United States	3,000,000	3,148,862
FNMA, 5.5%, 4/01/34	United States	536,633	582,346
FNMA, 15 Year, 2%, 9/01/35	United States	6,655,914	6,895,162
FNMA, 15 Year, 5.5%, 1/01/25	United States	194,914	202,317
FNMA, 30 Year, 2.5%, 7/01/51	United States	16,178,000	16,753,618
FNMA, 30 Year, 3%, 12/01/42	United States	83,558	88,176
FNMA, 30 Year, 3%, 7/01/50	United States	11,090,628	11,730,851
FNMA, 30 Year, 3%, 8/01/50	United States	15,158,393	16,045,985
FNMA, 30 Year, 3%, 4/01/51	United States	5,858,288	6,147,946
FNMA, 30 Year, 3.5%, 7/01/45	United States	14,470,387	15,537,554
FNMA, 30 Year, 4%, 1/01/41 - 8/01/41	United States	3,563,905	3,895,083
FNMA, 30 Year, 4.5%, 8/01/40 - 6/01/41	United States	3,363,999	3,747,822
FNMA, 30 Year, 5%, 3/01/34 - 7/01/41	United States	2,360,344	2,679,020
FNMA, 30 Year, 5.5%, 12/01/32 - 8/01/35	United States	1,240,417	1,423,450
FNMA, 30 Year, 6%, 1/01/24 - 8/01/38	United States	1,252,811	1,443,900
FNMA, 30 Year, 6.5%, 1/01/24 - 9/01/36	United States	164,796	188,156
FNMA, 30 Year, 7.5%, 4/01/23 - 8/01/25	United States	1,643	1,764
FNMA, 30 Year, 8%, 3/01/23 - 12/01/24	United States	17,620	17,911
FNMA, 30 Year, 9%, 10/01/26	United States	35,848	36,368
			101,280,810
Government National Mortgage Association (GNMA) Fixed Rate 45.1%			
GNMA I, 30 Year, 5%, 9/15/40	United States	11,469,362	13,165,437
GNMA I, 30 Year, 5.5%, 3/15/32 - 2/15/38	United States	348,939	409,802
GNMA I, 30 Year, 6%, 7/15/29 - 11/15/38	United States	288,022	339,725
GNMA I, 30 Year, 6.5%, 12/15/28 - 1/15/33	United States	139,986	162,829
GNMA I, 30 Year, 7%, 12/15/28	United States	8,176	9,320
GNMA I, 30 Year, 7.5%, 12/15/31 - 8/15/33	United States	147,141	170,211
GNMA I, Single-family, 30 Year, 3%, 7/15/42	United States	262,232	277,868

Franklin U.S. Government Securities VIP Fund (continued)

	Country	Principal Amount*	Value
Mortgage-Backed Securities (continued)			
Government National Mortgage Association (GNMA) Fixed Rate (continued)			
GNMA I, Single-family, 30 Year, 4%, 10/15/40 - 8/15/46	United States	5,048,044	$5,580,579
GNMA I, Single-family, 30 Year, 4.5%, 1/15/39 - 6/15/41	United States	7,366,809	8,366,881
GNMA I, Single-family, 30 Year, 5.5%, 12/15/28 - 10/15/39	United States	2,593,821	2,976,231
GNMA I, Single-family, 30 Year, 6%, 11/15/23 - 9/15/38	United States	1,123,073	1,287,894
GNMA I, Single-family, 30 Year, 6.5%, 7/15/23 - 5/15/37	United States	619,423	693,865
GNMA I, Single-family, 30 Year, 7%, 10/15/22 - 1/15/32	United States	108,331	112,043
GNMA I, Single-family, 30 Year, 7.5%, 2/15/22 - 11/15/27	United States	33,027	33,606
GNMA I, Single-family, 30 Year, 8%, 1/15/22 - 7/15/23	United States	17,137	17,295
GNMA I, Single-family, 30 Year, 8.5%, 5/15/23 - 12/15/24	United States	15,992	16,141
GNMA II, 30 Year, 6.5%, 4/20/34	United States	26,772	26,964
GNMA II, Single-family, 30 Year, 2%, 11/20/50	United States	5,984,676	6,101,339
GNMA II, Single-family, 30 Year, 2.5%, 11/20/50	United States	5,906,401	6,116,537
GNMA II, Single-family, 30 Year, 2.5%, 1/20/51	United States	39,075,244	40,558,112
GNMA II, Single-family, 30 Year, 2.5%, 3/20/51	United States	13,061,022	13,533,357
GNMA II, Single-family, 30 Year, 2.5%, 6/20/51	United States	14,177,148	14,710,412
GNMA II, Single-family, 30 Year, 3%, 12/20/42 - 2/20/45	United States	953,127	1,012,203
GNMA II, Single-family, 30 Year, 3%, 9/20/45	United States	4,087,475	4,334,113
GNMA II, Single-family, 30 Year, 3%, 4/20/46	United States	10,379,828	10,939,149
GNMA II, Single-family, 30 Year, 3%, 12/20/50	United States	10,298,861	10,781,349
GNMA II, Single-family, 30 Year, 3%, 1/20/51	United States	9,584,411	10,027,835
GNMA II, Single-family, 30 Year, 3%, 2/20/51	United States	18,905,864	19,815,062
GNMA II, Single-family, 30 Year, 3%, 3/20/51	United States	22,160,160	23,215,092
GNMA II, Single-family, 30 Year, 3%, 4/20/51	United States	12,378,992	12,977,935
GNMA II, Single-family, 30 Year, 3.5%, 12/20/40 - 10/20/47	United States	19,012,552	20,375,132
GNMA II, Single-family, 30 Year, 3.5%, 9/20/42	United States	9,762,529	10,473,252
GNMA II, Single-family, 30 Year, 3.5%, 11/20/42	United States	5,901,930	6,337,839
GNMA II, Single-family, 30 Year, 3.5%, 12/20/42	United States	4,624,369	4,951,803
GNMA II, Single-family, 30 Year, 3.5%, 1/20/43	United States	7,819,489	8,372,983
GNMA II, Single-family, 30 Year, 3.5%, 5/20/43	United States	6,341,876	6,808,600
GNMA II, Single-family, 30 Year, 3.5%, 5/20/47	United States	17,448,600	18,520,223
GNMA II, Single-family, 30 Year, 3.5%, 9/20/47	United States	30,784,597	32,585,036
GNMA II, Single-family, 30 Year, 3.5%, 11/20/47	United States	8,244,679	8,752,887
GNMA II, Single-family, 30 Year, 4%, 11/20/39 - 2/20/44	United States	10,609,093	11,618,083
GNMA II, Single-family, 30 Year, 4.5%, 10/20/39 - 10/20/44	United States	14,155,212	15,669,974
GNMA II, Single-family, 30 Year, 5%, 9/20/33 - 6/20/44	United States	5,937,663	6,703,762
GNMA II, Single-family, 30 Year, 5.5%, 5/20/34 - 6/20/38	United States	2,467,927	2,884,954
GNMA II, Single-family, 30 Year, 6%, 11/20/23 - 7/20/39	United States	1,636,670	1,914,258
GNMA II, Single-family, 30 Year, 6.5%, 12/20/27 - 4/20/32	United States	226,580	262,933
GNMA II, Single-family, 30 Year, 7%, 5/20/32	United States	4,993	5,977
GNMA II, Single-family, 30 Year, 7.5%, 9/20/22 - 11/20/26	United States	27,203	29,483
GNMA II, Single-family, 30 Year, 8%, 8/20/26	United States	2,324	2,588
			364,038,953
Total Mortgage-Backed Securities (Cost $582,196,520)			**587,315,966**
Total Long Term Investments (Cost $719,328,054)			**729,768,341**

Franklin U.S. Government Securities VIP Fund (continued)

Short Term Investments 9.4%

	Principal Amount*	Value
Repurchase Agreements 9.4%		
[c]Joint Repurchase Agreement, 0.033%, 7/01/21 (Maturity Value $75,491,354) BNP Paribas Securities Corp. (Maturity Value $55,089,061) Deutsche Bank Securities, Inc. (Maturity Value $8,382,560) HSBC Securities (USA), Inc. (Maturity Value $12,019,733) Collateralized by U.S. Government Agency Securities, 2.5% - 5%, 6/20/47 - 3/20/51; U.S. Treasury Bond, Index Linked, 2.38%, 1/15/25; and U.S. Treasury Note, 1.88%, 4/30/22 (valued at $77,054,710)	75,491,284	$75,491,284
Total Repurchase Agreements (Cost $75,491,284)		**75,491,284**
Total Short Term Investments (Cost $75,491,284)		**75,491,284**
Total Investments (Cost $794,819,338) 99.9%		**$805,259,625**
Other Assets, less Liabilities 0.1%		**1,142,181**
Net Assets 100.0%		**$806,401,806**

See Abbreviations on page FUS-19.

* The principal amount is stated in U.S. dollars unless otherwise indicated.
[a] Principal amount of security is adjusted for inflation. See Note 1(d).
[b] Adjustable Rate Mortgage-Backed Security (ARM); the rate shown is the effective rate at period end. ARM rates are not based on a published reference rate and spread, but instead pass-through weighted average interest income inclusive of any caps or floors, if applicable, from the underlying mortgage loans in which the majority of mortgages pay interest based on the index shown at their designated reset dates plus a spread, less the applicable servicing and guaranty fee (MBS margin).
[c] See Note 1(b) regarding joint repurchase agreement.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin U.S. Government Securities VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$719,328,054
Cost - Unaffiliated repurchase agreements	75,491,284
Value - Unaffiliated issuers	$729,768,341
Value - Unaffiliated repurchase agreements	75,491,284
Receivables:	
Investment securities sold	139,109
Capital shares sold	71,771
Interest	2,497,927
Total assets	807,968,432
Liabilities:	
Payables:	
Capital shares redeemed	785,641
Management fees	318,996
Distribution fees	155,608
Reports to shareholders	114,613
Accrued expenses and other liabilities	191,768
Total liabilities	1,566,626
Net assets, at value	$806,401,806
Net assets consist of:	
Paid-in capital	$897,427,766
Total distributable earnings (losses)	(91,025,960)
Net assets, at value	$806,401,806

	Franklin U.S. Government Securities VIP Fund
Class 1:	
Net assets, at value	$48,982,744
Shares outstanding	4,109,988
Net asset value and maximum offering price per share	$11.92
Class 2:	
Net assets, at value	$757,419,062
Shares outstanding	65,027,725
Net asset value and maximum offering price per share	$11.65

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin U.S. Government Securities VIP Fund
Investment income:	
Interest:	
Unaffiliated issuers:	
Paydown gain (loss)	$(4,875,726)
Paid in cash[a]	10,983,721
Total investment income	6,107,995
Expenses:	
Management fees (Note 3a)	1,942,610
Distribution fees: (Note 3c)	
Class 2	947,401
Custodian fees (Note 4)	2,713
Reports to shareholders	71,154
Professional fees	40,012
Trustees' fees and expenses	2,840
Other	76,291
Total expenses	3,083,021
Expense reductions (Note 4)	(1,234)
Net expenses	3,081,787
Net investment income	3,026,208
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	680,560
TBA sale commitments	28,774
Net realized gain (loss)	709,334
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(13,514,012)
Net realized and unrealized gain (loss)	(12,804,678)
Net increase (decrease) in net assets resulting from operations	$(9,778,470)

[a]Includes amortization of premium and accretion of discount.

Statements of Changes in Net Assets

	Franklin U.S. Government Securities VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	**Year Ended December 31, 2020**
Increase (decrease) in net assets:		
Operations:		
Net investment income	$3,026,208	$13,015,951
Net realized gain (loss)	709,334	1,813,789
Net change in unrealized appreciation (depreciation)	(13,514,012)	16,480,201
Net increase (decrease) in net assets resulting from operations	(9,778,470)	31,309,941
Distributions to shareholders:		
Class 1	(1,306,180)	(2,038,214)
Class 2	(18,489,910)	(26,480,204)
Total distributions to shareholders	(19,796,090)	(28,518,418)
Capital share transactions: (Note 2)		
Class 1	(1,470,185)	(1,952,576)
Class 2	13,807,316	(3,169,153)
Total capital share transactions	12,337,131	(5,121,729)
Net increase (decrease) in net assets	(17,237,429)	(2,330,206)
Net assets:		
Beginning of period	823,639,235	825,969,441
End of period	$806,401,806	$823,639,235

Notes to Financial Statements (unaudited)

Franklin U.S. Government Securities 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). Franklin U.S. Government Securities 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. At June 30, 2021, 55.33% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers two classes of shares: Class 1 and Class 2. 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 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.

Investments in repurchase agreements are valued at cost, which approximates fair value.

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. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-

Franklin U.S. Government Securities VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

b. Joint Repurchase Agreement (continued)

defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Statement of Investments, had been entered into on June 30, 2021.

c. Income 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 recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

d. 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. Paydown gains and losses are recorded separately in the Statement of Operations. 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.

e. 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.

f. 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.

Franklin U.S. Government Securities VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	214,445	$2,629,291	332,787	$4,150,714
Shares issued in reinvestment of distributions	109,579	1,306,180	165,439	2,038,214
Shares redeemed	(441,809)	(5,405,656)	(653,755)	(8,141,504)
Net increase (decrease)	(117,785)	$(1,470,185)	(155,529)	$(1,952,576)
Class 2 Shares:				
Shares sold	3,639,684	$43,596,502	13,078,267	$159,400,701
Shares issued in reinvestment of distributions	1,585,755	18,489,910	2,197,527	26,480,204
Shares redeemed	(4,033,328)	(48,279,096)	(15,470,648)	(189,050,058)
Net increase (decrease)	1,192,111	$13,807,316	(194,854)	$(3,169,153)

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 Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

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

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

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.481% of the Fund’s average daily net assets.

Franklin U.S. Government Securities VIP Fund (continued)

3. Transactions with Affiliates (continued)

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 a distribution plan for Class 2 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plan, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% per year of its average daily net assets. The Board has agreed to limit the current rate to 0.25% per year for Class 2. The plan year, for purposes of monitoring compliance with the maximum annual plan rate, 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.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, 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, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	$37,516,554
Long term	63,317,605
Total capital loss carryforwards	$100,834,159

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$797,352,117
Unrealized appreciation	$14,849,504
Unrealized depreciation	(6,941,996)
Net unrealized appreciation (depreciation)	$7,907,508

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

Franklin U.S. Government Securities VIP Fund (continued)

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $318,563,917 and $358,602,986, respectively.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

8. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

9. 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.

At June 30, 2021, all of the Fund’s investments in financial instruments carried at fair value were valued using Level 2 inputs.

10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference

Franklin U.S. Government Securities VIP Fund (continued)

10. New Accounting Pronouncements (continued)

rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

11. 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.

Abbreviations

Currency	
USD	United States Dollar

Selected Portfolio	
CMT	Constant Monthly U.S. Treasury Securities Yield Curve Rate Index
COFI	Cost of Funds Index
FHLB	Federal Home Loan Banks
FHLMC	Federal Home Loan Mortgage Corp.
FNMA	Federal National Mortgage Association
GNMA	Government National Mortgage Association
LIBOR	London Inter-Bank Offered Rate
MBS	Mortgage-Backed Security
T-Note	Treasury Note

Franklin VolSmart Allocation VIP Fund

This semiannual report for Franklin VolSmart Allocation VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +9.08% total return* for the six-month period ended June 30, 2021.

*Prior to 5/1/15, the Fund followed different investment strategies, had different subadvisory arrangements, allocated its core portfolio differently, had a different current target volatility goal and made different use of derivative instruments. As a result, the Fund generally held different investments and had a different investment profile. The Fund has an expense reduction contractually guaranteed through 4/30/22. Fund investment results reflect the expense reduction; without this reduction, the results would have been lower.

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

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

Franklin VolSmart Allocation VIP Fund

Fund Goal and Main Investments

The Fund seeks total return (including income and capital gains) while seeking to manage volatility. The Fund is structured as a limited fund-of-funds that seeks to achieve its investment goal by investing its assets partially in other mutual funds, which include other Franklin Templeton and Legg Mason mutual funds and exchange-traded funds (ETFs) and third-party ETFs (underlying funds). Each underlying fund is allocated to the equity, fixed income, multi-class or cash asset class based on its predominant asset class and strategies. These underlying funds, in turn, invest in a variety of U.S. and foreign equity, fixed-income and money market securities. The Fund also obtains exposure to certain strategies and investments in its core portfolio by directly investing in the securities and instruments in that strategy.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. There can be no guarantee that the Fund will stay within its Target Volatility. Also, the managed volatility strategy could negatively impact the Fund's return and expose the Fund to additional costs. Generally, investors should be comfortable with fluctuation in the value of their investments, especially over the short term. Stock prices fluctuate, sometimes rapidly and dramatically, due to factors affecting individual companies, particular industries or sectors, or general market conditions. Bond prices generally move in the opposite direction of interest rates. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. Derivatives involve costs and can create economic leverage in the portfolio, which may result in significant volatility and cause the Fund to participate in losses (as well as gains) in an amount that exceeds the Fund's initial investment. The Fund may not achieve the anticipated benefits, and may realize losses when a counterparty fails to perform. Because the Fund allocates assets to a variety of investment strategies, ETFs and other mutual funds, which involve certain risks, it may be subject to those same risks. 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.

Portfolio Composition*
6/30/21

	% of Total Net Assets
Common Stocks	62.4%
Domestic Fixed Income	21.7%
Domestic Hybrid	10.0%
Foreign Equity	3.3%
Short-Term Investments & Other Net Assets	2.6%

*The portfolio composition is based on the Statement of Investments (SOI), which classifies each underlying fund into a broad asset class.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. For comparison, the Fund's equity benchmark, the Standard & Poor's® 500 Index (S&P 500®), posted a +15.25% total return, while the Fund's fixed income benchmark, the Bloomberg Barclays U.S. Aggregate Bond Index, posted a -1.60% total return for the period under review.[1] The Fund's Blended Benchmark, a combination of leading stock and bond indexes that better reflects the asset allocation of the Fund's portfolio, posted a +8.47% total return for the same period.[2]

Economic and Market Overview

U.S. equities, as measured by the S&P 500, posted a +15.25% total return for the six months ended June 30, 2021.[1] Stocks benefited from the continued economic recovery, accommodative monetary policy, additional fiscal stimulus measures, implementation of novel coronavirus (COVID-19) vaccination programs and easing pandemic restrictions. As many businesses reopened, stimulus payments and generally high household savings contributed to increased consumer spending. The progress toward a bipartisan infrastructure bill further bolstered investor sentiment, aiding equities to reach new all-time price highs toward period-end.

The U.S. economic recovery accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels, as the lifting of many COVID-19

1. Source: Morningstar.
2. Source: FactSet. The Fund's Blended Benchmark was calculated internally and was composed of 60% S&P 500, 30% Bloomberg Barclays U.S. Aggregate Bond Index and 10% Bloomberg Barclays 1-3 Month U.S. Treasury Bill Index.

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).

restrictions and strong consumer spending bolstered growth. The inflation rate surged during the period amid increased demand and supply-chain bottlenecks, with the price pressures coming largely from the areas particularly impacted by the shutdown, such as used vehicles, airfares, semiconductors and building materials. The unemployment rate declined from 6.7% in December 2020 to 5.9% in June 2021 as job openings grew, but a relative lack of available workers fueled wage growth, adding to some investors' inflation concerns.[3]

In an effort to support the economy, the U.S. Federal Reserve (Fed) kept the federal funds target rate at a record-low range of 0.00%–0.25%. The Fed also maintained quantitative easing measures aimed at ensuring credit flows to borrowers and providing liquidity to credit markets with open-ended purchasing of government-backed and corporate bonds. In its June 2021 meeting statement, the Fed indicated that rising inflation largely reflected transitory factors and it would monitor incoming information and adjust its monetary policy stance as needed to attain its employment and price stability goals.

The U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, posted a -1.60% total return for the six months ended June 30, 2021.[1] As the economy continued to recover from the COVID-19 pandemic and the inflation rate surged, yields (which move inversely to prices) increased for most bonds.

U.S. Treasury bonds, as measured by the Bloomberg Barclays U.S. Treasury Index, posted a -2.58% total return for the six-month period.[1] The 10-year U.S. Treasury yield, which began the period below one percent, rose notably amid many investors' increasing inflation expectations. Mortgage-backed securities (MBS), as measured by the Bloomberg Barclays MBS Index, posted a -0.77% total return for the period, as low interest rates led to accelerated prepayments from mortgage refinancing.[1]

U.S. corporate bond performance varied significantly based on credit rating, reflecting the continued recovery of credit markets following the onset of COVID-19. Although the strengthening economy pressured corporate bonds generally, it helped temper investor concerns about credit quality, which benefited lower-rated bonds. In this environment, high-yield corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield Bond Index, posted a +3.62% return, while investment-grade corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate Bond Index, posted a -1.27% total return.[1]

Investment Strategy

Under normal market conditions, the Fund seeks to achieve its investment goal by allocating its assets across certain asset classes, sectors and strategies in an attempt to produce a diversified portfolio that will generate returns, while minimizing the expected volatility of the Fund's returns so that volatility does not exceed a target of 10% per year. (Volatility within the 10% target is referred to as "Target Volatility.") The Fund's assets are primarily invested in its "core portfolio," which is principally composed of various U.S. equity and fixed income investments and strategies, including investments in other mutual funds and ETFs that provide exposure to such investments and strategies.

In addition, the Fund employs a volatility management strategy, which is designed to manage the expected volatility of the Fund's returns so that volatility remains within the Fund's Target Volatility. Thus, the Fund may utilize certain derivative instruments (primarily futures contracts on indexes) in an effort to adjust the Fund's expected volatility to within the Target Volatility. There is no guarantee that the Fund will stay within its Target Volatility.

Manager's Discussion

Asset Allocation

The Fund's cross-asset allocation positioning, in aggregate, supported relative performance as the portfolio's equity position remained toward the upper band of its allowable range. The overweight exposure to equities and underweight exposure to fixed income reflected our belief that as COVID-19 vaccines are progressively distributed globally, macroeconomic conditions should continue to improve. Within equities, the Fund's portfolio sold into strength across U.S. markets, and we began to build a position in non-U.S. developed market equites. Our view is that as vaccine distribution accelerates across these regions, international markets should benefit from the uptick in economic reopening.

We believe global monetary policy will remain supportive of risk assets, but we remain cognizant that pandemic-related risks may return to the forefront; thus, portfolio hedges continue to be held in the Fund.

3. Source: Bureau of Labor Statistics.

Equities
The Franklin Rising Dividends Strategy, the largest underlying equity strategy in the Fund, detracted from performance relative to the S&P 500. The strategy's focus on dividend-paying equities was generally out of favor during the period. However, the strategy's focus on industrials and materials benefited performance amid the sector rotation. The Franklin U.S. Smart Beta Equity Strategy also detracted from relative results, although its overweight exposure to quality and style value factors positively contributed to performance.

Fixed Income
The Fund's fixed income exposures contributed to relative returns. Franklin Strategic Income Fund – Class R6 and Franklin Low Duration Total Return Fund – Class R6 outperformed their benchmark indexes due to their respective duration positioning and sector selection across corporate-credit markets.

Multi-Asset
A small allocation to Franklin Income VIP Fund – Class 1, which blends equity and fixed income holdings, generated strong positive returns for the period that outperformed the Bloomberg Barclays U.S. Aggregate Bond Index but slightly underperformed the S&P 500. Equity sector decisions, individual issuer selection in the financials and energy sectors, and high-yield and investment-grade corporate debt allocations contributed to performance.

Hedging
Overall, hedging strategies had a neutral to slightly positive impact on Fund performance. Volatility remained low during the period and approached levels logged in early 2020, before the pandemic. The market volatility index-linked hedge strategy incrementally contributed to performance, while the equity volatility hedge strategy detracted slightly.

Positioning
During the six-month reporting period, a small position in iShares Core MSCI EAFE ETF was initiated. This new position was funded with gains realized from the strong performance of U.S. equities.

Top 10 Holdings
6/30/21

	% of Total Net Assets
Franklin Liberty U.S. Core Bond ETF	13.7%
Franklin Income VIP Fund, Class 1	10.0%
Franklin Low Duration Total Return Fund, Class R6	4.3%
Franklin Strategic Income Fund, Class R6	3.7%
iShares Core MSCI EAFE ETF	3.3%
Microsoft Corp.	3.2%
Accenture plc, Class A	1.6%
Roper Technologies, Inc.	1.5%
Texas Instruments, Inc.	1.4%
Target Corp.	1.3%

Thank you for your participation in Franklin VolSmart Allocation VIP Fund. We look forward to serving your future investment needs.

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,090.80	$3.37	$1,021.57	$3.26	0.65%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

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SUPPLEMENT DATED MARCH 1, 2021
TO THE PROSPECTUS DATED MAY 1, 2020 OF
FRANKLIN VOLSMART ALLOCATION VIP FUND
(a series of Franklin Templeton Variable Insurance Products Trust)

The prospectuses are amended as follows:

I. The following replaces the fourth paragraph under the "Fund Summary(ies) – Franklin VolSmart Allocation VIP Fund – Principal Investment Strategies" section of the prospectuses:

The Fund is structured as a limited "fund-of-funds" that seeks to achieve its investment goal by investing its assets partially in other mutual funds, which include other Franklin Templeton and Legg Mason mutual funds and exchange-traded funds (ETFs) and third-party ETFs (underlying funds). Each underlying fund is allocated to the equity, fixed income, multi-class or cash asset class based on its predominant asset class and strategies. These underlying funds, in turn, invest in a variety of U.S. and foreign equity, fixed-income and money market securities.

The Fund also obtains exposure to certain strategies and investments in its core portfolio by directly investing in the securities and instruments in that strategy. The Fund may have a large percentage of its core portfolio assets invested in underlying funds at any given time; however, the Fund will not invest more than 25% of its assets in any one underlying fund at any given time. The Fund's investments in underlying funds will change over time depending on various factors, including general market conditions.

II. The following replaces the fourth paragraph under the "Fund Details – Franklin VolSmart Allocation VIP Fund – Principal Investment Policies and Practices" section of the prospectuses:

The Fund is structured as a limited "fund-of-funds" that seeks to achieve its investment goal by investing its assets partially in other mutual funds, which include other Franklin Templeton and Legg Mason mutual funds and exchange-traded funds (ETFs) and third-party ETFs (underlying funds). Each underlying fund is allocated to the equity, fixed income, multi-class or cash asset class based on its predominant asset class and strategies. These underlying funds, in turn, invest in a variety of U.S. and foreign equity, fixed-income and money market securities. The Fund also obtains exposure to certain strategies and investments in its core portfolio by directly investing in the securities and instruments in that strategy. The Fund may have a large percentage of its core portfolio assets invested in underlying funds at any given time; however, the Fund will not invest more than 25% of its assets in any one underlying fund at any given time. The Fund's investments in underlying funds will change over time depending on various factors, including general market conditions.

III. The following replaces the list of principal investment strategies and principal underlying funds listed under the seventh paragraph under the "Fund Details – Franklin VolSmart Allocation VIP Fund – Principal Investment Policies and Practices – Core Portfolio" section of the prospectuses:

Rising Dividends Strategy (equity)
This strategy focuses on long-term capital appreciation and preservation of capital by investing primarily in equity securities of companies that the investment manager believes have a history of consistent and substantial dividend increases.

U.S. Smart Beta Strategy (equity)
Franklin's U.S. Smart Beta strategy seeks to provide investment results that closely correspond to a systematic, rules-based proprietary index that is based on the Russell 1000® Index using a methodology developed by FTSE Russell and Franklin Templeton. This methodology seeks to achieve a lower level of risk and higher risk-adjusted performance

than the Russell 1000® Index over the long term by applying a multifactor selection process, which is designed to select equity securities from the Russell 1000® Index that have favorable exposure to four investment style factors – quality, value, momentum and low volatility.

Franklin DynaTech Fund (equity)
The fund seeks capital appreciation by investing primarily in equity securities of companies that its manager believes are leaders in innovation, take advantage of new technologies, have superior management, and benefit from new industry conditions in the dynamically changing global economy.

Franklin Growth Fund (equity)
The fund seeks long-term capital appreciation by investing substantially in the equity securities of companies that are leaders in their industries, and which its manager believes are suitable for a buy-and-hold strategy.

Franklin Low Duration Total Return Fund (fixed-income)
The fund invests primarily in debt securities, including government and corporate debt securities, mortgage- and asset-backed securities, floating rate loans and debt securities, and derivative instruments that provide exposure to such securities targeting an estimated average portfolio duration of three years or less.

Franklin Strategic Income Fund (fixed-income)
The fund seeks to earn a high level of current income and, secondarily, seeks capital appreciation over the long term, by investing at least 65% of its assets in U.S. and foreign debt securities, including those in emerging markets, and derivative instruments that provide exposure to such securities.

Western Asset Core Bond Fund (fixed-income)
The fund invests in a portfolio of fixed income securities of various maturities and, under normal market conditions, will invest at least 80% of its net assets in debt and fixed income securities. The fund seeks to maintain a dollar-weighted average effective duration within 20% of the average duration of the domestic bond market as a whole.

Western Asset Core Plus Bond Fund (fixed-income)
The fund invests in a portfolio of fixed income securities of various maturities and, under normal market conditions, will invest at least 80% of its net assets in debt and fixed income securities. The fund seeks to maintain a dollar-weighted average effective duration within 30% of the average duration of the domestic bond market as a whole.

Franklin Liberty U.S. Core Bond ETF (fixed-income)
The ETF seeks total return by investing in bonds of U.S. issuers, including government, corporate debt, mortgage-backed and asset-backed securities.

Western Asset Short-Term Bond Fund (fixed-income)
The fund invests at least 80% of its assets in investment grade fixed income securities. The fund normally maintains an average effective maturity of not more than three years.

Franklin U.S. Government Securities Fund (fixed-income)
The fund invests at least 80% of its assets in U.S. government securities.

Franklin Income VIP Fund (multi-asset class)
The fund seeks income by selecting investments such as corporate, foreign and U.S. Treasury bonds, as well as stocks with relatively high dividends.

Cash, Cash Equivalents and Money Market Securities
With respect to its cash investments, the Fund expects to hold cash, cash equivalents and high quality money market securities, including U.S. Government securities, U.S. Government agency securities, bank obligations, commercial paper, repurchase agreements and affiliated money market funds.

Please keep this supplement with your prospectus for future reference.

Financial Highlights

Franklin VolSmart Allocation VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.55	$12.60	$10.82	$11.67	$10.10	$9.68
Income from investment operations[a]:						
Net investment income[b,c]	0.18	0.24	0.22	0.21	0.16	0.16
Net realized and unrealized gains (losses)	1.14	1.86	1.70	(1.02)	1.41	0.28
Total from investment operations	1.32	2.10	1.92	(0.81)	1.57	0.44
Less distributions from:						
Net investment income and net foreign currency gains	(0.64)	(0.15)	—	(0.04)	—	(—)[d]
Net realized gains	(0.79)	—	(0.14)	—	—	(0.02)
Total distributions	(1.43)	(0.15)	(0.14)	(0.04)	—	(0.02)
Net asset value, end of period	$14.44	$14.55	$12.60	$10.82	$11.67	$10.10
Total return[e]	9.08%	16.85%	17.82%	(6.93)%	15.54%	4.39%
Ratios to average net assets[f]						
Expenses before waiver and payments by affiliates[g]	0.87%	0.88%	1.12%	1.10%	1.14%	1.25%
Expenses net of waiver and payments by affiliates[g,h]	0.65%	0.65%	0.90%	0.75%	0.73%	0.73%
Net investment income	2.41%	1.85%	1.87%	1.85%	1.44%	1.50%
Supplemental data						
Net assets, end of period (000's)	$44	$45	$39	$33	$36	$31
Portfolio turnover rate	23.94%	69.19%	4.99%	6.28%	5.69%	1.00%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.
[d]Amount rounds to less than $0.01 per share.
[e]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[f]Ratios are annualized for periods less than one year.
[g]Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.10% for the period ended June 30, 2021.
[h]Benefit of expense reduction rounds to less than 0.01%.

Franklin VolSmart Allocation VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 5						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.52	$12.59	$10.80	$11.65	$10.07	$9.67
Income from investment operations[a]:						
Net investment income[b,c]	0.17	0.23	0.23	0.22	0.17	0.16
Net realized and unrealized gains (losses)	1.12	1.86	1.70	(1.01)	1.41	0.29
Total from investment operations	1.29	2.09	1.93	(0.79)	1.58	0.45
Less distributions from:						
Net investment income and net foreign currency gains	(0.62)	(0.16)	—	(0.06)	—	(0.03)
Net realized gains	(0.79)	—	(0.14)	—	—	(0.02)
Total distributions	(1.41)	(0.16)	(0.14)	(0.06)	—	(0.05)
Net asset value, end of period	$14.40	$14.52	$12.59	$10.80	$11.65	$10.07
Total return[d]	8.89%	16.78%	17.95%	(6.85)%	15.69%	4.59%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates[f]	1.02%	1.03%	1.02%	1.00%	1.04%	1.15%
Expenses net of waiver and payments by affiliates[f,g]	0.80%	0.80%	0.80%	0.65%	0.63%	0.63%
Net investment income	2.23%	1.70%	1.97%	1.95%	1.54%	1.60%
Supplemental data						
Net assets, end of period (000's)	$205,353	$195,818	$185,381	$171,173	$188,240	$124,581
Portfolio turnover rate	23.94%	69.19%	4.99%	6.28%	5.69%	1.00%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Recognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

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

[e]Ratios are annualized for periods less than one year.

[f]Does not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.10% for the period ended June 30, 2021.

[g]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments (unaudited), June 30, 2021

Franklin VolSmart Allocation VIP Fund

	Shares	Value
Common Stocks 62.4%		
Aerospace & Defense 1.6%		
BWX Technologies, Inc.	370	$21,504
General Dynamics Corp.	4,200	790,692
Huntington Ingalls Industries, Inc.	381	80,296
Lockheed Martin Corp.	1,505	569,417
Northrop Grumman Corp.	829	301,283
Raytheon Technologies Corp.	18,745	1,599,136
		3,362,328
Air Freight & Logistics 1.2%		
CH Robinson Worldwide, Inc.	1,394	130,576
Expeditors International of Washington, Inc.	1,693	214,334
United Parcel Service, Inc., B	9,971	2,073,669
		2,418,579
Auto Components 0.0%†		
Gentex Corp.	2,642	87,424
Banks 0.6%		
Associated Banc-Corp.	329	6,738
JPMorgan Chase & Co.	5,435	845,360
People's United Financial, Inc.	971	16,643
Wells Fargo & Co.	8,144	368,842
		1,237,583
Beverages 1.3%		
[a]Boston Beer Co., Inc. (The), A	38	38,790
Brown-Forman Corp., A.	475	33,488
Brown-Forman Corp., B	967	72,467
Coca-Cola Co. (The)	10,626	574,973
[a]Monster Beverage Corp.	3,358	306,753
PepsiCo, Inc.	10,575	1,566,898
		2,593,369
Biotechnology 1.7%		
AbbVie, Inc.	11,079	1,247,939
Amgen, Inc.	2,439	594,506
[a]Biogen, Inc.	1,539	532,909
[a]Exelixis, Inc.	2,526	46,024
Gilead Sciences, Inc.	7,709	530,842
[a]Horizon Therapeutics plc	774	72,477
[a]Regeneron Pharmaceuticals, Inc.	546	304,963
[a]Vertex Pharmaceuticals, Inc.	1,057	213,123
		3,542,783
Building Products 0.8%		
A O Smith Corp.	529	38,120
Allegion plc	470	65,471
Johnson Controls International plc	17,892	1,227,928
Lennox International, Inc.	225	78,930
Trane Technologies plc	526	96,858
[a]Trex Co., Inc.	473	48,345
		1,555,652
Capital Markets 1.3%		
Evercore, Inc., A	152	21,397
FactSet Research Systems, Inc.	390	130,888
Invesco Ltd.	2,953	78,934
Jefferies Financial Group, Inc.	864	29,549

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Capital Markets (continued)		
Lazard Ltd., A	1,050	$47,512
MarketAxess Holdings, Inc.	369	171,065
Moody's Corp.	1,136	411,652
Morningstar, Inc.	180	46,280
Nasdaq, Inc.	4,370	768,246
S&P Global, Inc.	1,348	553,286
SEI Investments Co.	997	61,784
T Rowe Price Group, Inc.	1,242	245,879
		2,566,472
Chemicals 3.7%		
Air Products and Chemicals, Inc.	7,997	2,300,577
Albemarle Corp.	8,610	1,450,441
Celanese Corp.	752	114,003
Eastman Chemical Co.	1,027	119,902
Ecolab, Inc.	4,660	959,820
Huntsman Corp.	791	20,977
Linde plc	7,300	2,110,430
LyondellBasell Industries NV, A	3,071	315,914
NewMarket Corp.	74	23,827
Sherwin-Williams Co. (The)	900	245,205
Valvoline, Inc.	1,145	37,167
		7,698,263
Commercial Services & Supplies 0.9%		
Cintas Corp.	3,984	1,521,888
[a]Copart, Inc.	1,983	261,419
Rollins, Inc.	2,311	79,036
		1,862,343
Communications Equipment 0.6%		
[a]Arista Networks, Inc.	230	83,331
Cisco Systems, Inc.	12,681	672,093
[a]F5 Networks, Inc.	610	113,863
Motorola Solutions, Inc.	1,548	335,684
		1,204,971
Consumer Finance 0.0%†		
Santander Consumer USA Holdings, Inc.	821	29,819
Containers & Packaging 0.1%		
Ardagh Group SA	38	932
Avery Dennison Corp.	332	69,799
International Paper Co.	903	55,363
Packaging Corp. of America	819	110,909
Sonoco Products Co.	929	62,150
		299,153
Distributors 0.1%		
Pool Corp.	393	180,253
Diversified Consumer Services 0.0%†		
[a]Grand Canyon Education, Inc.	180	16,195
H&R Block, Inc.	2,213	51,961
		68,156
Diversified Telecommunication Services 0.5%		
AT&T, Inc.	18,990	546,532

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Diversified Telecommunication Services (continued)		
Lumen Technologies, Inc.	2,434	$33,078
Verizon Communications, Inc.	9,065	507,912
		1,087,522
Electric Utilities 1.0%		
Alliant Energy Corp.	2,100	117,096
American Electric Power Co., Inc.	2,446	206,907
Evergy, Inc.	1,613	97,474
Eversource Energy	2,721	218,333
Hawaiian Electric Industries, Inc.	973	41,139
NextEra Energy, Inc.	7,334	537,436
PPL Corp.	5,487	153,471
Southern Co. (The)	7,444	450,436
Xcel Energy, Inc.	2,675	176,229
		1,998,521
Electrical Equipment 0.7%		
Eaton Corp. plc	870	128,917
Emerson Electric Co.	5,603	539,233
[a]Generac Holdings, Inc.	216	89,672
GrafTech International Ltd.	415	4,822
Hubbell, Inc.	118	22,047
nVent Electric plc	12,600	393,624
Rockwell Automation, Inc.	1,161	332,069
		1,510,384
Electronic Equipment, Instruments & Components 0.0%[†]		
Vontier Corp.	266	8,666
Entertainment 0.2%		
Activision Blizzard, Inc.	2,980	284,411
Electronic Arts, Inc.	1,181	169,863
		454,274
Equity Real Estate Investment Trusts (REITs) 0.8%		
CoreSite Realty Corp.	155	20,863
[a]EPR Properties	724	38,140
Extra Space Storage, Inc.	274	44,887
Gaming and Leisure Properties, Inc.	16	741
Kimco Realty Corp.	3,465	72,245
National Retail Properties, Inc.	1,679	78,712
Omega Healthcare Investors, Inc.	499	18,109
Public Storage	1,705	512,676
Realty Income Corp.	3,061	204,291
Simon Property Group, Inc.	2,605	339,900
Spirit Realty Capital, Inc.	1,020	48,797
STORE Capital Corp.	1,948	67,226
VICI Properties, Inc.	1,219	37,813
WP Carey, Inc.	1,400	104,468
		1,588,868
Food & Staples Retailing 1.3%		
Casey's General Stores, Inc.	328	63,842
Costco Wholesale Corp.	1,419	561,456
Kroger Co. (The)	5,719	219,095
[a]Sprouts Farmers Market, Inc.	946	23,508
Walgreens Boots Alliance, Inc.	6,322	332,600

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Food & Staples Retailing (continued)		
Walmart, Inc.	10,017	$1,412,597
		2,613,098
Food Products 1.1%		
Campbell Soup Co.	750	34,193
Flowers Foods, Inc.	1,806	43,705
General Mills, Inc.	6,099	371,612
Hershey Co. (The)	1,648	287,049
Hormel Foods Corp.	2,838	135,514
Ingredion, Inc.	610	55,205
J M Smucker Co. (The)	886	114,799
Kellogg Co.	1,839	118,303
McCormick & Co., Inc.	9,500	839,040
Tyson Foods, Inc., A	2,695	198,783
		2,198,203
Gas Utilities 0.1%		
Atmos Energy Corp.	1,056	101,492
Health Care Equipment & Supplies 4.8%		
Abbott Laboratories	11,860	1,374,930
[a]ABIOMED, Inc.	172	53,683
[a]Align Technology, Inc.	346	211,406
Becton Dickinson and Co.	6,100	1,483,459
[a]IDEXX Laboratories, Inc.	229	144,625
Medtronic plc	14,200	1,762,646
[a]Quidel Corp.	88	11,274
ResMed, Inc.	1,375	338,965
Stryker Corp.	9,200	2,389,516
West Pharmaceutical Services, Inc.	5,809	2,086,012
		9,856,516
Health Care Providers & Services 1.3%		
Chemed Corp.	138	65,481
CVS Health Corp.	3,350	279,524
Humana, Inc.	508	224,902
Premier, Inc., A	481	16,734
Quest Diagnostics, Inc.	290	38,271
UnitedHealth Group, Inc.	5,113	2,047,450
		2,672,362
Health Care Technology 0.2%		
Cerner Corp.	2,664	208,218
[a]Veeva Systems, Inc., A	552	171,645
		379,863
Hotels, Restaurants & Leisure 1.1%		
Domino's Pizza, Inc.	425	198,258
McDonald's Corp.	7,498	1,731,963
Yum! Brands, Inc.	3,334	383,510
		2,313,731
Household Durables 0.3%		
DR Horton, Inc.	1,703	153,900
Garmin Ltd.	1,426	206,257
[a]NVR, Inc.	31	154,172

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Household Durables (continued)		
PulteGroup, Inc.	1,732	$94,515
		608,844
Household Products 1.6%		
Church & Dwight Co., Inc.	2,437	207,681
Clorox Co. (The)	1,438	258,710
Colgate-Palmolive Co.	15,437	1,255,800
Procter & Gamble Co. (The)	11,203	1,511,621
		3,233,812
Industrial Conglomerates 3.2%		
3M Co.	3,133	622,308
Carlisle Cos., Inc.	2,860	547,347
Honeywell International, Inc.	10,484	2,299,665
Roper Technologies, Inc.	6,740	3,169,148
		6,638,468
Insurance 0.4%		
American National Group, Inc.	74	10,993
Erie Indemnity Co., A.	2,625	507,544
Progressive Corp. (The)	2,301	225,981
		744,518
Interactive Media & Services 0.8%		
[a]Alphabet, Inc., A	155	378,478
[a]Alphabet, Inc., C	151	378,454
[a]Facebook, Inc., A	1,971	685,336
[a]Match Group, Inc.	831	133,999
		1,576,267
Internet & Direct Marketing Retail 0.1%		
eBay, Inc.	1,473	103,419
Qurate Retail, Inc., A	879	11,506
		114,925
IT Services 4.2%		
Accenture plc, A	11,104	3,273,348
[a]Akamai Technologies, Inc.	620	72,292
Amdocs Ltd.	1,308	101,187
Automatic Data Processing, Inc.	3,129	621,482
Broadridge Financial Solutions, Inc.	1,164	188,021
Cognizant Technology Solutions Corp., A.	4,332	300,034
International Business Machines Corp.	4,449	652,179
Jack Henry & Associates, Inc.	775	126,720
Mastercard, Inc., A	1,630	595,097
Paychex, Inc.	3,391	363,854
Visa, Inc., A.	9,569	2,237,424
Western Union Co. (The)	978	22,465
		8,554,103
Life Sciences Tools & Services 0.4%		
[a]Bio-Rad Laboratories, Inc., A.	48	30,926
[a]Mettler-Toledo International, Inc.	242	335,252
Thermo Fisher Scientific, Inc.	870	438,889
[a]Waters Corp.	284	98,153
		903,220

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Machinery 1.8%		
Allison Transmission Holdings, Inc.	853	$33,898
Cummins, Inc.	1,475	359,620
Donaldson Co., Inc.	6,830	433,910
Dover Corp.	6,944	1,045,766
Graco, Inc.	1,584	119,909
Illinois Tool Works, Inc.	2,229	498,315
Lincoln Electric Holdings, Inc.	222	29,240
Otis Worldwide Corp.	1,533	125,354
PACCAR, Inc.	2,125	189,656
Pentair plc	11,000	742,390
Snap-on, Inc.	407	90,936
Toro Co. (The)	1,092	119,989
		3,788,983
Media 0.4%		
Comcast Corp., A	10,837	617,926
Interpublic Group of Cos., Inc. (The)	3,120	101,369
Omnicom Group, Inc.	2,086	166,859
		886,154
Metals & Mining 0.3%		
Newmont Corp.	3,025	191,725
Nucor Corp.	1,896	181,883
Reliance Steel & Aluminum Co.	341	51,457
Southern Copper Corp.	177	11,385
Steel Dynamics, Inc.	1,479	88,148
		524,598
Multiline Retail 1.5%		
Dollar General Corp.	2,313	500,510
Target Corp.	11,018	2,663,491
		3,164,001
Multi-Utilities 0.5%		
Ameren Corp.	1,766	141,351
Consolidated Edison, Inc.	2,942	211,000
Dominion Energy, Inc.	5,169	380,283
Public Service Enterprise Group, Inc.	4,798	286,633
WEC Energy Group, Inc.	1,199	106,651
		1,125,918
Oil, Gas & Consumable Fuels 0.7%		
Cabot Oil & Gas Corp.	2,958	51,647
Chevron Corp.	5,690	595,971
EOG Resources, Inc.	4,530	377,983
Exxon Mobil Corp.	5,600	353,248
		1,378,849
Personal Products 0.3%		
Estee Lauder Cos., Inc. (The), A	2,165	688,643
Nu Skin Enterprises, Inc., A	470	26,626
		715,269
Pharmaceuticals 2.5%		
Bristol-Myers Squibb Co.	8,789	587,281
Eli Lilly & Co.	3,756	862,077
Johnson & Johnson	10,860	1,789,076

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Pharmaceuticals (continued)		
Merck & Co., Inc.	6,722	$522,770
[a]Organon & Co.	671	20,305
Pfizer, Inc.	26,509	1,038,092
Zoetis, Inc.	1,843	343,462
		5,163,063
Professional Services 0.2%		
Booz Allen Hamilton Holding Corp.	923	78,621
[a]FTI Consulting, Inc.	131	17,896
Robert Half International, Inc.	1,297	115,394
Verisk Analytics, Inc.	607	106,055
		317,966
Road & Rail 0.9%		
JB Hunt Transport Services, Inc.	840	136,878
Landstar System, Inc.	372	58,783
Norfolk Southern Corp.	3,400	902,394
Old Dominion Freight Line, Inc.	572	145,174
Schneider National, Inc., B	225	4,898
Union Pacific Corp.	2,655	583,914
		1,832,041
Semiconductors & Semiconductor Equipment 5.1%		
Analog Devices, Inc.	13,014	2,240,490
Applied Materials, Inc.	6,508	926,739
[a]Cirrus Logic, Inc.	216	18,386
Intel Corp.	11,408	640,445
KLA Corp.	1,495	484,694
Lam Research Corp.	1,185	771,080
Maxim Integrated Products, Inc.	2,708	285,315
Monolithic Power Systems, Inc.	180	67,221
NVIDIA Corp.	1,001	800,900
QUALCOMM, Inc.	3,678	525,697
Skyworks Solutions, Inc.	1,851	354,929
Teradyne, Inc.	366	49,029
Texas Instruments, Inc.	15,375	2,956,613
Xilinx, Inc.	2,549	368,687
		10,490,225
Software 4.5%		
[a]Adobe, Inc.	1,136	665,287
[a]Aspen Technology, Inc.	519	71,383
[a]Cadence Design Systems, Inc.	2,001	273,777
Citrix Systems, Inc.	886	103,901
[a]Fair Isaac Corp.	106	53,284
[a]Fortinet, Inc.	504	120,048
Intuit, Inc.	1,548	758,783
Microsoft Corp.	24,072	6,521,105
Oracle Corp.	7,098	552,508
[a]Tyler Technologies, Inc.	154	69,665
[a]VMware, Inc., A	281	44,952
		9,234,693
Specialty Retail 2.5%		
[a]AutoZone, Inc.	194	289,491
Best Buy Co., Inc.	2,386	274,342
Foot Locker, Inc.	1,184	72,970

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Specialty Retail (continued)		
Lowe's Cos., Inc.	7,200	$1,396,584
[a]O'Reilly Automotive, Inc.	720	407,671
Ross Stores, Inc.	13,386	1,659,864
TJX Cos., Inc. (The)	8,542	575,902
Tractor Supply Co.	1,196	222,528
Williams-Sonoma, Inc.	831	132,669
		5,032,021
Technology Hardware, Storage & Peripherals 0.7%		
Apple, Inc.	4,471	612,348
[a]Dell Technologies, Inc., C	599	59,702
HP, Inc.	15,691	473,711
NetApp, Inc.	2,168	177,386
Xerox Holdings Corp.	667	15,668
		1,338,815
Textiles, Apparel & Luxury Goods 1.3%		
Carter's, Inc.	401	41,371
Hanesbrands, Inc.	2,244	41,895
[a]Lululemon Athletica, Inc.	1,105	403,292
NIKE, Inc., B	14,512	2,241,959
		2,728,517
Tobacco 0.6%		
Altria Group, Inc.	12,523	597,097
Philip Morris International, Inc.	7,276	721,124
		1,318,221
Trading Companies & Distributors 0.6%		
Fastenal Co.	6,078	316,056
MSC Industrial Direct Co., Inc., A.	417	37,418
Watsco, Inc.	294	84,272
WW Grainger, Inc.	2,010	880,380
		1,318,126
Total Common Stocks (Cost $71,354,332)		**128,222,265**
Investments In Underlying Funds and Exchange Traded Funds 35.0%		
Domestic Fixed Income 21.7%		
[b]Franklin Liberty U.S. Core Bond ETF	1,105,450	28,200,030
[b]Franklin Low Duration Total Return Fund, Class R6	910,077	8,800,441
[b]Franklin Strategic Income Fund, Class R6	790,794	7,536,267
		44,536,738
Domestic Hybrid 10.0%		
[b]Franklin Income VIP Fund, Class 1	1,240,010	20,534,571
Foreign Equity 3.3%		
iShares Core MSCI EAFE ETF	91,662	6,861,817
Total Investments In Underlying Funds and Exchange Traded Funds (Cost $72,139,479)		**71,933,126**
Total Long Term Investments (Cost $143,493,811)		**200,155,391**

Franklin VolSmart Allocation VIP Fund (continued)

Short Term Investments 2.7%

	Shares	Value
Money Market Funds 2.7%		
[b,c]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	5,528,753	$5,528,753
Total Money Market Funds (Cost $5,528,753)		**5,528,753**
Total Short Term Investments (Cost $5,528,753)		**5,528,753**
Total Investments (Cost $149,022,564) 100.1%		**$205,684,144**
Other Assets, less Liabilities (0.1)%		**(287,053)**
Net Assets 100.0%		**$205,397,091**

† Rounds to less than 0.1% of net assets.
[a] Non-income producing.
[b] See Note 3(e) regarding investments in FT Underlying Funds.
[c] The rate shown is the annualized seven-day effective yield at period end.

Franklin VolSmart Allocation VIP Fund (continued)

At June 30, 2021, the Fund had the following total return swap contracts outstanding. See Note 1(c).

Total Return Swap Contracts

Underlying Instruments	Financing Rate	Payment Frequency	Counter-party	Maturity Date	Notional Value*	Value/ Unrealized Appreciation (Depreciation)
OTC Swap Contracts						
Long						
Dynamic VIX Backwardation (BEFSDVB1 Index)	—	Monthly	BZWS	8/31/21	4,000,000	$(32)
Total Return Swap Contracts						$(32)

*In U.S. dollars unless otherwise indicated.

See Note 8 regarding other derivative information.

See Abbreviations on page FVA-31.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Franklin VolSmart Allocation VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$78,338,137
Cost - Non-controlled affiliates (Note 3e)	70,684,427
Value - Unaffiliated issuers	$135,084,082
Value - Non-controlled affiliates (Note 3e)	70,600,062
Cash	25,089
Receivables:	
Capital shares sold	17,097
Dividends	158,931
Total assets	205,885,261
Liabilities:	
Payables:	
Investment securities purchased	23,650
Capital shares redeemed	303,835
Management fees	97,940
Distribution fees	25,063
Unrealized depreciation on OTC swap contracts	32
Accrued expenses and other liabilities	37,650
Total liabilities	488,170
Net assets, at value	$205,397,091
Net assets consist of:	
Paid-in capital	$139,676,904
Total distributable earnings (losses)	65,720,187
Net assets, at value	$205,397,091

	Franklin VolSmart Allocation VIP Fund
Class 2:	
Net assets, at value	$44,205
Shares outstanding	3,061
Net asset value and maximum offering price per share	$14.44
Class 5:	
Net assets, at value	$205,352,886
Shares outstanding	14,258,841
Net asset value and maximum offering price per share	$14.40

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Franklin VolSmart Allocation VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $2)	
Unaffiliated issuers	$1,254,798
Non-controlled affiliates (Note 3e)	1,757,509
Total investment income	3,012,307
Expenses:	
Management fees (Note 3a)	795,983
Distribution fees: (Note 3c)	
Class 5	149,213
Custodian fees (Note 4)	661
Reports to shareholders	9,948
Professional fees	47,038
Trustees' fees and expenses	912
Other	7,547
Total expenses	1,011,302
Expense reductions (Note 4)	(248)
Expenses waived/paid by affiliates (Note 3e and 3f)	(215,063)
Net expenses	795,991
Net investment income	2,216,316
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	7,493,023
Non-controlled affiliates (Note 3e)	1,648,657
Futures contracts	(1,524,228)
Swap contracts	26,085
Net realized gain (loss)	7,643,537
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	8,370,676
Non-controlled affiliates (Note 3e)	(1,405,874)
Futures contracts	325,338
Swap contracts	448
Net change in unrealized appreciation (depreciation)	7,290,588
Net realized and unrealized gain (loss)	14,934,125
Net increase (decrease) in net assets resulting from operations	$17,150,441

Statements of Changes in Net Assets

	Franklin VolSmart Allocation VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	$2,216,316	$3,086,186
Net realized gain (loss)	7,643,537	15,170,163
Net change in unrealized appreciation (depreciation)	7,290,588	9,681,207
Net increase (decrease) in net assets resulting from operations	17,150,441	27,937,556
Distributions to shareholders:		
Class 2	(4,360)	(470)
Class 5	(18,228,062)	(2,132,195)
Total distributions to shareholders	(18,232,422)	(2,132,665)
Capital share transactions: (Note 2)		
Class 5	10,616,659	(15,361,900)
Total capital share transactions	10,616,659	(15,361,900)
Net increase (decrease) in net assets	9,534,678	10,442,991
Net assets:		
Beginning of period	195,862,413	185,419,422
End of period	$205,397,091	$195,862,413

Notes to Financial Statements (unaudited)

Franklin VolSmart Allocation 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). Franklin VolSmart Allocation VIP Fund (Fund) is included in this report. The Fund invests a large percentage of its assets in mutual funds (Underlying Funds) and exchange traded funds (ETFs), including affiliated funds managed by Franklin Templeton (FT Underlying Funds). 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. At June 30, 2021, 98.15% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers two classes of shares: Class 2 and Class 5. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The accounting policies of the Underlying Funds are outlined in their respective shareholder reports. A copy of the Underlying Funds' shareholder reports is available on the U.S. Securities and Exchange Commission (SEC) website at sec.gov. The Underlying Funds' shareholder reports are not covered by this report.

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.

Investments in the Underlying Funds are valued at their closing NAV each trading day.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Certain derivative financial instruments 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.

Franklin VolSmart Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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.

Franklin VolSmart Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

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. At June 30, 2021, the Fund had OTC derivatives in a net liability position of $32.

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.

The Fund entered into exchange traded futures contracts primarily to manage and/or gain exposure to interest rate and equity price risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. 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.

The Fund entered into OTC total return swap contracts primarily to manage and/or gain exposure to credit and market risk of an underlying instrument such as a stock, bond, index or basket of securities or indices. A total return swap is an agreement between the Fund and a counterparty to exchange a return linked to an underlying instrument for a floating or fixed rate payment, both based upon a notional amount. Over the term of the contract, contractually required payments to be paid or received are accrued daily and recorded as unrealized appreciation or depreciation until the payments are made, at which time they are recognized as realized gain or loss.

See Note 8 regarding other derivative information.

d. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial

Franklin VolSmart Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Income and Deferred Taxes (continued)

statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

The Fund indirectly bears its proportionate share of expenses from the Underlying Funds and ETFs. Since the Underlying Funds and ETFs have varied expense levels and the Fund may own different proportions of the Underlying Funds and ETFs at different times, the amount of expenses incurred indirectly by the Fund will vary.

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.

f. Accounting Estimates

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

g. Guarantees and Indemnifications

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

Franklin VolSmart Allocation VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). During the period ended June 30, 2021 and the year ended December 31, 2020, there were no transactions of the Fund's Class 2 shares. Transactions in the Fund's Class 5 shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 5 Shares:				
Shares sold	697,703	$10,319,473	1,955,432	$26,179,712
Shares issued in reinvestment of distributions	1,272,021	18,228,062	165,415	2,132,195
Shares redeemed	(1,193,064)	(17,930,876)	(3,368,455)	(43,673,807)
Net increase (decrease)	776,660	$10,616,659	(1,247,608)	$(15,361,900)

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, directors and/or trustees of certain of the Underlying Funds and of the following subsidiaries:

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

a. Management Fees

The Fund pays an investment management fee to Advisers of 0.80% per year of the average daily net assets of the Fund.

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 5 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 0.35% and 0.15% per year of its average daily net assets of Class 2 and Class 5, respectively. The Board has agreed to limit the current rate to 0.25% per year for Class 2. 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.

Franklin VolSmart Allocation VIP Fund (continued)

3.Transactions with Affiliates (continued)

e. Investments in Underlying Funds

The Fund invests in Underlying Funds which are managed by affiliates of the Fund's administrative manager, Franklin Templeton Services, LLC. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the Underlying Fund's outstanding shares or has the power to exercise control over management or policies of such Underlying Fund. The Fund does not invest in Underlying Funds for the purpose of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the Underlying Funds, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by the Underlying Funds.

Investments in Underlying Funds for the period ended June 30, 2021, were as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Dividend Income
Franklin VolSmart Allocation VIP Fund								
Non-Controlled Affiliates								
Franklin Income Fund, Class R6.	$15,594,859	$4,138,736	$(20,664,426)	$1,750,536	$(819,705)	$—[a]	—	$218,735
Franklin Income VIP Fund, Class 1	—	21,443,624	(1,000,000)	16,110	74,837	20,534,571	1,240,010	951,401
Franklin Liberty U.S. Core Bond ETF.	26,945,614	3,996,383	(2,000,602)	(93,824)	(647,541)	28,200,030	1,105,450	336,749
Franklin Low Duration Total Return Fund, Class R6	6,591,183	4,189,954	(1,960,000)	(4,045)	(16,651)	8,800,441	910,077	90,449
Franklin Strategic Income Fund, Class R6	6,368,172	4,160,029	(2,975,000)	(20,120)	3,186	7,536,267	790,794	160,030
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	3,563,810	19,635,641	(17,670,698)	—	—	5,528,753	5,528,753	145
Total Non-Controlled Affiliates	$59,063,638	$57,564,367	$(46,270,726)	$1,648,657	$(1,405,874)	$70,600,062		$1,757,509
Total Affiliated Securities	$59,063,638	$57,564,367	$(46,270,726)	$1,648,657	$(1,405,874)	$70,600,062		$1,757,509

[a] As of June 30, 2021, no longer held by the fund.

f. Waiver and Expense Reimbursements

Advisers has contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding distribution fees, acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund do not exceed 0.65%, based on the average net assets of each class until April 30, 2022. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, the custodian fees were reduced as noted in the Statement of Operations.

Franklin VolSmart Allocation VIP Fund (continued)

5. Income Taxes

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$149,312,865
Unrealized appreciation	$57,720,077
Unrealized depreciation	(1,348,830)
Net unrealized appreciation (depreciation)	$56,371,247

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of swaps, short term capital gains distributions from Underlying Funds and corporate actions.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $46,714,190 and $53,383,385, respectively.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

8. Other Derivative Information

At June 30, 2021, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Franklin VolSmart Allocation VIP Fund				
Equity contracts				
	Unrealized appreciation on OTC swap contracts	$—	Unrealized depreciation on OTC swap contracts	$32
Total		$—		$32

For the period ended June 30, 2021, the effect of derivative contracts in the Statement of Operations was as follows:

Franklin VolSmart Allocation VIP Fund (continued)

8. Other Derivative Information (continued)

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Franklin VolSmart Allocation VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Equity Contracts				
	Futures contracts	$(1,524,228)	Futures contracts	$325,338
	Swap contracts	26,085	Swap contracts	448
Total		$(1,498,143)		$325,786

For the period ended June 30, 2021, the average month end notional amount of futures contracts and swap contracts represented $7,492,090 and $3,642,857, respectively.

See Note 1(c) regarding derivative financial instruments.

9. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

10. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

Franklin VolSmart Allocation VIP Fund (continued)

10. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin VolSmart Allocation VIP Fund				
Assets:				
Investments in Securities:[a]				
Common Stocks	$128,222,265	$—	$—	$128,222,265
Management Investment Companies	71,933,126	—	—	71,933,126
Short Term Investments	5,528,753	—	—	5,528,753
Total Investments in Securities	$205,684,144	$—	$—	$205,684,144
Liabilities:				
Other Financial Instruments:				
Swap contracts	$—	$32	$—	$32

[a]For detailed categories, see the accompanying Statement of Investments.

11. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

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.

Abbreviations

Counterparty	
BZWS	Barclays Bank plc

Selected Portfolio	
ETF	Exchange-Traded Fund
VIX	Market Volatility Index

Templeton Developing Markets VIP Fund

This semiannual report for Templeton Developing Markets VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +7.69% total return for the six-month period ended June 30, 2021.

*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.

Templeton Developing Markets VIP Fund

Fund Goal and Main Investments

The Fund seeks long-term capital appreciation. Under normal market conditions, the Fund invests at least 80% of its net assets in emerging market investments.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments. Investments in developing markets, of which frontier markets are a subset, 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 markets. Because these frameworks are typically even less developed in frontier markets, as well as various factors including the increased potential for extreme price volatility, illiquidity, trade barriers and exchange controls, the risks associated with developing markets are magnified in frontier markets. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. In comparison, the Fund's new benchmark, the MSCI Emerging Markets (EM) Index-NR, posted a +7.45% total return for the same period.[1] The Fund's old benchmark, the MSCI EM Index, posted a +7.58% total return.[1] The investment manager believes the MSCI EM Index-NR provides a more consistent basis for comparison relative to the Fund's peers. Please note, index performance numbers are for reference and we do not attempt to track an index but rather undertake investments on the basis of fundamental research.

Economic and Market Overview

Emerging market economies continued to recover from the worst effects of the novel coronavirus (COVID-19) pandemic during the six months ended June 30, 2021, though renewed outbreaks limited growth in some countries. After adopting more accommodative monetary policies in 2020, many emerging market central banks held or raised their interest rates during the period in response to increased inflation. Emerging market equities rose modestly during the six-month period and lagged behind developed market stocks. Optimism about vaccine rollouts, economic reopenings and additional U.S. fiscal stimulus measures was counterbalanced by concerns over renewed COVID-19 outbreaks, rising inflation and signs the U.S. Federal Reserve could tighten monetary policy sooner than expected.

Geographic Composition
6/30/21

	% of Total Net Assets
Asia	76.5%
Latin America & Caribbean	8.8%
Europe	8.8%
Middle East & Africa	4.5%
North America	0.6%
Short-Term Investments & Other Net Assets	0.8%

Regarding individual countries, China's year-on-year growth rate accelerated in 2021's first quarter, driven by increased domestic and global demand and government fiscal support. Growth was less robust in 2021's second quarter as higher commodity prices hindered economic growth. Taiwan's year-on-year growth rate accelerated in 2021's first quarter, as a surge in global demand for electronic and audio-video products boosted its export-dependent economy. A rebound in domestic consumer spending and continued government spending also supported growth. South Korea's year-on-year growth rate turned positive in 2021's first quarter following three straight quarters of contraction. Accelerating private consumption and gross fixed capital formation, as well as continued growth in government spending, contributed to the recovery. India's year-on-year growth rate accelerated in 2021's first quarter, the country's second straight quarter of growth. Private and government spending rebounded and gross fixed capital formation accelerated. Russia's year-on-year growth rate contracted in 2021's first quarter for the fourth straight quarter, albeit at a slower rate due to growth in industrial output and wholesale trade. Brazil's year-on-year growth rate turned positive in 2021's first quarter following four straight quarters of contractions, aided by accelerations in manufacturing, transportation and storage, and finance and insurance.

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).

Turning to specific countries' monetary policies, the People's Bank of China left its benchmark loan prime rate unchanged during the period. Taiwan's and South Korea's central banks held their record low benchmark interest rates steady during the period. India's central bank also left its benchmark rate unchanged. In contrast, the central banks of Russia and Brazil raised their respective benchmark interest rates three times during the period.

In this environment, emerging market stocks, as measured by the MSCI EM Index-NR, posted a +7.45% total return for the six months ended June 30, 2021.[1] Chinese equities rose only slightly during the period, despite the country's continued economic recovery. Gains were limited by concerns over increased regulations of internet-related companies, U.S.-China political tensions and monetary policy concerns. Equities in Taiwan rose significantly during the period, benefiting from strong exports by its technology-related companies. Russian equities rose as well, outpacing most emerging market peers, boosted by higher oil prices and easing geopolitical tensions with the U.S. Brazilian equities also gained during the period. Better-than-expected economic data and improved vaccination trends in 2021's second quarter boosted stocks and helped offset losses early in the period due to concerns about increased COVID-19 infections, the country's debt level and rising inflation.

Investment Strategy

We employ a fundamental research, value-oriented, long-term investment approach. We focus on the market price of a company's securities relative to our evaluation of its long-term earnings, asset value, cash flow potential and sustainable earnings power at a discount to intrinsic worth. This includes an assessment of the potential impacts of material environmental, social and governance factors on the long-term risk and return profile of a company. We also consider a company's profit and loss outlook, balance sheet strength, cash flow trends and asset value in relation to the current price of the company's securities. Our analysis considers the company's position in its sector, the economic framework and political environment.

Manager's Discussion

Key contributors to absolute performance during the period were Taiwan Semiconductor Manufacturing Co. (TSMC), NAVER and MediaTek.

Top 10 Countries
6/30/21

	% of Total Net Assets
China	28.6%
South Korea	22.5%
Taiwan	16.4%
Brazil	6.9%
Russia	6.6%
India	6.5%
South Africa	4.5%
Mexico	1.7%
United Kingdom	1.4%
Thailand	1.1%

TSMC is one of the world's leading semiconductor manufacturers, with major technology companies among its clients. The company's stock price surged as investors lifted their longer-term outlook for the chipmaker in a robust environment for technology exports, driven by increased consumer demand for computers, game consoles, smartphones and tablets during the pandemic. Strong demand for its leading-edge chips coupled with production setbacks for a key competitor underpinned the optimism. TSMC's better-than-expected fourth-quarter 2020 profit, upgraded sales growth forecasts and increased capital spending targets sent the stock soaring in January 2021, before signs of increased industry competition erased some gains. Investors also weighed strong first-quarter 2021 results from the chipmaker against mixed guidance, which projected weaker second-quarter margins while upgrading its full-year revenue growth forecast.

NAVER is South Korea's largest search engine. The company also provides services including LINE, a messenger app that merged with SoftBank subsidiary Yahoo Japan (not a Fund holding). NAVER benefited from increased online shopping on its platform amid the COVID-19 pandemic. Moreover, investors remained confident of NAVER's penetration into e-commerce, digital content and financial services, and looked positively upon its substantial research and development investment. NAVER continued to report strong quarterly revenues and earnings, supporting its upward share-price trend. Solid e-commerce trends, expectations of a recovery in the advertising market, monetization, increased synergies and potential new investments further supported market confidence in the company.

MediaTek is a major Taiwanese chip designer in the semiconductor industry and develops chips for smartphones and other technology devices. Shares reached a record high in April 2021, following the release of above-consensus first-quarter earnings and profit margins, and management guidance for the company's second-quarter growth outlook. Supply constraints also raised expectations that MediaTek could gain market share in the fifth-generation wireless technology (5G) smartphone business from its competitors. Signaling commitment to enhancing shareholder returns, the company's announcement of a special dividend payment from 2021-2024 was viewed positively by the market.

In contrast, key detractors from absolute performance included Brilliance China Automotive Holdings, Alibaba Group Holding and Ping An Insurance Group.

Brilliance China Automotive is a Chinese carmaker noted for its joint venture with German luxury carmaker BMW (not a Fund holding). The company's stock has been suspended from trading since March 31, 2021, due to a delay in the company's 2020 corporate results, along with the provision of unauthorized bank guarantees and cash balance issues. We have applied a fair valuation discount on the holding, and we continue to monitor the situation closely. Operationally, its joint venture with BMW continues to report strong earnings.

Alibaba is the leading e-commerce company in China. It also provides cloud computing services and is also involved in payment, financing and logistics services. Shares fell as regulators stepped up their scrutiny of the internet industry through a series of actions, including the release of draft online microlending and anti-monopoly rules. Confidence in Alibaba was also impacted following the suspension of plans to list its financial technology arm in December 2020, as well as an antitrust probe into its merchant policy. Although Alibaba reported above-consensus first-quarter 2021 revenues, net income disappointed due to higher expenses and the payment of an anti-monopoly fine levied against the company.

Ping An Insurance is a leading financial conglomerate involved in insurance, banking, brokerage, trust and other financial service businesses. The company is among China's largest life and property and casualty insurers, in terms of premiums. Increased uncertainties surrounding the company's investment in an insolvent state-controlled conglomerate with interests in health care, finance, information technology and education further pressured share-price returns.

Top 10 Holdings

6/30/21

Company *Industry, Country*	% of Total Net Assets
Taiwan Semiconductor Manufacturing Co. Ltd. *Semiconductors & Semiconductor Equipment, Taiwan*	12.3%
Samsung Electronics Co. Ltd. *Technology Hardware, Storage & Peripherals, South Korea*	10.8%
Alibaba Group Holding Ltd. *Internet & Direct Marketing Retail, China*	8.4%
Tencent Holdings Ltd. *Interactive Media & Services, China*	7.6%
NAVER Corp. *Interactive Media & Services, South Korea*	4.4%
Naspers Ltd. *Internet & Direct Marketing Retail, South Africa*	3.8%
ICICI Bank Ltd. *Banks, India*	3.8%
MediaTek, Inc. *Semiconductors & Semiconductor Equipment, Taiwan*	2.8%
LG Corp. *Industrial Conglomerates, South Korea*	2.3%
China Merchants Bank Co. Ltd. *Banks, China*	2.3%

In the last six months, the Fund increased its holdings in China, Brazil and Indonesia as we continued to identify companies with sustainable earnings power trading at a discount to their intrinsic worth. In terms of sectors, additions were undertaken in materials, consumer discretionary and real estate. New additions to the portfolio included Daqo New Energy, a Chinese manufacturer of polysilicon for solar power equipment, Soulbrain, a major South Korean supplier of key chemicals for semiconductor and display manufacturing, and Guangzhou Tinci Materials Technology, a leading Chinese supplier of battery electrolytes. We also added to our existing high-conviction portfolio holdings with purchases in Brazilian stock exchange B3, one of the largest financial exchanges in South America, Tencent Holdings, one of the largest internet services companies in China, and the aforementioned Alibaba.

The Fund reduced its investments in Taiwan, Russia and U.S.- and U.K.-listed companies with exposure to emerging markets in favor of opportunities we found more compelling. Sectors which experienced the largest sales were communication services, information technology and energy. In terms of key sales, we closed positions in Prosus, the international internet assets spinoff of South African internet and media group Naspers (also a Fund holding), China

Mobile, a Chinese wireless telecommunications provider, and CNOOC, a Chinese energy company. We also reduced

positions in several key holdings, including Unilever, a U.K.-based global consumer goods giant that generates more than half of its sales in emerging markets, Cognizant Technology Solutions, a U.S.-listed technology services provider that derives most of its earnings from services produced in India, and the aforementioned NAVER.

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,076.90	$7.18	$1,017.88	$6.98	1.39%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Templeton Developing Markets VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$11.73	$10.80	$8.62	$10.31	$7.42	$6.37
Income from investment operations[a]:						
Net investment income[b]	0.04	0.07	0.18	0.09	0.08	0.05
Net realized and unrealized gains (losses)	0.89	1.57	2.12	(1.67)	2.92	1.08
Total from investment operations	0.93	1.64	2.30	(1.58)	3.00	1.13
Less distributions from:						
Net investment income	(0.13)	(0.45)	(0.12)	(0.11)	(0.11)	(0.08)
Net realized gains	(0.24)	(0.26)	—	—	—	—
Total distributions	(0.37)	(0.71)	(0.12)	(0.11)	(0.11)	(0.08)
Net asset value, end of period	$12.29	$11.73	$10.80	$8.62	$10.31	$7.42
Total return[c]	7.93%	17.39%	26.92%	(15.44)%	40.65%	17.79%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.14%	1.19%	1.15%	1.24%	1.36%	1.38%
Expenses net of waiver and payments by affiliates	1.14%[e]	1.19%[e]	1.15%[e]	1.24%[e]	1.35%[f]	1.36%
Net investment income	0.67%	0.73%	1.83%	0.99%	0.86%	0.79%
Supplemental data						
Net assets, end of period (000's)	$93,044	$89,165	$97,271	$85,397	$105,493	$82,596
Portfolio turnover rate	9.27%	11.60%	18.04%	9.22%	10.76%	26.78%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[f]Benefit of expense reduction rounds to less than 0.01%.

Templeton Developing Markets VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$11.64	$10.71	$8.54	$10.23	$7.36	$6.32
Income from investment operations[a]:						
Net investment income[b]	0.03	0.05	0.15	0.07	0.05	0.04
Net realized and unrealized gains (losses)	0.87	1.56	2.11	(1.68)	2.91	1.06
Total from investment operations	0.90	1.61	2.26	(1.61)	2.96	1.10
Less distributions from:						
Net investment income	(0.11)	(0.42)	(0.09)	(0.08)	(0.09)	(0.06)
Net realized gains	(0.24)	(0.26)	—	—	—	—
Total distributions	(0.35)	(0.68)	(0.09)	(0.08)	(0.09)	(0.06)
Net asset value, end of period	$12.19	$11.64	$10.71	$8.54	$10.23	$7.36
Total return[c]	7.69%	17.18%	26.70%	(15.79)%	40.41%	17.44%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.39%	1.45%	1.40%	1.49%	1.61%	1.63%
Expenses net of waiver and payments by affiliates	1.39%[e]	1.44%	1.40%[e]	1.49%[e]	1.60%[f]	1.61%
Net investment income	0.42%	0.49%	1.58%	0.74%	0.61%	0.54%
Supplemental data						
Net assets, end of period (000's)	$256,691	$241,104	$231,645	$195,305	$270,433	$205,151
Portfolio turnover rate	9.27%	11.60%	18.04%	9.22%	10.76%	26.78%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[f]Benefit of expense reduction rounds to less than 0.01%.

Templeton Developing Markets VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$11.71	$10.77	$8.59	$10.28	$7.39	$6.34
Income from investment operations[a]:						
Net investment income[b]	0.02	0.04	0.15	0.06	0.05	0.03
Net realized and unrealized gains (losses)	0.88	1.57	2.11	(1.68)	2.92	1.06
Total from investment operations	0.90	1.61	2.26	(1.62)	2.97	1.09
Less distributions from:						
Net investment income	(0.09)	(0.41)	(0.08)	(0.07)	(0.08)	(0.04)
Net realized gains	(0.24)	(0.26)	—	—	—	—
Total distributions	(0.33)	(0.67)	(0.08)	(0.07)	(0.08)	(0.04)
Net asset value, end of period	$12.28	$11.71	$10.77	$8.59	$10.28	$7.39
Total return[c]	7.69%	17.05%	26.49%	(15.81)%	40.30%	17.32%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.49%	1.54%	1.50%	1.59%	1.71%	1.73%
Expenses net of waiver and payments by affiliates	1.49%[e]	1.54%[e]	1.50%[e]	1.59%[e]	1.70%[f]	1.71%
Net investment income	0.32%	0.44%	1.48%	0.64%	0.51%	0.44%
Supplemental data						
Net assets, end of period (000's)	$5,420	$5,518	$5,590	$5,203	$7,199	$6,377
Portfolio turnover rate	9.27%	11.60%	18.04%	9.22%	10.76%	26.78%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[f]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments (unaudited), June 30, 2021

Templeton Developing Markets VIP Fund

	Industry	Shares	Value
Common Stocks 96.0%			
Brazil 3.7%			
[a]B2W Cia Digital	Internet & Direct Marketing Retail	76,800	$1,022,642
B3 SA - Brasil Bolsa Balcao	Capital Markets	907,492	3,067,466
[a]Lojas Americanas SA	Multiline Retail	582,936	2,420,260
[a]M Dias Branco SA	Food Products	106,200	696,176
Vale SA	Metals & Mining	266,919	6,074,753
			13,281,297
Cambodia 0.4%			
NagaCorp Ltd.	Hotels, Restaurants & Leisure	1,371,750	1,322,916
China 28.6%			
[a]Alibaba Group Holding Ltd.	Internet & Direct Marketing Retail	1,057,845	29,993,773
[b]BAIC Motor Corp. Ltd., H, 144A, Reg S	Automobiles	1,686,100	627,348
[a]Baidu, Inc., ADR	Interactive Media & Services	12,214	2,490,435
[c]Brilliance China Automotive Holdings Ltd.	Automobiles	7,756,600	4,375,628
China Merchants Bank Co. Ltd., A	Banks	340,000	2,851,566
China Merchants Bank Co. Ltd., H	Banks	606,700	5,167,955
China Resources Cement Holdings Ltd.	Construction Materials	3,360,915	3,193,308
China Resources Land Ltd.	Real Estate Management & Development	248,453	1,003,446
COSCO SHIPPING Ports Ltd.	Transportation Infrastructure	286,759	223,891
[a]Daqo New Energy Corp., ADR	Semiconductors & Semiconductor Equipment	57,815	3,759,131
Guangzhou Tinci Materials Technology Co. Ltd., A	Chemicals	186,918	3,080,946
[d]Health & Happiness H&H International Holdings Ltd.	Food Products	455,300	1,908,726
Longshine Technology Group Co. Ltd., A	Software	384,457	1,000,759
NetEase, Inc., ADR	Entertainment	21,265	2,450,791
[a]New Oriental Education & Technology Group, Inc.	Diversified Consumer Services	127,500	1,047,140
[a]New Oriental Education & Technology Group, Inc., ADR	Diversified Consumer Services	145,755	1,193,734
Ping An Bank Co. Ltd., A	Banks	802,600	2,810,977
Ping An Insurance Group Co. of China Ltd., A	Insurance	222,358	2,211,737
Ping An Insurance Group Co. of China Ltd., H	Insurance	41,852	409,117
Tencent Holdings Ltd.	Interactive Media & Services	358,801	27,014,854
[a]Tencent Music Entertainment Group, ADR	Entertainment	154,960	2,398,781
Uni-President China Holdings Ltd.	Food Products	1,516,351	1,673,043
Weifu High-Technology Group Co. Ltd., B	Auto Components	306,139	608,969
			101,496,055
Hungary 0.8%			
Richter Gedeon Nyrt.	Pharmaceuticals	101,614	2,705,854
India 6.5%			
ACC Ltd.	Construction Materials	9,600	260,443
[a]Bajaj Holdings & Investment Ltd.	Diversified Financial Services	63,532	3,090,709
ICICI Bank Ltd.	Banks	1,579,654	13,441,936
Infosys Ltd.	IT Services	296,276	6,264,768
			23,057,856
Indonesia 0.6%			
Astra International Tbk. PT	Automobiles	5,909,400	2,016,834

Templeton Developing Markets VIP Fund (continued)

	Industry	Shares	Value
Common Stocks (continued)			
Mexico 1.7%			
Banco Santander Mexico SA Institucion de Banca Multiple Grupo Financiero Santand, ADR	Banks	840,830	$5,280,412
[a,b]Nemak SAB de CV, 144A, Reg S	Auto Components	1,928,900	676,364
			5,956,776
Pakistan 0.2%			
Habib Bank Ltd.	Banks	1,013,500	784,676
Peru 0.2%			
Intercorp Financial Services, Inc.	Banks	31,950	807,377
Philippines 0.2%			
BDO Unibank, Inc.	Banks	327,469	758,688
Russia 6.6%			
Gazprom PJSC, ADR	Oil, Gas & Consumable Fuels	115,071	878,411
LUKOIL PJSC, ADR	Oil, Gas & Consumable Fuels	85,254	7,912,631
[a,b,d]Mail.Ru Group Ltd., GDR, Reg S	Interactive Media & Services	27,833	632,721
Sberbank of Russia PJSC, ADR	Banks	432,289	7,183,345
[a]Yandex NV, A	Interactive Media & Services	98,891	6,996,538
			23,603,646
South Africa 4.5%			
[a]Massmart Holdings Ltd.	Food & Staples Retailing	580,084	2,557,913
Naspers Ltd., N	Internet & Direct Marketing Retail	64,244	13,538,876
			16,096,789
South Korea 22.5%			
Fila Holdings Corp.	Textiles, Apparel & Luxury Goods	75,091	3,866,910
KT Skylife Co. Ltd.	Media	92,351	880,513
[a]LegoChem Biosciences, Inc.	Life Sciences Tools & Services	20,491	965,109
LG Corp.	Industrial Conglomerates	90,582	8,213,753
NAVER Corp.	Interactive Media & Services	42,037	15,546,777
POSCO	Metals & Mining	13,480	4,152,145
Samsung Electronics Co. Ltd.	Technology Hardware, Storage & Peripherals	536,300	38,264,069
Samsung Life Insurance Co. Ltd.	Insurance	74,406	5,262,058
Soulbrain Co. Ltd.	Chemicals	9,420	2,739,219
			79,890,553
Taiwan 16.4%			
Hon Hai Precision Industry Co. Ltd.	Electronic Equipment, Instruments & Components	1,108,545	4,442,365
Largan Precision Co. Ltd.	Electronic Equipment, Instruments & Components	2,850	316,295
MediaTek, Inc.	Semiconductors & Semiconductor Equipment	290,072	9,984,501
Taiwan Semiconductor Manufacturing Co. Ltd.	Semiconductors & Semiconductor Equipment	2,029,246	43,622,986
			58,366,147
Thailand 1.1%			
Kasikornbank PCL	Banks	629,678	2,324,808
Kiatnakin Phatra Bank PCL	Banks	549,194	956,489
Thai Beverage PCL	Beverages	1,450,900	729,618
			4,010,915
United Kingdom 1.4%			
Unilever plc	Personal Products	82,875	4,843,034

Templeton Developing Markets VIP Fund (continued)

	Industry	Shares	Value
Common Stocks (continued)			
United States 0.6%			
Cognizant Technology Solutions Corp., A	IT Services	30,612	$2,120,187
Total Common Stocks (Cost $188,607,912)			**341,119,600**
Preferred Stocks 3.2%			
Brazil 3.2%			
[a]Banco Bradesco SA, ADR	Banks	1,129,552	5,794,602
[e]Itau Unibanco Holding SA, ADR, 0.81%	Banks	897,443	5,393,632
			11,188,234
Total Preferred Stocks (Cost $7,746,131)			**11,188,234**
Escrows and Litigation Trusts 0.0%			
[a,c]Hemisphere Properties India Ltd., Escrow Account		82,304	—
Total Escrows and Litigation Trusts (Cost $–)			**—**
Total Long Term Investments (Cost $196,354,043)			**352,307,834**
Short Term Investments 1.3%			
		Shares	**Value**
Money Market Funds 1.3%			
United States 1.3%			
[f,g]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%		4,528,327	4,528,327
Total Money Market Funds (Cost $4,528,327)			**4,528,327**
[h]**Investments from Cash Collateral Received for Loaned Securities 0.0%†**			
Money Market Funds 0.0%†			
[f,g]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%		241,825	241,825
Total Investments from Cash Collateral Received for Loaned Securities (Cost $241,825)			**241,825**
Total Short Term Investments (Cost $4,770,152)			**4,770,152**
Total Investments (Cost $201,124,195) 100.5%			**$357,077,986**
Other Assets, less Liabilities (0.5)%			**(1,922,651)**
Net Assets 100.0%			**$355,155,335**

See Abbreviations on page TD- 25.

† Rounds to less than 0.1% of net assets.
[a] Non-income producing.

Templeton Developing Markets VIP Fund (continued)

[b] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $1,936,433, representing 0.5% of net assets.
[c] Fair valued using significant unobservable inputs. See Note 9 regarding fair value measurements.
[d] A portion or all of the security is on loan at June 30, 2021. See Note 1(c).
[e] Variable rate security. The rate shown represents the yield at period end.
[f] See Note 3(e) regarding investments in affiliated management investment companies.
[g] The rate shown is the annualized seven-day effective yield at period end.
[h] See Note 1(c) regarding securities on loan.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Templeton Developing Markets VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$196,354,043
Cost - Non-controlled affiliates (Note 3e)	4,770,152
Value - Unaffiliated issuers (Includes securities loaned of $405,622)	$352,307,834
Value - Non-controlled affiliates (Note 3e)	4,770,152
Foreign currency, at value (cost $166,264)	166,170
Receivables:	
Investment securities sold	288
Capital shares sold	345,073
Dividends	489,944
Total assets	358,079,462
Liabilities:	
Payables:	
Investment securities purchased	1,053,059
Capital shares redeemed	104,679
Management fees	306,938
Distribution fees	54,399
Payable upon return of securities loaned (Note 1c)	241,825
Deferred tax	1,038,787
Accrued expenses and other liabilities	124,440
Total liabilities	2,924,127
Net assets, at value	$355,155,335
Net assets consist of:	
Paid-in capital	$198,714,078
Total distributable earnings (losses)	156,441,257
Net assets, at value	$355,155,335

	Templeton Developing Markets VIP Fund
Class 1:	
Net assets, at value	$93,044,223
Shares outstanding	7,573,120
Net asset value and maximum offering price per share	$12.29
Class 2:	
Net assets, at value	$256,690,721
Shares outstanding	21,054,734
Net asset value and maximum offering price per share	$12.19
Class 4:	
Net assets, at value	$5,420,391
Shares outstanding	441,521
Net asset value and maximum offering price per share	$12.28

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Templeton Developing Markets VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $492,941)	
Unaffiliated issuers	$3,203,544
Non-controlled affiliates (Note 3e)	59
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	9,811
Non-controlled affiliates (Note 3e)	6
Total investment income	3,213,420
Expenses:	
Management fees (Note 3a)	1,856,703
Distribution fees: (Note 3c)	
Class 2	318,162
Class 4	9,802
Custodian fees	33,229
Reports to shareholders	62,771
Professional fees	52,778
Trustees' fees and expenses	1,222
Other	18,394
Total expenses	2,353,061
Expenses waived/paid by affiliates (Note 3e)	(695)
Net expenses	2,352,366
Net investment income	861,054
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments: (net of foreign taxes of $33,570)	
Unaffiliated issuers	9,183,292
Foreign currency transactions	(27,125)
Net realized gain (loss)	9,156,167
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	16,486,935
Translation of other assets and liabilities denominated in foreign currencies	280
Change in deferred taxes on unrealized appreciation	(487,445)
Net change in unrealized appreciation (depreciation)	15,999,770
Net realized and unrealized gain (loss)	25,155,937
Net increase (decrease) in net assets resulting from operations	$26,016,991

Statements of Changes in Net Assets

	Templeton Developing Markets VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	$861,054	$1,602,657
Net realized gain (loss)	9,156,167	7,417,851
Net change in unrealized appreciation (depreciation)	15,999,770	35,703,143
Net increase (decrease) in net assets resulting from operations	26,016,991	44,723,651
Distributions to shareholders:		
Class 1	(2,736,269)	(5,313,566)
Class 2	(7,098,412)	(13,445,802)
Class 4	(145,812)	(329,902)
Total distributions to shareholders	(9,980,493)	(19,089,270)
Capital share transactions: (Note 2)		
Class 1	(357,922)	(15,688,037)
Class 2	4,058,324	(8,150,495)
Class 4	(368,247)	(515,345)
Total capital share transactions	3,332,155	(24,353,877)
Net increase (decrease) in net assets	19,368,653	1,280,504
Net assets:		
Beginning of period	335,786,682	334,506,178
End of period	$355,155,335	$335,786,682

Notes to Financial Statements (unaudited)

Templeton Developing Markets 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 Developing Markets 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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund’s portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day

Templeton Developing Markets VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. Additionally, the Fund received $178,960 in U.S. Government and Agency securities as collateral. These securities received as collateral are held in segregated accounts with the Fund's custodian. The Fund cannot repledge or resell these securities received as collateral. As such, the non-cash collateral is excluded from the Statements of Assets and Liabilities. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

d. Income and Deferred Taxes

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

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist

Templeton Developing Markets VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Income and Deferred Taxes (continued)

in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

f. Accounting Estimates

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

g. Guarantees and Indemnifications

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

Templeton Developing Markets VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	405,945	$5,142,787	551,169	$5,176,244
Shares issued in reinvestment of distributions	221,740	2,736,269	605,880	5,313,565
Shares redeemed	(654,250)	(8,236,978)	(2,564,863)	(26,177,846)
Net increase (decrease)	(26,565)	$(357,922)	(1,407,814)	$(15,688,037)
Class 2 Shares:				
Shares sold	1,554,849	$19,423,789	3,773,009	$36,677,695
Shares issued in reinvestment of distributions	579,935	7,098,412	1,543,720	13,445,802
Shares redeemed	(1,799,859)	(22,463,877)	(6,223,836)	(58,273,992)
Net increase (decrease)	334,925	$4,058,324	(907,107)	$(8,150,495)
Class 4 Shares:				
Shares sold	20,206	$255,704	25,280	$230,224
Shares issued in reinvestment of distributions	11,826	145,812	37,660	329,902
Shares redeemed	(61,777)	(769,763)	(110,712)	(1,075,471)
Net increase (decrease)	(29,745)	$(368,247)	(47,772)	$(515,345)

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 trustees of the following subsidiaries:

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

a. Management Fees

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

Annualized Fee Rate	Net Assets
1.050%	Up to and including $1 billion
1.000%	Over $1 billion, up to and including $5 billion
0.950%	Over $5 billion, up to and including $10 billion
0.900%	Over $10 billion, up to and including $15 billion
0.850%	Over $15 billion, up to and including $20 billion
0.800%	In excess of $20 billion

Templeton Developing Markets VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

For the period ended June 30, 2021, the annualized gross effective administrative fee rate was 1.050% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with Asset Management, FT Services provides administrative services to the Fund. The fee is paid by Asset Management 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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Templeton Developing Markets VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$1,250,033	$25,520,372	$(22,242,078)	$—	$—	$4,528,327	4,528,327	$59
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$518,425	$2,664,748	$(2,941,348)	$—	$—	$241,825	241,825	$6
Total Affiliated Securities	$1,768,458	$28,185,120	$(25,183,426)	$—	$—	$4,770,152		$65

Templeton Developing Markets VIP Fund (continued)

4. Income Taxes

At June 30, 2021, the cost of investments, net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$209,232,150
Unrealized appreciation	$169,614,827
Unrealized depreciation	(21,768,991)
Net unrealized appreciation (depreciation)	$147,845,836

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

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $32,362,543 and $39,312,955, respectively.

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $241,825 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

6. Concentration of Risk

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

The United States and other nations have imposed and could impose additional sanctions on certain issuers in Russia due to regional conflicts. These sanctions could result in the devaluation of Russia's currency, a downgrade in Russian issuers' credit ratings, or a decline in the value and liquidity of Russian stocks or other securities. Such sanctions could also adversely affect Russia's economy. The Fund may be prohibited from investing in securities issued by companies subject to such sanctions. In addition, if the Fund holds the securities of an issuer that is subject to such sanctions, an immediate freeze of that issuer's securities could result, impairing the ability of the Fund to buy, sell, receive or deliver those securities. There is also the risk that countermeasures could be taken by Russia's government, which could involve the seizure of the Fund's assets. These risks could affect the value of the Fund's portfolio. While the Fund holds securities of certain issuers impacted by the sanctions, existing investments do not presently violate the applicable terms and conditions of the sanctions. The sanctions currently do not affect the Fund's ability to sell these securities. At June 30, 2021, the Fund had 6.6% of its net assets invested in Russia.

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

Templeton Developing Markets VIP Fund (continued)

8. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

9. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Templeton Developing Markets VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Brazil	$13,281,297	$—	$—	$13,281,297
Cambodia	—	1,322,916	—	1,322,916
China	14,201,598	82,918,829	4,375,628	101,496,055
Hungary	—	2,705,854	—	2,705,854
India	—	23,057,856	—	23,057,856
Indonesia	—	2,016,834	—	2,016,834
Mexico	5,956,776	—	—	5,956,776
Pakistan	784,676	—	—	784,676
Peru	807,377	—	—	807,377
Philippines	758,688	—	—	758,688
Russia	6,996,538	16,607,108	—	23,603,646
South Africa	2,557,913	13,538,876	—	16,096,789
South Korea	—	79,890,553	—	79,890,553
Taiwan	—	58,366,147	—	58,366,147
Thailand	—	4,010,915	—	4,010,915
United Kingdom	—	4,843,034	—	4,843,034
United States	2,120,187	—	—	2,120,187

Templeton Developing Markets VIP Fund (continued)

9. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Templeton Developing Markets VIP Fund (continued)				
Assets:				
Investments in Securities:				
Preferred Stocks	$11,188,234	$—	$—	$11,188,234
Escrows and Litigation Trusts	—	—	—[a]	—
Short Term Investments	4,770,152	—	—	4,770,152
Total Investments in Securities	$63,423,436	$289,278,922[b]	$4,375,628	$357,077,986

[a]Includes securities determined to have no value at June 30, 2021.
[b]Includes foreign securities valued at $289,278,922, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

A reconciliation 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 period.

	Balance at Beginning of Period	Purchases	Sales	Transfer Into Level 3[a]	Transfer Out of Level 3	Net accretion (amortization)	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Period	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Period End
Templeton Developing Markets VIP Fund										
Assets:										
Investments in Securities:										
Common Stocks:										
China	$—	$—	$—	$7,080,740	$—	$—	$—	$(2,705,112)	$4,375,628	$(2,705,112)
Escrows and Litigation Trusts	—[b]	—	—	—	—	—	—	—	—[b]	—
Total Investments in Securities.	$—	$—	$—	$7,080,740	$—	—	—	(2,705,112)	$4,375,628	$(2,705,112)

[a]Transferred 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. May include amounts related to a corporate action.
[b]Includes securities determined to have no value.

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 June 30, 2021, are as follows:

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount	Impact to Fair Value if Input Increases[a]
Assets:					
Investments in Securities:					
Common Stock:					
China	$4,375,628	Discount to last traded price	Discount	40.0%	Decrease[b]
All other investments	—[c]				
Total	$4,375,628				

[a]Represents 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.
[b]Represents a significant impact to fair value and net assets.

Templeton Developing Markets VIP Fund (continued)

9. Fair Value Measurements (continued)

[c] Includes securities determined to have no value at June 30, 2021.

10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

11. 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.

Abbreviations

Selected Portfolio	
ADR	American Depositary Receipt
GDR	Global Depositary Receipt

Tax Information (unaudited)

Templeton Developing Markets VIP Fund

Under Section 853 of the Internal Revenue Code, the Fund intends to elect to pass through to its shareholders $1,096,318 of foreign taxes paid and $6,344,338 of foreign source income earned by the fund, or amounts as finally determined, during the fiscal year ended December 31, 2020.

Templeton Foreign VIP Fund

This semiannual report for Templeton Foreign VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +9.37% total return* for the six-month period ended June 30, 2021.
*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 4/30/22. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

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

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

Templeton Foreign VIP Fund

Fund Goal and Main Investments

The Fund seeks long-term capital growth. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of issuers located outside the U.S., including those in emerging markets.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in developing markets involve heightened risks related to the same factors. Currency rates may fluctuate significantly over short periods of time, and can reduce returns. Because the Fund may invest at least a significant portion of its assets in companies in a specific region, including Europe, it is subject to greater risks of adverse developments in that region and/or the surrounding regions than a fund that is more broadly diversified geographically. Current political uncertainty concerning the economic consequences of the departure of the U.K. from the European Union may increase market volatility. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as enable gains) on an amount that exceeds the Fund's initial investment. The Fund may not achieve the anticipated benefits, and may realize losses when a counterparty fails to perform as promised. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. For comparison, the Fund's new benchmark, the MSCI All Country World Index (ACWI) ex USA Index-NR, posted a +9.16% total return for the period under review.[1] Also in comparison, the Fund's former benchmark, the MSCI ACWI ex USA Index, posted a +9.45% total return for the same period. The MSCI ACWI ex USA Index-NR (net of taxes on dividends) is replacing the MSCI ACWI ex USA Index (gross of taxes on dividends) because the investment manager believes the composition of the MSCI ACWI ex USA Index-NR provides a more consistent basis for comparison relative to the Fund's peers.

Geographic Composition
6/30/21

	% of Total Net Assets
Asia	49.8%
Europe	40.8%
Latin America & Caribbean	1.8%
North America	1.5%
Short-Term Investments & Other Net Assets	6.1%

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI ACWI-NR, posted a +12.30% total return for the six months ended June 30, 2021.[1] Global equities benefited from monetary and fiscal stimulus measures, rebounding economic activity and easing novel coronavirus (COVID-19) pandemic restrictions in many regions. The implementation of vaccination programs and additional fiscal stimulus measures led many equity markets to reach new all-time price highs.

In the U.S., the economy continued to recover and equities rallied amid an accommodative monetary policy, additional fiscal stimulus measures and ongoing vaccination programs. The lifting of many COVID-19 restrictions and strong consumer spending also supported the economy. Gross domestic product (GDP) growth accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels. The rebound in corporate earnings and progress toward a bipartisan infrastructure plan further bolstered investor sentiment. The U.S. Federal Reserve kept the federal funds target rate at a record-low range of 0.00%–0.25% and continued its program of open-ended bond purchases to help keep markets functioning.

The economic recovery in the eurozone was relatively weak, as quarter-over-quarter GDP growth contracted during 2021's first quarter. GDP growth rates were mostly negative among the region's largest economies amid renewed lockdowns, delays in COVID-19 vaccine distribution and weak consumer spending. Nevertheless, optimism that successful vaccine programs would lift global growth helped European developed market equities, as measured by the MSCI Europe Index-NR, to post a +11.80% total return for the six months under review.[1]

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).

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR, posted a +4.54% total return for the six-month period.[1] The region's economic recovery was pressured by weak domestic demand, most notably in China, despite improvement in manufacturing and exports. Asian equity markets experienced volatility near period-end due to inflation concerns, rising COVID-19 infection rates in many countries, especially India, and renewed lockdowns.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR, posted a +7.45% total return for the six months under review.[1] The recovery in oil and industrial metals prices supported global emerging market equities. Late in the period, higher COVID-19 cases in some countries, limited vaccine rollouts and concerns about rising interest rates and inflation amid higher commodity prices dampened investor enthusiasm in global emerging market equities.

Investment Strategy

When choosing equity investments for the Fund, we apply a bottom-up, value-oriented, long-term approach, focusing on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. Our analysis includes an assessment of the potential impacts of material environmental, social and governance (ESG) factors on the long-term risk and return profile of a company. We also consider a company's price/earnings ratio, price/cash flow ratio, profit margins and liquidation value.

The Fund may, from time to time, engage in currency-related derivatives to seek to hedge (protect) against currency risks. The Fund may also use a variety of equity-related derivatives for various purposes including enhancing Fund returns, increasing liquidity and gaining exposure to particular markets in more efficient or less expensive ways.

Manager's Discussion

During the six months under review, key contributors to the Fund's performance relative to the MSCI ACWI ex USA Index-NR included stock selection in the industrials, consumer discretionary and real estate sectors.

Within industrials, Japanese industrial equipment firm Hitachi's shares rallied as the firm made progress with its ongoing restructuring initiatives. Hitachi's information technology business also continued to perform well, and we believe it could benefit from increasing demand for digital transformation. In our view, Hitachi is an underappreciated

Top 10 Holdings
6/30/21

Company *Industry, Country*	% of Total Net Assets
Samsung Electronics Co. Ltd. *Technology Hardware, Storage & Peripherals, South Korea*	4.8%
Taiwan Semiconductor Manufacturing Co. Ltd. *Semiconductors & Semiconductor Equipment, Taiwan*	4.0%
Hitachi Ltd. *Industrial Conglomerates, Japan*	3.5%
NXP Semiconductors NV *Semiconductors & Semiconductor Equipment, China*	3.1%
Alibaba Group Holding Ltd. *Internet & Direct Marketing Retail, China*	3.0%
Bayer AG *Pharmaceuticals, Germany*	2.6%
Takeda Pharmaceutical Co. Ltd. *Pharmaceuticals, Japan*	2.4%
CK Hutchison Holdings Ltd. *Industrial Conglomerates, United Kingdom*	2.3%
KB Financial Group, Inc. *Banks, South Korea*	2.1%
BP plc *Oil, Gas & Consumable Fuels, United Kingdom*	2.1%

Japanese restructuring story with vastly improved governance, value accretive divestments and merger and acquisition activities, as well as improving profitability and business mix. Overall, Hitachi is continuing to evolve into a more simplified, higher-return company generating more stable cash flows. Based on our long-term fundamental expectations, we continue to believe the stock is significantly undervalued at recent levels.

In the consumer discretionary sector, our investment in Japanese automobile manufacturer Isuzu Motors contributed to relative results. In the real estate sector, our holding in Hong Kong-based property developer and manager CK Asset Holdings benefited results.

Other notable contributors to relative performance included our off-benchmark position in Netherlands-based chipmaker NXP Semiconductors, which has operations in China, and our investment in Luxembourg-based steelmaking company ArcelorMittal. NXP Semiconductors' shares gained positive momentum following a strong earnings report and guidance upgrade at the end of April 2021. Both revenues and earnings exceeded expectations as COVID-related supply backlogs coincided with surging chip demand from the firm's main automotive clients. We continue to like NXP for reasons that are both specific to the company (margin improvement, capital return, exposure to growing end markets) and related to the industry (increased semiconductor content in automobiles, industrial equipment and internet-connected devices). Although there is some cyclicality in the company's

intermediate-term demand profile, in our longer-term view, NXP remains an attractive structural growth story and interesting portfolio diversifier. ArcelorMittal's stock performed strongly during the period as global economic activity continued to recover and steel prices rose due to recovering demand and tightened industry supply. The company's improved financial position and stated strategy toward increased cash returns further supported investor sentiment.

In contrast, key detractors from the Fund's relative performance included stock selection in the materials, financials and consumer staples sectors, as well as an underweighting in the financials sector.

Within materials, our position in Sumitomo Metal Mining (SMM), Japan's largest materials company, hindered relative results. Its stock represents an undervalued play on higher nickel and copper prices over our investment horizon, driven by supply-and-demand imbalance and an increasing appetite for electric vehicle battery materials. The stock languished during 2021's second quarter due to news of increased nickel supply in Indonesia and uncertainty around the scope for higher mining taxes and royalties in Chile and Peru, two countries where SMM has stakes in several mining projects. The stock remains attractively valued, in our analysis, and remains a core holding in our portfolios.

In the financials sector, our position in India-based thrift and mortgage finance company Housing Development Finance detracted from relative results. In the consumer staples sector, our holding in Japan-based beverages manufacturer Kirin Holdings hurt relative results.

Other key detractors from relative performance included our holding in South Korea-based electronics products and semiconductor manufacturer Samsung Electronics and our off-benchmark position in Netherlands-based energy equipment and services company SBM Offshore. Samsung Electronics' share price declined slightly amid little news flow. In our view, Samsung remains a key beneficiary of a demand uptrend in memory chips. Other positive catalysts include long-term opportunities in the firm's foundry business, optionality around capital deployment and a competitive advantage from being one of the three semiconductor manufacturers globally that can compete at the leading edge. Overall, we believe Samsung is a well-run global technology leader with a strong balance sheet. SBM Offshore's share price also declined amid little news flow. The firm reported broadly in-line results in late May 2021 and confirmed its full-year guidance. Its stock valuation remains compelling, in our analysis. The company continues to have one of the most fundamentally defensive business models in a highly cyclical boom-bust sector and represents an opportunity we believe is significantly misunderstood by the market. We think many investors seem too misfocused on a balance sheet that looks superficially overleveraged, though the debt at the lease level is non-recourse and associated with individual lease contracts, with payments matched to cash flows. We continue to see significant upside potential for SBM's stock from recent price levels.

From a geographic perspective, key contributors to the Fund's relative performance included stock selection in Asia, notably in China, Japan and Hong Kong. In Europe, stock selection in the U.K. and France, as well as an overweighting in the Netherlands, benefited relative results. In contrast, stock selection and an underweighting in Canada, as well as a lack of exposure to the Middle East and Africa, detracted from relative results.

It is important to recognize the effect of currency movements on the Fund's performance. In general, if the value of the U.S. dollar goes up compared with a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer U.S. dollars. This can have a negative effect on Fund performance. Conversely, when the U.S. dollar weakens in relation to a foreign currency, an investment traded in that foreign currency will increase in value, which can contribute to Fund performance. For the six months ended June 30, 2021, the U.S. dollar rose in value relative to most currencies. As a result, the Fund's performance was negatively affected by the portfolio's investment predominantly in securities with non-U.S. currency exposure.

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,093.70	$5.68	$1,019.37	$5.48	1.10%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Templeton Foreign VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$13.57	$14.23	$13.01	$15.80	$13.89	$13.46
Income from investment operations[a]:						
Net investment income[b]	0.16	0.32[c]	0.44	0.29	0.30	0.33
Net realized and unrealized gains (losses)	1.13	(0.54)	1.19	(2.64)	2.03	0.62
Total from investment operations	1.29	(0.22)	1.63	(2.35)	2.33	0.95
Less distributions from:						
Net investment income	(0.29)	(0.44)	(0.27)	(0.44)	(0.42)	(0.29)
Net realized gains	—	—	(0.14)	—	—	(0.23)
Total distributions	(0.29)	(0.44)	(0.41)	(0.44)	(0.42)	(0.52)
Net asset value, end of period	$14.57	$13.57	$14.23	$13.01	$15.80	$13.89
Total return[d]	9.47%	(0.92)%	12.84%	(15.27)%	17.02%	7.49%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	0.85%	0.86%	0.85%	0.83%	0.82%	0.80%
Expenses net of waiver and payments by affiliates	0.85%[f]	0.84%	0.83%	0.81%	0.81%[g]	0.78%
Net investment income	2.14%	2.68%[c]	3.25%	1.96%	1.99%	2.38%
Supplemental data						
Net assets, end of period (000's)	$120,309	$113,317	$121,948	$114,784	$152,684	$133,218
Portfolio turnover rate	15.54%	40.07%	28.52%	21.38%	26.81%	20.93%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.14 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.54%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Benefit of expense reduction rounds to less than 0.01%.

Templeton Foreign VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$13.28	$13.93	$12.74	$15.47	$13.61	$13.20
Income from investment operations[a]:						
Net investment income[b]	0.13	0.28[c]	0.40	0.25	0.26	0.28
Net realized and unrealized gains (losses)	1.12	(0.53)	1.16	(2.58)	1.98	0.62
Total from investment operations	1.25	(0.25)	1.56	(2.33)	2.24	0.90
Less distributions from:						
Net investment income	(0.26)	(0.40)	(0.23)	(0.40)	(0.38)	(0.26)
Net realized gains	—	—	(0.14)	—	—	(0.23)
Total distributions	(0.26)	(0.40)	(0.37)	(0.40)	(0.38)	(0.49)
Net asset value, end of period	$14.27	$13.28	$13.93	$12.74	$15.47	$13.61
Total return[d]	9.37%	(1.16)%	12.53%	(15.44)%	16.69%	7.18%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	1.10%	1.11%	1.10%	1.08%	1.07%	1.05%
Expenses net of waiver and payments by affiliates	1.10%[f]	1.09%	1.08%	1.06%	1.06%[g]	1.03%
Net investment income	1.87%	2.42%[c]	3.00%	1.71%	1.74%	2.13%
Supplemental data						
Net assets, end of period (000's)	$1,090,603	$1,084,789	$1,117,813	$1,060,101	$1,394,475	$1,436,518
Portfolio turnover rate	15.54%	40.07%	28.52%	21.38%	26.81%	20.93%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.13 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.28%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Benefit of expense reduction rounds to less than 0.01%.

Templeton Foreign VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$13.54	$14.20	$12.96	$15.71	$13.71	$13.29
Income from investment operations[a]:						
Net investment income[b]	0.13	0.28[c]	0.39	0.24	0.23	0.26
Net realized and unrealized gains (losses)	1.14	(0.55)	1.20	(2.63)	2.03	0.63
Total from investment operations	1.27	(0.27)	1.59	(2.39)	2.26	0.89
Less distributions from:						
Net investment income	(0.24)	(0.39)	(0.21)	(0.36)	(0.26)	(0.24)
Net realized gains	—	—	(0.14)	—	—	(0.23)
Total distributions	(0.24)	(0.39)	(0.35)	(0.36)	(0.26)	(0.47)
Net asset value, end of period	$14.57	$13.54	$14.20	$12.96	$15.71	$13.71
Total return[d]	9.35%	(1.34)%	12.49%	(15.54)%	16.62%	7.09%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	1.20%	1.21%	1.20%	1.18%	1.17%	1.15%
Expenses net of waiver and payments by affiliates	1.20%[f]	1.19%	1.18%	1.16%	1.16%[g]	1.13%
Net investment income	1.75%	2.33%[c]	2.90%	1.61%	1.64%	2.03%
Supplemental data						
Net assets, end of period (000's)	$100,602	$106,224	$113,681	$125,265	$159,944	$484,763
Portfolio turnover rate	15.54%	40.07%	28.52%	21.38%	26.81%	20.93%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.13 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.19%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments (unaudited), June 30, 2021

Templeton Foreign VIP Fund

	Country	Shares	Value
Common Stocks 93.8%			
Aerospace & Defense 2.4%			
BAE Systems plc	United Kingdom	2,629,361	$19,001,192
Dassault Aviation SA	France	10,152	11,959,899
			30,961,091
Airlines 0.9%			
[a]International Consolidated Airlines Group SA	United Kingdom	4,644,176	11,214,490
Auto Components 3.2%			
Continental AG	Germany	111,315	16,378,173
Toyota Industries Corp.	Japan	147,500	12,756,239
Valeo SA	France	422,358	12,740,868
			41,875,280
Automobiles 5.3%			
Bayerische Motoren Werke AG	Germany	205,138	21,749,649
Honda Motor Co. Ltd.	Japan	771,700	24,822,609
Isuzu Motors Ltd.	Japan	1,765,500	23,429,691
			70,001,949
Banks 9.2%			
ING Groep NV	Netherlands	1,186,686	15,753,816
Kasikornbank PCL	Thailand	1,860,000	6,867,228
KB Financial Group, Inc., ADR	South Korea	568,206	28,012,556
Shinhan Financial Group Co. Ltd.	South Korea	619,076	22,277,142
Standard Chartered plc	United Kingdom	4,207,691	26,854,600
Sumitomo Mitsui Financial Group, Inc.	Japan	606,500	20,909,135
			120,674,477
Beverages 0.7%			
[b]Kirin Holdings Co. Ltd.	Japan	438,700	8,562,367
Biotechnology 0.3%			
[a]Galapagos NV	Belgium	62,230	4,302,993
Chemicals 2.0%			
[c]Covestro AG, 144A, Reg S	Germany	256,597	16,592,578
Tosoh Corp.	Japan	574,100	9,899,992
			26,492,570
Construction & Engineering 1.9%			
Sinopec Engineering Group Co. Ltd., H	China	11,734,000	7,594,787
Taisei Corp.	Japan	531,500	17,445,614
			25,040,401
Diversified Financial Services 0.6%			
EXOR NV	Netherlands	101,772	8,168,237
Electronic Equipment, Instruments & Components 0.6%			
[a]Landis+Gyr Group AG	Switzerland	120,834	8,439,256
Energy Equipment & Services 1.5%			
[b]SBM Offshore NV	Netherlands	1,267,226	19,281,011
Food & Staples Retailing 1.2%			
Sundrug Co. Ltd.	Japan	502,600	15,976,893
Health Care Providers & Services 2.3%			
Fresenius Medical Care AG & Co. KGaA	Germany	265,350	22,051,451
Sinopharm Group Co. Ltd., H	China	2,794,800	8,291,387
			30,342,838

Templeton Foreign VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Household Durables 1.4%			
Sony Group Corp.	Japan	189,200	$18,347,858
Industrial Conglomerates 5.8%			
CK Hutchison Holdings Ltd.	United Kingdom	3,873,500	30,154,265
Hitachi Ltd.	Japan	796,900	45,672,202
			75,826,467
Insurance 3.1%			
AIA Group Ltd.	Hong Kong	2,117,000	26,262,441
Prudential plc	United Kingdom	785,351	14,942,994
			41,205,435
Interactive Media & Services 0.4%			
[a]Baidu, Inc., ADR	China	27,630	5,633,757
Internet & Direct Marketing Retail 4.5%			
[a]Alibaba Group Holding Ltd.	China	1,383,700	39,232,954
[a,c]Just Eat Takeaway.com NV, 144A, Reg S	Germany	210,573	19,476,199
			58,709,153
IT Services 0.6%			
[a]Amadeus IT Group SA	Spain	104,548	7,370,904
Machinery 1.2%			
Komatsu Ltd.	Japan	655,000	16,228,143
Media 1.5%			
[a]Informa plc	United Kingdom	1,217,196	8,459,832
Nippon Television Holdings, Inc.	Japan	338,900	3,953,443
TBS Holdings, Inc.	Japan	441,700	6,804,971
			19,218,246
Metals & Mining 5.7%			
Alamos Gold, Inc., A	Canada	1,135,752	8,688,503
ArcelorMittal SA	Luxembourg	658,756	20,282,871
Sumitomo Metal Mining Co. Ltd.	Japan	554,300	21,559,091
Wheaton Precious Metals Corp.	Brazil	544,400	23,993,560
			74,524,025
Multi-Utilities 1.7%			
E.ON SE	Germany	1,870,641	21,644,537
Oil, Gas & Consumable Fuels 6.7%			
BP plc	United Kingdom	6,357,681	27,882,958
Cenovus Energy, Inc.	Canada	912,844	8,732,672
Equinor ASA	Norway	899,949	19,052,023
Galp Energia SGPS SA, B	Portugal	565,429	6,148,238
Royal Dutch Shell plc, B	Netherlands	1,333,243	25,883,846
			87,699,737
Pharmaceuticals 7.7%			
AstraZeneca plc	United Kingdom	132,637	15,936,721
Bayer AG	Germany	552,576	33,596,820
Roche Holding AG	Switzerland	54,982	20,719,315
Takeda Pharmaceutical Co. Ltd.	Japan	933,094	31,317,990
			101,570,846
Real Estate Management & Development 3.8%			
China Overseas Land & Investment Ltd.	China	4,264,000	9,669,086
CK Asset Holdings Ltd.	Hong Kong	3,560,500	24,506,815
Mitsui Fudosan Co. Ltd.	Japan	266,600	6,165,326

Templeton Foreign VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Real Estate Management & Development (continued)			
Swire Pacific Ltd., A	Hong Kong	1,341,000	$9,086,023
			49,427,250
Semiconductors & Semiconductor Equipment 8.9%			
Infineon Technologies AG	Germany	590,665	23,760,471
NXP Semiconductors NV	China	197,900	40,711,988
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	2,456,000	52,796,978
			117,269,437
Technology Hardware, Storage & Peripherals 4.8%			
Samsung Electronics Co. Ltd.	South Korea	880,121	62,795,097
Thrifts & Mortgage Finance 2.1%			
Housing Development Finance Corp. Ltd.	India	822,605	27,439,999
Tobacco 1.8%			
Imperial Brands plc	United Kingdom	1,122,761	24,211,552
Total Common Stocks (Cost $967,796,801)			**1,230,456,296**
		Warrants	
Warrants 0.1%			
Oil, Gas & Consumable Fuels 0.1%			
[a]Cenovus Energy, Inc., 1/01/26	Canada	75,750	409,377
Total Warrants (Cost $255,280)			**409,377**
Total Long Term Investments (Cost $968,052,081)			**1,230,865,673**

Short Term Investments 5.6%

	Country	Shares	Value
Money Market Funds 4.9%			
[d,e]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	64,844,912	64,844,912
Total Money Market Funds (Cost $64,844,912)			**64,844,912**
[f]**Investments from Cash Collateral Received for Loaned Securities 0.7%**			
Money Market Funds 0.7%			
[d,e]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	8,838,734	8,838,734
Total Investments from Cash Collateral Received for Loaned Securities (Cost $8,838,734)			**8,838,734**
Total Short Term Investments (Cost $73,683,646)			**73,683,646**
Total Investments (Cost $1,041,735,727) 99.5%			**$1,304,549,319**
Other Assets, less Liabilities 0.5%			**6,965,055**
Net Assets 100.0%			**$1,311,514,374**

See Abbreviations on page TF-24.

Templeton Foreign VIP Fund (continued)

[a] Non-income producing.
[b] A portion or all of the security is on loan at June 30, 2021. See Note 1(c).
[c] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $36,068,777, representing 2.8% of net assets.
[d] See Note 3(e) regarding investments in affiliated management investment companies.
[e] The rate shown is the annualized seven-day effective yield at period end.
[f] See Note 1(c) regarding securities on loan.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Templeton Foreign VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$968,052,081
Cost - Non-controlled affiliates (Note 3e)	73,683,646
Value - Unaffiliated issuers (Includes securities loaned of $8,364,515)	$1,230,865,673
Value - Non-controlled affiliates (Note 3e)	73,683,646
Cash	30,277
Foreign currency, at value (cost $68,643)	68,644
Receivables:	
Capital shares sold	1,022,507
Dividends	4,252,909
European Union tax reclaims (Note 1d)	13,463,529
Total assets	1,323,387,185
Liabilities:	
Payables:	
Investment securities purchased	52
Capital shares redeemed	412,418
Management fees	878,637
Distribution fees	259,307
Payable upon return of securities loaned (Note 1c)	8,838,734
Deferred tax	1,021,154
Accrued expenses and other liabilities	462,509
Total liabilities	11,872,811
Net assets, at value	$1,311,514,374
Net assets consist of:	
Paid-in capital	$1,113,699,417
Total distributable earnings (losses)	197,814,957
Net assets, at value	$1,311,514,374

	Templeton Foreign VIP Fund
Class 1:	
Net assets, at value	$120,308,875
Shares outstanding	8,255,335
Net asset value and maximum offering price per share	$14.57
Class 2:	
Net assets, at value	$1,090,603,073
Shares outstanding	76,423,936
Net asset value and maximum offering price per share	$14.27
Class 4:	
Net assets, at value	$100,602,426
Shares outstanding	6,905,469
Net asset value and maximum offering price per share	$14.57

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Templeton Foreign VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $2,195,842)	
Unaffiliated issuers	$19,392,765
Non-controlled affiliates (Note 3e)	2,448
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	33,277
Non-controlled affiliates (Note 3e)	391
Other income (Note 1d)	249,913
Total investment income	19,678,794
Expenses:	
Management fees (Note 3a)	5,318,647
Distribution fees: (Note 3c)	
Class 2	1,378,662
Class 4	182,219
Custodian fees	52,512
Reports to shareholders	149,695
Professional fees	57,913
Trustees' fees and expenses	3,842
Other	55,775
Total expenses	7,199,265
Expenses waived/paid by affiliates (Note 3e)	(34,834)
Net expenses	7,164,431
Net investment income	12,514,363
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	56,836,572
Foreign currency transactions	(418,798)
Net realized gain (loss)	56,417,774
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	50,418,793
Translation of other assets and liabilities denominated in foreign currencies	(466,744)
Change in deferred taxes on unrealized appreciation	488,631
Net change in unrealized appreciation (depreciation)	50,440,680
Net realized and unrealized gain (loss)	106,858,454
Net increase (decrease) in net assets resulting from operations	$119,372,817

Statements of Changes in Net Assets

	Templeton Foreign VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	**Year Ended December 31, 2020**
Increase (decrease) in net assets:		
Operations:		
Net investment income	$12,514,363	$28,247,734
Net realized gain (loss)	56,417,774	(91,749,700)
Net change in unrealized appreciation (depreciation)	50,440,680	51,110,547
Net increase (decrease) in net assets resulting from operations	119,372,817	(12,391,419)
Distributions to shareholders:		
Class 1	(2,381,077)	(3,651,171)
Class 2	(19,729,840)	(32,735,824)
Class 4	(1,653,598)	(3,189,135)
Total distributions to shareholders	(23,764,515)	(39,576,130)
Capital share transactions: (Note 2)		
Class 1	(1,291,573)	(3,329,454)
Class 2	(73,652,298)	9,474,525
Class 4	(13,480,262)	(3,288,883)
Total capital share transactions	(88,424,133)	2,856,188
Net increase (decrease) in net assets	7,184,169	(49,111,361)
Net assets:		
Beginning of period	1,304,330,205	1,353,441,566
End of period	$1,311,514,374	$1,304,330,205

Notes to Financial Statements (unaudited)

Templeton Foreign 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 Foreign 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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day

Templeton Foreign VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

d. Income and Deferred Taxes

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

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

Templeton Foreign VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Income and Deferred Taxes (continued)

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, when EU reclaims are received by the Fund and the Fund previously passed foreign tax credit on to its shareholders, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund's shareholders.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

f. Accounting Estimates

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

g. Guarantees and Indemnifications

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

Templeton Foreign VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	116,937	$1,724,029	806,359	$9,224,666
Shares issued in reinvestment of distributions	158,422	2,381,077	325,707	3,651,171
Shares redeemed	(370,830)	(5,396,679)	(1,349,400)	(16,205,291)
Net increase (decrease)	(95,471)	$(1,291,573)	(217,334)	$(3,329,454)
Class 2 Shares:				
Shares sold	1,385,319	$19,852,942	11,015,042	$124,442,450
Shares issued in reinvestment of distributions	1,341,254	19,729,840	2,981,404	32,735,824
Shares redeemed	(7,980,279)	(113,235,080)	(12,535,323)	(147,703,749)
Net increase (decrease)	(5,253,706)	$(73,652,298)	1,461,123	$9,474,525
Class 4 Shares:				
Shares sold	215,982	$3,139,205	1,219,556	$13,736,529
Shares issued in reinvestment of distributions	110,093	1,653,598	284,490	3,189,135
Shares redeemed	(1,263,333)	(18,273,065)	(1,669,364)	(20,214,547)
Net increase (decrease)	(937,258)	$(13,480,262)	(165,318)	$(3,288,883)

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
Templeton Investment Counsel, LLC (TIC)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

Templeton Foreign VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.900%	Up to and including $200 million
0.810%	Over $200 million, up to and including $700 million
0.775%	Over $700 million, up to and including $1.2 billion
0.750%	Over $1.2 billion, up to and including $1.3 billion
0.675%	Over $1.3 billion, up to and including $10 billion
0.655%	Over $10 billion, up to and including $15 billion
0.635%	Over $15 billion, up to and including $20 billion
0.615%	In excess of $20 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.802% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with TIC, FT Services provides administrative services to the Fund. The fee is paid by TIC 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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

Templeton Foreign VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Templeton Foreign VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$120,292,539	$89,253,728	$(144,701,355)	$—	$—	$64,844,912	64,844,912	$2,448
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%.	$—	$131,037,278	$(122,198,544)	$—	$—	$8,838,734	8,838,734	$391
Total Affiliated Securities	$120,292,539	$220,291,006	$(266,899,899)	$—	$—	$73,683,646		$2,839

4. Income Taxes

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

At December 31, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	$13,644,309
Long term	121,820,664
Total capital loss carryforwards	$135,464,973

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$1,050,698,957
Unrealized appreciation.	$330,730,614
Unrealized depreciation.	(76,880,252)
Net unrealized appreciation (depreciation).	$253,850,362

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatment of wash sales, EU reclaims, corporate actions, passive foreign investment company shares and foreign capital gain taxes.

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $188,894,270 and $237,500,116, respectively.

Templeton Foreign VIP Fund (continued)

5. Investment Transactions (continued)

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $8,838,734 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

6. Concentration of Risk

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

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

8. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

9. 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.

Templeton Foreign VIP Fund (continued)

9. Fair Value Measurements (continued)

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Templeton Foreign VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$—	$30,961,091	$—	$30,961,091
Airlines	—	11,214,490	—	11,214,490
Auto Components	—	41,875,280	—	41,875,280
Automobiles	—	70,001,949	—	70,001,949
Banks	28,012,556	92,661,921	—	120,674,477
Beverages	—	8,562,367	—	8,562,367
Biotechnology	—	4,302,993	—	4,302,993
Chemicals	—	26,492,570	—	26,492,570
Construction & Engineering	—	25,040,401	—	25,040,401
Diversified Financial Services	—	8,168,237	—	8,168,237
Electronic Equipment, Instruments & Components	—	8,439,256	—	8,439,256
Energy Equipment & Services	—	19,281,011	—	19,281,011
Food & Staples Retailing	—	15,976,893	—	15,976,893
Health Care Providers & Services	—	30,342,838	—	30,342,838
Household Durables	—	18,347,858	—	18,347,858
Industrial Conglomerates	—	75,826,467	—	75,826,467
Insurance	—	41,205,435	—	41,205,435
Interactive Media & Services	5,633,757	—	—	5,633,757
Internet & Direct Marketing Retail	—	58,709,153	—	58,709,153
IT Services	—	7,370,904	—	7,370,904
Machinery	—	16,228,143	—	16,228,143
Media	—	19,218,246	—	19,218,246
Metals & Mining	32,682,063	41,841,962	—	74,524,025
Multi-Utilities	—	21,644,537	—	21,644,537
Oil, Gas & Consumable Fuels	8,732,672	78,967,065	—	87,699,737
Pharmaceuticals	—	101,570,846	—	101,570,846
Real Estate Management & Development	—	49,427,250	—	49,427,250
Semiconductors & Semiconductor Equipment	40,711,988	76,557,449	—	117,269,437
Technology Hardware, Storage & Peripherals	—	62,795,097	—	62,795,097
Thrifts & Mortgage Finance	—	27,439,999	—	27,439,999
Tobacco	—	24,211,552	—	24,211,552
Warrants	409,377	—	—	409,377
Short Term Investments	73,683,646	—	—	73,683,646
Total Investments in Securities	$189,866,059	$1,114,683,260[a]	$—	$1,304,549,319

[a] Includes foreign securities valued at $1,114,683,260, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

10. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

Templeton Foreign VIP Fund (continued)

11. 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.

Abbreviations

Selected Portfolio	
ADR	American Depositary Receipt

Tax Information (unaudited)

Templeton Foreign VIP Fund

Under Section 853 of the Internal Revenue Code, the Fund intends to elect to pass through to its shareholders $679,423 of foreign taxes paid and $17,597,243 of foreign source income earned by the fund, or amounts as finally determined, during the fiscal year ended December 31, 2020.

Templeton Global Bond VIP Fund

This semiannual report for Templeton Global Bond VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a -2.82% total return* for the six-month period ended June 30, 2021.
*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 4/30/22. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

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

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

Templeton Global Bond VIP Fund

Fund Goal and Main Investments

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

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. For comparison, the J.P. Morgan Global Government Bond Index posted a -4.64% total return and the FTSE World Government Bond Index posted a -4.75% total return for the same period.[1]

Economic and Market Overview

Sovereign bond yields rose across much of the world during the first three months of the six-month period ended June 30, 2021, as vaccine distributions, ongoing stimulus measures and optimism for improving economic conditions appeared to fuel reflation expectations across financial markets. In April, sovereign bond yields in much of Asia and the Americas pulled back from their March peaks, while many areas of Europe saw yields continue to rise. In June, sovereign bond yields declined across developed markets but shifted in varying directions in emerging markets. On the whole, most countries around the world saw yields rise significantly over the six-month period, despite the general trend of declining yields over the final months of the period.

Geographic Composition
6/30/21

	% of Total Net Assets
Asia	32.8%
North America	20.9%
Latin America & Caribbean	16.6%
Europe	3.8%
Middle East & Africa	1.7%
Other	0.5%
Short-Term Investments & Other Net Assets	23.7%

The yield on the 10-year U.S. Treasury (UST) note finished the six-month period 55 basis points (bps) higher at 1.47%. It reached an intra-period peak of 1.74% on March 31, its highest level since January 2020. In Europe, the yield on the 10-year German Bund finished the six-month period 36 bps higher at -0.21%. In Asia, the yield on the 10-year Japanese government bond rose three bps to 0.05%. Sovereign bond yields also notably rose in the U.K., Canada, Australia, Sweden and Norway. In emerging markets, yields rose in India, Indonesia, Thailand, Brazil, Mexico, Chile, Colombia and Peru.

Rising yields strained valuations across many areas of the global fixed income markets during 2021's first quarter. U.S. dollar (USD)-denominated sovereign credit sectors broadly saw negative returns in January, February and March, before sharply reversing to generate offsetting positive returns in April, May and June as yields declined. Conditions were somewhat different in corporate credit sectors as U.S. investment-grade credit tiers initially saw negative returns on rate pressures, while high-yield credit tiers performed better, benefiting from greater spread cushioning. Investment-grade corporate credits returned to positive performance in April, May and June, modestly outpacing similar positive returns in the high-yield credit tiers.

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).

In currency markets, the USD broadly strengthened against a number of major developed market and emerging market currencies in the first quarter, with a few notable exceptions. That trend reversed in April and May as the USD broadly depreciated, before returning to a strengthening pattern in June. On the whole, the USD finished the six-month period broadly stronger against most currencies, with some exceptions. In Asia, the Chinese yuan appreciated 1.08% against the USD in the six-month period, while the Indonesian rupiah depreciated 3.10%, the Indian rupee 1.76%, the Singapore dollar 1.78%, the South Korean won 3.71% and the Japanese yen 7.05%. In Europe, the euro depreciated 2.93% against the USD. The Norwegian krone appreciated 2.60% against the euro, and the Canadian dollar appreciated 5.71%. The Swedish krona depreciated 0.96% against the euro. In Latin America, the Brazilian real appreciated 4.38% against the USD, while the Mexican peso depreciated 0.25%, the Colombian peso 8.79% and the Chilean peso 3.25%.

Vaccine distributions progressively accelerated in many countries during the period, though supply setbacks affected areas of Europe in March and April. Novel coronavirus (COVID-19) infection levels peaked in January in the U.S. and Europe before declining in February and plateauing in March. Cases continued to trend lower in April, May and June. Governments continued to struggle with balancing the needs of their economies with the health of their citizens during much of the first half of the period before higher vaccination rates and lower case levels enabled many regions to progressively reopen their economies in the second quarter.

Business and consumer confidence surveys strengthened in multiple regions during the period, particularly in the second quarter, despite some growing concerns over the proliferation of the COVID-19 delta variant in several parts of the world in June, notably in the U.K. and Australia. Economic activity continued to broadly expand in many countries during the second half of the period, largely driven by strength in goods sectors and manufacturing. Historically high savings rates in many countries also fueled resurgent growth in the spring and summer months. Labor market conditions generally continued to improve in many countries during the period, though unemployment broadly remained above pre-pandemic levels.

Inflation figures surged higher in many countries in April, May and June, driven by a combination of factors that included cyclical upswings associated with resurgent economic activity, supply bottlenecks in certain sectors and base effects off of the pandemic shocks in 2020. Headline Consumer Price Index (CPI) inflation in the U.S. rose from 2.6% year-over-year in March to 4.2% in April and 5.0% in May, its highest level since 2008. In Europe, euro area (EA) inflation rose from 0.9% in February to 1.3% in March, 1.6% in April and 2.0% in May, before levelling off at 1.9% (estimated) in June; the EA had previously endured deflationary pressures through the third and fourth quarters of 2020. Areas of non-core Europe, such as Hungary and Russia, experienced above-target levels of inflation in May and June. Globally, areas of Latin America, such as Brazil and Mexico, also experienced above-target inflation during the period, while inflation levels remained relatively more contained in areas of Asia, such as China, South Korea, Indonesia and Thailand.

Pent-up demand outpaced supply recoveries in certain sectors during the spring and summer months, adding to pricing pressures. Supply bottlenecks have intermittently surfaced across a myriad of industries due to accelerating demand, as well as logistical disruptions and ongoing uncertainties (economic, health and policy) that make it difficult to accurately schedule production.

Most central banks around the world signaled during the middle of the six-month period that they had reached the end of their rate-cutting cycles, with several banks beginning to pivot towards plans for policy normalization. The Bank of Canada began tapering its asset purchases in April and indicated that interest rates could be raised in the second half of 2022. The Bank of England headed towards concluding its quantitative easing program by the end of 2021. Norges Bank (Norway) indicated that a rate hike could arrive in the second half of 2021. Riksbank (Sweden) was on pace to wind down its asset purchase program in 2021 but intended to keep rates on hold at 0% for the foreseeable future. The Reserve Bank of New Zealand intended to end its asset purchases by September and begin hiking rates by mid-2022. Other developed market central banks—including the U.S. Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of Japan (BOJ)—had not yet signaled a normalization schedule as of the end of June.

In emerging markets, several countries faced persistent inflation pressures that may force a faster tightening response from their central banks. Notably, Brazil's central bank hiked rates 75 bps three times during the period (March, May and June) to 4.25%, and Mexico's central bank hiked its policy rate 25 bps in June to 4.25%, its first rate hike since December 2018. Other countries indicated they may begin pursuing tightening policies in the second half of 2021.

The Fed kept the federal funds target rate unchanged at 0.00%–0.25%, at each of its policy meetings during the period. In March, the Fed notably upgraded its growth forecast for 2021 to 6.5% from its prior estimate of 4.2% in December. The core inflation forecast was upgraded to 2.2% for 2021, from the prior estimate of 1.8%. However, Fed Chair Jay Powell cautioned that a full recovery was still distant and that economic conditions continued to warrant extraordinary monetary accommodation, citing the uncertainty related to the course of the pandemic.

In June, the overall policy tone shifted in a hawkish direction as the Fed raised its 2021 growth forecast for the U.S. economy to 7.0% and increased its inflation forecast to 3.4%. Powell commented that "the economy has clearly made progress," and a majority of Fed officials brought forward their projected expectations for rate hikes. The Fed's dot plot survey had previously indicated expectations for no hikes until 2024 at the March meeting. In June, 13 of 18 Fed officials indicated expectations for a rate hike by the end of 2023, with 11 indicating expectations for two hikes. Seven officials indicated expectations for at least one hike by the end of 2022. Powell cautioned that the dot surveys do not reflect forward guidance from the committee and that any discussion about raising rates is still "highly premature."

Powell also indicated in June that discussions of when to begin tapering its asset purchase program had begun, but that the timeline is yet to be determined. The Fed continued to purchase "at least $80 billion per month" in USTs and "at least $40 billion per month in agency mortgage-backed securities" during the reporting period. The Fed's balance sheet reached US$8.1 trillion at the end of June.

Despite higher U.S. inflation figures during the period, Powell continued to dispel the notion that higher inflation figures in 2021 would necessitate near-term rate hikes, reiterating the Fed's view that the figures largely reflect "transitory factors" that would not affect the course of monetary policy. Core personal consumption expenditures (PCE) inflation surged to 3.4% year-over-year in May, its highest level since 1992, up from 3.1% in April and 1.9% in March. The Fed continued to indicate it will let inflation run above 2.0% for periods of time to counterbalance prior periods of prolonged below-target inflation, implying that the Fed will allow the U.S. economy to run hot in upcoming years. However, Powell directly addressed Fed credibility concerns, stating that "if we see inflation moving materially above 2% in a persistent way that risks inflation expectations drifting up, then we will use our tools to guide inflation expectations back down." As of the June meeting, the Fed projected core PCE will be 3.0% in 2021, and 2.1% in 2022 and 2023.

The ECB kept monetary policy unchanged at each of its policy meetings during the period, leaving the main refinancing operations rate at 0.0%, and the main deposit facility rate at -0.5%. In March, the ECB announced that it would accelerate the pace of its bond purchases under the Pandemic Emergency Purchase Programme (PEPP). In June, it recommitted to those levels, stating that the pace and volume of bond purchases under the PEPP would "continue to be conducted at a significantly higher pace than during the first months of the year." The PEPP is currently scheduled to run through March 2022 and has around €700 billion in capacity remaining of its total €1.85 trillion size. The ECB raised its 2021 growth forecast for the EA to 4.6% at its June meeting, describing conditions as "balanced" and removing prior comments that risks were "titled to the downside."

The ECB also increased its 2021 inflation forecast for the EA to 1.9% (harmonized index of consumer prices) from 1.5%. ECB President Christine Lagarde commented in June that inflation remained distant from the ECB's target and is expected to diminish in 2022. Lagarde warned that monetary tightening would jeopardize the economic recovery and the inflation outlook.

The BOJ kept monetary policy unchanged at each of its policy meetings during the period, leaving the overnight interest rate at -0.1% and the yield target on the 10-year Japanese government bond at 0.0%. The BOJ published the results of its monetary framework review in March, the first of its kind since 2016. The findings indicated a shift of emphasis from aggressive stimulus towards more "sustainable" policy. The BOJ said it plans to intervene as needed during events that require financial market support, but will shift away from continuous balance sheet expansion solely to stimulate economic activity. Japan continued to struggle against deflationary pressures that have persisted since April 2020. Core inflation (National CPI ex-fresh food) rose to 0.1% year-over-year in May, from -0.1% in April and March, -0.4% in February and -0.6% in January.

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 enter into various currency-related derivative instruments, such as currency and cross-currency forwards, currency and currency index futures contracts and currency options.

Manager's Discussion

The successful development of vaccines against COVID-19 in the final months of 2020 substantially changed our outlook and positioning for 2021. In the weeks before the six-month reporting period began, we significantly shifted the emphasis of the Fund's strategic positioning from a safe-haven stance toward an increasing allocation in risk assets. We expected a rebound in global economic activity and improving economic conditions in the spring and summer months of 2021 as vaccines were progressively distributed and people increasingly reengaged with the world.

We were actively constructive in a number of regions throughout the period, particularly in areas of Asia that appeared to be at the forefront of the global economic recovery. The Fund was focused on three core themes during the six-month period: (1) weakness in the euro and USD, on excessive fiscal and monetary policies in Europe and the U.S., against currencies in countries with strong trade dynamics, current account surpluses, better fiscal management and stronger growth potential, notably in Asia; (2) avoiding interest-rate risks in low-yielding developed markets; and (3) pursuing sovereign bonds with relatively higher yields in a select set of resilient emerging markets.

At the beginning of the period, the Fund held overweighted positions in specific currencies that showed medium-term value against the USD and the euro. We held notable exposures to the Chinese yuan, the South Korean won, the Indian rupee and the Indonesian rupiah against the USD. We added exposure to the Singapore dollar in April and the New Zealand dollar in June. In Europe, we held exposures in the Norwegian krone and Swedish krona against the euro. In the Americas, we held long exposure to the Canadian dollar against the euro, and long exposures to the Colombian peso and Brazilian real against the USD. In May, we added exposure to the Chilean peso against the USD. During the period, we used currency forwards and currency options to actively manage currency exposures.

We also continued to focus on compelling risk-adjusted yields in various local-currency bond markets, specifically in countries with resilient economies and strong trade dynamics. We continued to largely avoid developed market duration exposures in preference for higher yields available in select emerging markets, notably including Indonesia, India, Mexico, Colombia, Brazil and Ghana, among others. We saw pockets of value in certain USD-denominated sovereign credits, but we continued to largely prefer specific valuations in the local-currency markets over the more fully valued credit markets.

During the period, the Fund's negative absolute performance was primarily due to currency positions. Interest-rate strategies contributed to absolute results, while sovereign credit exposures had a largely neutral effect. Among currencies, the Fund's net-positive position in the Japanese yen detracted from absolute performance, as did currency positions in Latin America and Asia ex-Japan. The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Select duration exposures in Latin America (Argentina) and Africa (Ghana) contributed to absolute results.

On a relative basis, the Fund's performance fared better than that of its benchmark index primarily due to interest-rate strategies. Currency positions detracted from relative results, while sovereign credit exposures had a largely neutral effect. The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Select underweighted duration exposures in Europe contributed to relative performance, as did underweighted duration exposure in the U.S. Select overweighted duration exposures in Latin America (Argentina) and Africa (Ghana) also contributed to relative results. Among currencies, the Fund's overweighted position in the Japanese yen during most of the period detracted from relative performance, as did overweighted currency positions in Latin America and Asia ex-Japan. However, the Fund's underweighted exposure to the euro contributed to relative results.

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$971.78	$3.66	$1,021.09	$3.75	0.75%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Templeton Global Bond VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.49	$16.63	$17.54	$17.17	$16.85	$16.34
Income from investment operations[a]:						
Net investment income[b]	0.24	0.52	0.89	0.88	0.83	0.62
Net realized and unrealized gains (losses)	(0.62)	(1.31)	(0.54)	(0.51)	(0.46)	(0.10)
Total from investment operations	(0.38)	(0.79)	0.35	0.37	0.37	0.52
Less distributions from:						
Net investment income and net foreign currency gains	—	(1.35)	(1.26)	—	—	—
Net realized gains	—	—	—	—	(0.05)	(0.01)
Tax return of capital	—	(—)[c]	—	—	—	—
Total distributions	—	(1.35)	(1.26)	—	(0.05)	(0.01)
Net asset value, end of period	$14.11	$14.49	$16.63	$17.54	$17.17	$16.85
Total return[d]	(2.62)%	(4.73)%	1.89%	2.15%	2.15%	3.21%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates and expense reduction	0.51%	0.51%	0.53%	0.56%	0.53%	0.53%
Expenses net of waiver and payments by affiliates	0.50%	0.46%	0.44%	0.47%	0.46%	0.48%
Expenses net of waiver and payments by affiliates and expense reduction	0.50%[f]	0.45%	0.42%	0.45%	0.46%[f]	0.48%[f]
Net investment income	3.41%	3.43%	5.22%	5.09%	4.81%	3.88%
Supplemental data						
Net assets, end of period (000's)	$225,124	$224,704	$322,794	$285,046	$286,502	$241,792
Portfolio turnover rate	18.33%	52.84%	22.58%	18.22%	37.97%	59.00%

[a]The 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.

[b]Based on average daily shares outstanding.

[c]Amount rounds to less than $0.01 per share.

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

[e]Ratios are annualized for periods less than one year.

[f]Benefit of expense reduction rounds to less than 0.01%.

Templeton Global Bond VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$13.82	$15.91	$16.83	$16.51	$16.25	$15.80
Income from investment operations[a]:						
Net investment income[b]	0.21	0.46	0.82	0.81	0.76	0.56
Net realized and unrealized gains (losses)	(0.60)	(1.24)	(0.53)	(0.49)	(0.45)	(0.10)
Total from investment operations	(0.39)	(0.78)	0.29	0.32	0.31	0.46
Less distributions from:						
Net investment income and net foreign currency gains	—	(1.31)	(1.21)	—	—	—
Net realized gains	—	—	—	—	(0.05)	(0.01)
Tax return of capital	—	(—)[c]	—	—	—	—
Total distributions	—	(1.31)	(1.21)	—	(0.05)	(0.01)
Net asset value, end of period	$13.43	$13.82	$15.91	$16.83	$16.51	$16.25
Total return[d]	(2.82)%	(4.92)%	1.63%	1.94%	1.93%	2.94%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates and expense reduction	0.76%	0.75%	0.78%	0.81%	0.78%	0.78%
Expenses net of waiver and payments by affiliates	0.75%	0.71%	0.69%	0.72%	0.71%	0.73%
Expenses net of waiver and payments by affiliates and expense reduction	0.75%[f]	0.70%	0.67%	0.70%	0.71%[f]	0.73%[f]
Net investment income	3.16%	3.16%	4.97%	4.84%	4.56%	3.63%
Supplemental data						
Net assets, end of period (000's)	$1,964,221	$2,022,487	$2,389,610	$2,544,900	$2,730,081	$2,812,535
Portfolio turnover rate	18.33%	52.84%	22.58%	18.22%	37.97%	59.00%

[a]The 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.
[b]Based on average daily shares outstanding.
[c]Amount rounds to less than $0.01 per share.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.

Templeton Global Bond VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$14.17	$16.27	$17.19	$16.88	$16.62	$16.18
Income from investment operations[a]:						
Net investment income[b]	0.21	0.46	0.82	0.81	0.76	0.56
Net realized and unrealized gains (losses)	(0.61)	(1.27)	(0.55)	(0.50)	(0.45)	(0.11)
Total from investment operations	(0.40)	(0.81)	0.27	0.31	0.31	0.45
Less distributions from:						
Net investment income and net foreign currency gains	—	(1.29)	(1.19)	—	—	—
Net realized gains	—	—	—	—	(0.05)	(0.01)
Tax return of capital	—	(—)[c]	—	—	—	—
Total distributions	—	(1.29)	(1.19)	—	(0.05)	(0.01)
Net asset value, end of period	$13.77	$14.17	$16.27	$17.19	$16.88	$16.62
Total return[d]	(2.82)%	(5.00)%	1.48%	1.84%	1.76%	2.87%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates and expense reduction	0.86%	0.85%	0.88%	0.91%	0.88%	0.88%
Expenses net of waiver and payments by affiliates	0.85%	0.81%	0.79%	0.82%	0.81%	0.83%
Expenses net of waiver and payments by affiliates and expense reduction	0.85%[f]	0.80%	0.77%	0.80%	0.81%[f]	0.83%[f]
Net investment income	3.06%	3.06%	4.87%	4.74%	4.46%	3.53%
Supplemental data						
Net assets, end of period (000's)	$77,148	$76,771	$90,272	$94,312	$98,934	$96,798
Portfolio turnover rate	18.33%	52.84%	22.58%	18.22%	37.97%	59.00%

[a]The 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.

[b]Based on average daily shares outstanding.

[c]Amount rounds to less than $0.01 per share.

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

[e]Ratios are annualized for periods less than one year.

[f]Benefit of expense reduction rounds to less than 0.01%.

Statement of Investments (unaudited), June 30, 2021

Templeton Global Bond VIP Fund

	Principal Amount*		Value
Foreign Government and Agency Securities 55.4%			
Argentina 2.0%			
[a,b]Argentina BONCER,			
Index Linked, 1%, 8/05/21	249,130,883	ARS	$1,486,902
Index Linked, 1.2%, 3/18/22	2,455,117,453	ARS	14,569,772
Index Linked, 1.3%, 9/20/22	21,183,218	ARS	124,140
Index Linked, 1.4%, 3/25/23	1,691,875,461	ARS	9,659,776
Index Linked, 1.5%, 3/25/24	1,523,527,863	ARS	8,259,252
[b,c]Argentina Bonos del Tesoro Nacional en Pesos Badlar, FRN, 36.104%, (ARS BADLAR + 2%), 4/03/22	24,036,000	ARS	137,730
[b]Argentina Government Bond,			
18.2%, 10/03/21	820,823,000	ARS	4,602,703
16%, 10/17/23	884,455,900	ARS	3,216,712
15.5%, 10/17/26	1,668,306,000	ARS	3,962,633
			46,019,620
Brazil 1.0%			
Brazil Notas do Tesouro Nacional,			
10%, 1/01/25	41,020,000	BRL	8,738,317
10%, 1/01/27	17,680,000	BRL	3,787,342
10%, 1/01/29	17,690,000	BRL	3,801,556
10%, 1/01/31	28,220,000	BRL	6,019,799
			22,347,014
Colombia 3.4%			
Colombia Government Bond,			
Senior Bond, 4.375%, 3/21/23	362,000,000	COP	98,818
Senior Bond, 9.85%, 6/28/27	576,000,000	COP	183,478
Colombia Titulos de Tesoreria,			
B, 7%, 5/04/22	17,524,600,000	COP	4,826,943
B, 10%, 7/24/24	67,868,000,000	COP	20,627,945
B, 6.25%, 11/26/25	32,036,000,000	COP	8,663,013
B, 7.5%, 8/26/26	96,649,700,000	COP	27,297,950
B, 5.75%, 11/03/27	22,036,000,000	COP	5,627,555
B, 6%, 4/28/28	29,113,600,000	COP	7,457,799
B, 7.75%, 9/18/30	8,450,000,000	COP	2,350,121
			77,133,622
Ghana 1.7%			
Ghana Government Bond,			
24.75%, 7/19/21	1,190,000	GHS	203,382
18.75%, 1/24/22	26,990,000	GHS	4,673,944
17.6%, 11/28/22	520,000	GHS	90,160
Senior Note, 17.6%, 2/20/23	3,310,000	GHS	574,721
19%, 9/18/23	150,000	GHS	26,760
18.85%, 9/28/23	2,790,000	GHS	497,893
19.25%, 11/27/23	1,350,000	GHS	242,591
Senior Note, 17.7%, 3/18/24	1,080,000	GHS	187,704
19.75%, 3/25/24	26,840,000	GHS	4,861,416
Senior Note, 18.3%, 3/02/26	690,000	GHS	118,911
19%, 11/02/26	80,510,000	GHS	14,090,081
19.75%, 3/15/32	80,510,000	GHS	14,189,838
			39,757,401

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
India 4.4%			
India Government Bond,			
8.2%, 2/15/22	500,000,000	INR	$6,903,524
6.84%, 12/19/22	98,000,000	INR	1,366,716
7.16%, 5/20/23	133,700,000	INR	1,880,635
8.83%, 11/25/23	1,468,100,000	INR	21,467,893
Senior Note, 5.22%, 6/15/25	313,000,000	INR	4,159,252
8.2%, 9/24/25	297,100,000	INR	4,357,441
Senior Note, 5.15%, 11/09/25	2,459,900,000	INR	32,495,534
7.59%, 1/11/26	1,629,000,000	INR	23,381,085
7.27%, 4/08/26	214,000,000	INR	3,040,000
			99,052,080
Indonesia 9.8%			
Indonesia Government Bond,			
FR61, 7%, 5/15/22	244,849,000,000	IDR	17,415,856
FR35, Senior Bond, 12.9%, 6/15/22	71,229,000,000	IDR	5,346,203
FR43, 10.25%, 7/15/22	147,832,000,000	IDR	10,877,478
FR63, 5.625%, 5/15/23	289,067,000,000	IDR	20,420,092
FR46, 9.5%, 7/15/23	226,780,000,000	IDR	17,165,682
FR39, 11.75%, 8/15/23	5,491,000,000	IDR	433,861
FR70, 8.375%, 3/15/24	53,132,000,000	IDR	4,007,875
FR44, 10%, 9/15/24	4,454,000,000	IDR	350,174
FR81, 6.5%, 6/15/25	599,166,000,000	IDR	43,423,419
FR40, 11%, 9/15/25	46,856,000,000	IDR	3,886,657
FR86, 5.5%, 4/15/26	1,421,313,000,000	IDR	98,501,892
			221,829,189
Mexico 10.2%			
Mexican Bonos Desarr Fixed Rate,			
M, Senior Note, 7.25%, 12/09/21	1,301,510,000	MXN	65,914,754
M, 6.5%, 6/09/22	2,147,994,000	MXN	108,818,204
M, Senior Note, 6.75%, 3/09/23	229,144,000	MXN	11,711,839
M, Senior Bond, 8%, 12/07/23	836,490,000	MXN	44,002,004
			230,446,801
Norway 3.8%			
[d]Norway Government Bond,			
144A, Reg S, 2%, 5/24/23	315,007,000	NOK	37,528,887
144A, Reg S, 3%, 3/14/24	265,052,000	NOK	32,546,643
144A, Reg S, 1.75%, 3/13/25	89,312,000	NOK	10,656,702
144A, Reg S, 1.5%, 2/19/26	52,969,000	NOK	6,269,893
			87,002,125
South Korea 18.6%			
Korea Monetary Stabilization Bond,			
1.285%, 2/02/22	33,410,000,000	KRW	29,637,646
Senior Note, 0.87%, 2/02/23	59,850,000,000	KRW	52,669,588
Senior Note, 0.905%, 4/02/23	61,390,000,000	KRW	53,974,799
Korea Treasury Bond,			
1.25%, 12/10/22	77,860,000,000	KRW	69,026,579
3%, 3/10/23	3,919,000,000	KRW	3,571,224
2.25%, 9/10/23	88,312,000,000	KRW	79,607,810
0.875%, 12/10/23	22,287,000,000	KRW	19,485,286
1.875%, 3/10/24	33,811,000,000	KRW	30,255,160
1.375%, 9/10/24	75,881,910,000	KRW	66,793,900

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
South Korea (continued)			
Korea Treasury Bond, (continued)			
3%, 9/10/24	18,500,000,000	KRW	$17,109,290
			422,131,282
Supranational 0.5%			
[e]Inter-American Development Bank, Senior Bond, 7.5%, 12/05/24	200,000,000	MXN	10,295,291
Total Foreign Government and Agency Securities (Cost $1,472,838,190)			**1,256,014,425**
U.S. Government and Agency Securities 20.9%			
United States 20.9%			
U.S. Treasury Notes,			
1.125%, 9/30/21	3,497,000		3,506,439
1.5%, 9/30/21	15,768,000		15,824,832
2.125%, 12/31/21	3,953,000		3,993,556
1.5%, 10/31/24	64,160,000		66,217,631
1.5%, 11/30/24	50,420,000		52,035,016
1.75%, 12/31/24	22,672,000		23,597,478
2%, 2/15/25	49,140,000		51,604,678
2.125%, 5/15/25	58,760,000		62,060,660
2.875%, 5/31/25	76,680,000		83,260,701
2.625%, 12/31/25	44,803,000		48,443,244
1.625%, 2/15/26	24,220,000		25,112,166
2.125%, 5/31/26	11,063,000		11,735,423
1.625%, 10/31/26	24,220,000		25,091,352
			472,483,176
Total U.S. Government and Agency Securities (Cost $462,077,913)			**472,483,176**
Total Long Term Investments (Cost $1,934,916,103)			**1,728,497,601**

	Number of Contracts	Notional Amount#		
Options Purchased 0.3%				
Calls - Over-the-Counter				
Currency Options				
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 86.50 JPY, Expires 12/20/21	1	22,983,000	AUD	146,883
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 107.45 JPY, Expires 2/23/22	1	9,453,000		369,123
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 115.95 JPY, Expires 8/11/21	1	27,911,000		6,855
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 20.98 MXN, Expires 10/07/21	1	62,508,000		667,604
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 21.65 MXN, Expires 8/20/21	1	15,371,000		32,794

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount[#]		Value
Options Purchased (continued)				
Calls - Over-the-Counter (continued)				
Currency Options (continued)				
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 22.26 MXN, Expires 8/02/21	1	23,397,000		$11,618
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 22.36 MXN, Expires 12/28/21	1	34,580,000		304,427
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 26.30 MXN, Expires 10/19/23	1	16,875,000		470,664
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 26.30 MXN, Expires 10/19/23	1	9,033,000		251,941
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 26.30 MXN, Expires 10/19/23	1	9,033,000		251,941
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 29.19 MXN, Expires 8/29/24	1	21,864,000		622,571
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 29.71 MXN, Expires 8/09/24	1	21,864,000		555,498
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 29.73 MXN, Expires 12/07/21	1	31,535,000		10,922
				3,702,841
Puts - Over-the-Counter				
Currency Options				
Foreign Exchange AUD/JPY, Counterparty CITI, July Strike Price 71.10 JPY, Expires 7/15/21	1	6,388,000	AUD	3
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 75.00 JPY, Expires 12/20/21	1	45,967,000	AUD	123,112
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 77.45 JPY, Expires 9/14/21	1	20,340,000	AUD	25,423
Foreign Exchange AUD/JPY, Counterparty CITI, July Strike Price 78.50 JPY, Expires 7/15/21	1	25,550,000	AUD	1,518
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 80.55 JPY, Expires 9/14/21	1	38,709,000	AUD	154,849
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 81.61 JPY, Expires 12/14/21	1	40,680,000	AUD	489,983
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 82.66 JPY, Expires 9/14/21	1	87,181,000	AUD	784,343
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 102.65 JPY, Expires 8/11/21	1	41,892,000		1,311

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount[#]	Value
Options Purchased (continued)			
Puts - Over-the-Counter (continued)			
Currency Options (continued)			
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 18.76 MXN, Expires 10/27/21	1	34,913,000	$68,778
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 19.23 MXN, Expires 8/20/21	1	11,528,000	23,271
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 19.35 MXN, Expires 8/02/21	1	8,189,000	13,441
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 19.43 MXN, Expires 8/30/21	1	16,398,000	71,551
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.58 MXN, Expires 10/07/21	1	30,864,000	259,338
Foreign Exchange USD/MXN, Counterparty CITI, September Strike Price 19.59 MXN, Expires 9/03/21	1	31,654,000	210,254
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.85 MXN, Expires 10/19/23	1	4,517,000	59,655
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.85 MXN, Expires 10/19/23	1	8,437,000	111,426
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.85 MXN, Expires 10/19/23	1	4,517,000	59,655
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 19.88 MXN, Expires 8/11/21	1	16,398,000	170,065
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 21.15 MXN, Expires 8/20/21	1	14,780,000	854,060
			3,482,036
Total Options Purchased (Cost $16,956,898)			7,184,877

Short Term Investments 21.8%

	Principal Amount[*]		Value
Foreign Government and Agency Securities 11.4%			
Argentina 0.2%			
[a,b,f]Argentina Letras de la Nacion Argentina con Ajuste por CER, Index Linked, 9/13/21	141,577,316	ARS	838,364
Index Linked, 2/28/22	205,019,790	ARS	1,201,812
Index Linked, 4/18/22	588,251,810	ARS	3,435,393
			5,475,569
Brazil 2.3%			
[f]Brazil Letras do Tesouro Nacional, 1/01/24	71,110,000	BRL	11,812,692

Templeton Global Bond VIP Fund (continued)

Short Term Investments (continued)

	Principal Amount[e]		Value
Foreign Government and Agency Securities (continued)			
Brazil (continued)			
[f]Brazil Letras do Tesouro Nacional, (continued)			
7/01/24	248,380,000	BRL	$39,535,540
			51,348,232
Japan 4.5%			
[f]Japan Treasury Bills,			
7/19/21	290,700,000	JPY	2,617,045
8/10/21	1,179,000,000	JPY	10,614,683
9/13/21	906,500,000	JPY	8,162,126
11/22/21	4,069,650,000	JPY	36,651,514
12/20/21	4,837,300,000	JPY	43,569,542
			101,614,910
Singapore 4.4%			
[f]Singapore Treasury Bills,			
7/16/21	45,410,000	SGD	33,765,024
8/13/21	6,460,000	SGD	4,802,454
8/20/21	43,100,000	SGD	32,039,507
8/24/21	40,540,000	SGD	30,135,573
			100,742,558
Total Foreign Government and Agency Securities (Cost $263,553,212)			**259,181,269**
U.S. Government and Agency Securities 2.8%			
United States 2.8%			
[f]U.S. Treasury Bills, 8/03/21	64,460,000		64,457,530
Total U.S. Government and Agency Securities (Cost $64,459,291)			**64,457,530**
	Shares		
Money Market Funds 7.6%			
United States 7.6%			
[g,h]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	171,901,075		171,901,075
Total Money Market Funds (Cost $171,901,075)			**171,901,075**
Total Short Term Investments (Cost $499,913,578)			**495,539,874**
Total Investments (Cost $2,451,786,579) 98.4%			**$2,231,222,352**
Options Written (0.3)%			**(7,431,765)**
Other Assets, less Liabilities 1.9%			**42,702,655**
Net Assets 100.0%			**$2,266,493,242**

	Number of Contracts	Notional Amount[#]		
[i]**Options Written (0.3)%**				
Calls - Over-the-Counter				
Currency Options				
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 81.20 JPY, Expires 12/20/21	1	22,983,000	AUD	(675,225)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount[#]		Value
[i]**Options Written** (continued)				
Calls - Over-the-Counter (continued)				
Currency Options (continued)				
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 85.74 JPY, Expires 9/14/21	1	58,121,000	AUD	$(182,822)
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 109.90 JPY, Expires 8/11/21	1	41,892,000		(583,332)
Foreign Exchange USD/MXN, Counterparty CITI, September Strike Price 21.10 MXN, Expires 9/03/21	1	31,654,000		(178,996)
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 21.15 MXN, Expires 8/20/21	1	14,780,000		(57,261)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.61 MXN, Expires 10/07/21	1	31,254,000		(90,217)
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 23.43 MXN, Expires 8/20/21	1	15,371,000		(5,661)
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 24.62 MXN, Expires 8/02/21	1	5,849,000		(290)
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 25.33 MXN, Expires 12/28/21	1	22,150,000		(46,773)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 26.61 MXN, Expires 8/30/21	1	16,398,000		(1,021)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 27.38 MXN, Expires 8/11/21	1	16,398,000		(312)
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 27.93 MXN, Expires 12/07/21	1	10,512,000		(6,353)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 34.95 MXN, Expires 10/19/23	1	4,517,000		(33,634)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 34.95 MXN, Expires 10/19/23	1	4,517,000		(33,633)
				(1,895,530)
Puts - Over-the-Counter				
Currency Options				
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 68.40 JPY, Expires 12/20/21	1	22,983,000	AUD	(15,342)
Foreign Exchange AUD/JPY, Counterparty CITI, July Strike Price 75.90 JPY, Expires 7/15/21	1	25,550,000	AUD	(210)
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 78.33 JPY, Expires 12/14/21	1	61,082,000	AUD	(333,901)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount[#]		Value
[i]**Options Written** (continued)				
Puts - Over-the-Counter (continued)				
Currency Options (continued)				
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 80.56 JPY, Expires 9/14/21	1	43,591,000	AUD	$(175,052)
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 82.09 JPY, Expires 9/14/21	1	19,354,000	AUD	(140,203)
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 95.85 JPY, Expires 2/23/22	1	9,453,000		(6,492)
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 98.00 JPY, Expires 8/11/21	1	13,980,000		(41)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.05 MXN, Expires 10/07/21	1	30,864,000		(88,971)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.32 MXN, Expires 10/07/21	1	56,224,000		(287,266)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.71 MXN, Expires 10/27/21	1	34,913,000		(407,047)
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 19.86 MXN, Expires 8/20/21	1	23,056,000		(245,294)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 20.94 MXN, Expires 8/30/21	1	16,398,000		(795,357)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 21.43 MXN, Expires 8/11/21	1	16,398,000		(1,172,359)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.32 MXN, Expires 10/19/23	1	16,875,000		(902,502)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.32 MXN, Expires 10/19/23	1	9,033,000		(483,099)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.32 MXN, Expires 10/19/23	1	9,033,000		(483,099)
				(5,536,235)
Total Options Written (Premiums received $10,250,539)				$(7,431,765)

Templeton Global Bond VIP Fund (continued)

[#] Notional amount is the number of units specified in the contract, and can include currency units, bushels, shares, pounds, barrels or other units. Currency units are stated in U.S. dollars unless otherwise indicated.

[*] The principal amount is stated in U.S. dollars unless otherwise indicated.

[a] Redemption price at maturity is adjusted for inflation. See Note 1(f).

[b] Securities denominated in Argentine Peso have been designated as Level 3 investments. See Note 12 regarding fair value measurements.

[c] The coupon rate shown represents the rate at period end.

[d] Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities 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. Regulation S securities 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 June 30, 2021, the aggregate value of these securities was $87,002,125, representing 3.8% of net assets.

[e] A supranational organization is an entity formed by two or more central governments through international treaties.

[f] The security was issued on a discount basis with no stated coupon rate.

[g] See Note 3(e) regarding investments in affiliated management investment companies.

[h] The rate shown is the annualized seven-day effective yield at period end.

[i] See Note 1(c) regarding written options.

At June 30, 2021, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counter-party[a]	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Chilean Peso	JPHQ	Buy	862,040,000	1,186,566	7/01/21	$—	$(12,732)
Chilean Peso	JPHQ	Sell	862,040,000	1,162,547	7/01/21	—	(11,287)
Chilean Peso	GSCO	Buy	1,056,100,000	1,456,690	7/02/21	—	(18,606)
Chilean Peso	GSCO	Sell	1,056,100,000	1,434,918	7/02/21	—	(3,165)
Chilean Peso	JPHQ	Buy	1,697,900,000	2,341,091	7/02/21	—	(29,073)
Chilean Peso	JPHQ	Sell	1,697,900,000	2,289,756	7/02/21	—	(22,262)
Chilean Peso	JPHQ	Buy	2,963,390,000	4,125,704	7/06/21	—	(90,915)
Chilean Peso	JPHQ	Sell	2,963,390,000	4,023,612	7/06/21	—	(11,177)
Mexican Peso	CITI	Buy	985,173,000	49,675,426	7/08/21	—	(294,040)
Mexican Peso	CITI	Sell	985,173,000	45,889,746	7/08/21	—	(3,491,641)
Indian Rupee	HSBK	Buy	241,380,400	3,221,197	7/12/21	20,870	—
Australian Dollar	JPHQ	Sell	5,931,544	451,307,483 JPY	7/13/21	—	(384,621)
Japanese Yen	JPHQ	Sell	472,283,477	5,931,544 AUD	7/13/21	195,775	—
Chinese Yuan	CITI	Buy	125,329,450	19,205,224	7/14/21	154,615	—
Chilean Peso	GSCO	Buy	1,956,400,000	2,709,207	7/15/21	—	(46,134)
Euro	DBAB	Sell	13,568,350	138,688,215 SEK	7/15/21	114,025	—
South Korean Won	CITI	Buy	8,470,100,000	7,578,152	7/21/21	—	(82,697)
Singapore Dollar	MSCO	Buy	4,660,000	3,508,957	7/22/21	—	(43,715)
South Korean Won	JPHQ	Buy	8,539,200,000	7,657,483	7/22/21	—	(100,923)
South Korean Won	JPHQ	Buy	8,365,800,000	7,499,664	7/26/21	—	(96,726)
Euro	CITI	Sell	4,519,702	7,054,790 CAD	8/03/21	326,646	—
Euro	HSBK	Sell	50,388,544	78,404,584 CAD	8/03/21	3,442,635	—
Chilean Peso	GSCO	Buy	6,050,669,723	8,422,641	8/06/21	—	(191,298)
Euro	CITI	Sell	20,106,927	2,646,976,443 JPY	8/06/21	—	(26,953)
Chilean Peso	GSCO	Buy	1,056,100,000	1,434,178	8/09/21	2,430	—
Australian Dollar	CITI	Sell	2,393,000	202,124,745 JPY	8/10/21	25,551	—
Mexican Peso	CITI	Sell	96,651,200	4,750,939	8/13/21	—	(71,010)
Australian Dollar	MSCO	Sell	34,166,000	26,604,039	8/16/21	981,163	—
Chilean Peso	GSCO	Buy	3,439,478,985	4,870,817	8/16/21	—	(192,975)
Chilean Peso	GSCO	Buy	3,292,433,571	4,653,881	8/17/21	—	(176,141)
Chilean Peso	JPHQ	Buy	6,650,900,000	9,331,231	8/17/21	—	(285,947)
Euro	JPHQ	Sell	13,349,845	16,142,686	8/23/21	293,928	—
Mexican Peso	CITI	Sell	539,656,000	24,938,584	8/23/21	—	(1,950,767)
Euro	CITI	Sell	15,587,141	2,000,157,581 JPY	8/24/21	—	(491,504)
Japanese Yen	CITI	Buy	990,030,000	9,397,050	8/24/21	—	(480,692)

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counter-party[a]	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Japanese Yen	CITI	Sell	990,030,000	9,036,089	8/24/21	$119,730	$—
Euro	BOFA	Sell	1,336,000	1,639,816	8/25/21	53,670	—
Euro	MSCO	Sell	30,744,500	37,728,574	8/27/21	1,226,142	—
Chilean Peso	GSCO	Buy	4,501,164,023	6,182,651	9/01/21	—	(63,476)
Mexican Peso	CITI	Sell	861,862,000	42,727,354	9/01/21	—	(166,848)
Indian Rupee	JPHQ	Buy	205,911,800	2,737,497	9/07/21	8,948	—
Indian Rupee	CITI	Buy	200,059,600	2,660,544	9/08/21	7,499	—
Indian Rupee	JPHQ	Buy	266,347,200	3,564,031	9/08/21	—	(11,961)
Indian Rupee	CITI	Buy	241,153,200	3,253,770	9/09/21	—	(38,110)
Chinese Yuan	BOFA	Buy	184,017,140	28,648,603	9/10/21	—	(342,453)
Chinese Yuan	CITI	Buy	284,452,570	44,280,509	9/10/21	—	(525,035)
Chinese Yuan	BOFA	Buy	220,626,460	34,296,045	9/13/21	—	(366,061)
Indian Rupee	HSBK	Buy	242,055,750	3,278,023	9/13/21	—	(52,000)
Chilean Peso	GSCO	Buy	6,082,809,783	8,382,043	9/15/21	—	(116,344)
Euro	DBAB	Sell	5,298,436	54,526,200 SEK	9/15/21	83,061	—
Euro	DBAB	Sell	6,199,272	66,742,600 NOK	9/15/21	393,732	—
Mexican Peso	MSCO	Sell	720,230,800	36,259,920	9/15/21	484,254	—
Euro	DBAB	Sell	17,057,650	173,360,316 SEK	9/16/21	12,232	—
Euro	JPHQ	Sell	19,578,885	198,445,700 NOK	9/16/21	—	(191,669)
Euro	JPHQ	Sell	19,009,633	202,667,400 NOK	9/20/21	973,420	—
Japanese Yen	JPHQ	Buy	1,180,260,000	11,507,883	9/21/21	—	(875,466)
Japanese Yen	JPHQ	Sell	1,180,260,000	10,778,223	9/21/21	145,806	—
Japanese Yen	MSCO	Buy	9,526,876,470	92,355,861	9/21/21	—	(6,532,632)
Japanese Yen	MSCO	Sell	9,526,876,470	86,971,585	9/21/21	1,148,356	—
New Zealand Dollar	BOFA	Buy	10,600,000	7,515,533	9/21/21	—	(109,133)
Chilean Peso	JPHQ	Buy	3,427,420,000	4,617,796	9/24/21	38,265	—
Euro	HSBK	Sell	25,254,215	3,347,323,238 JPY	9/24/21	152,964	—
Australian Dollar	CITI	Sell	16,628,000	12,601,114	9/28/21	128,729	—
Japanese Yen	CITI	Buy	1,395,020,320	12,607,504	9/28/21	—	(39,547)
Chilean Peso	GSCO	Buy	887,130,000	1,209,283	9/29/21	—	(4,331)
Euro	CITI	Sell	67,857,227	8,983,686,158 JPY	9/29/21	311,777	—
Chilean Peso	JPHQ	Buy	5,487,100,000	7,666,667	9/30/21	—	(214,000)
Euro	JPHQ	Sell	22,781,770	230,077,650 NOK	9/30/21	—	(327,004)
Mexican Peso	CITI	Sell	492,586,500	24,572,808	10/01/21	159,285	—
Chilean Peso	JPHQ	Buy	2,963,390,000	4,018,210	10/04/21	6,127	—
Chinese Yuan	HSBK	Buy	135,702,480	20,416,059	10/15/21	406,306	—
Euro	DBAB	Sell	10,250,931	104,016,200 SEK	10/18/21	—	(16,589)
Euro	DBAB	Sell	10,247,801	104,016,200 SEK	10/19/21	—	(13,004)
Euro	JPHQ	Sell	19,692,104	198,445,700 NOK	10/19/21	—	(347,799)
Singapore Dollar	MSCO	Buy	5,880,000	4,405,006	10/21/21	—	(32,692)
Euro	HSBK	Sell	25,253,939	3,185,910,659 JPY	10/25/21	—	(1,311,047)
Singapore Dollar	CITI	Buy	4,670,000	3,515,243	10/26/21	—	(42,678)
Mexican Peso	CITI	Sell	492,586,500	24,467,837	11/01/21	160,839	—
Euro	BOFA	Sell	5,729,854	8,949,000 CAD	11/02/21	404,923	—
Euro	HSBK	Sell	26,238,721	39,218,884 CAD	11/03/21	432,896	—
Indian Rupee	CITI	Buy	149,657,200	1,964,779	11/10/21	15,328	—
Euro	DBAB	Sell	25,089,752	255,476,400 SEK	11/17/21	53,543	—
Chinese Yuan	JPHQ	Buy	94,285,000	14,452,333	11/22/21	—	(21,994)
Euro	GSCO	Sell	1,230,811	1,508,685	11/22/21	44,367	—
Euro	JPHQ	Sell	13,349,846	16,345,818	11/24/21	462,491	—
Chinese Yuan	JPHQ	Buy	109,163,880	16,884,842	12/10/21	—	(197,509)
Chinese Yuan	JPHQ	Buy	188,842,190	29,198,440	12/13/21	—	(336,915)
Euro	DBAB	Sell	27,506,859	277,376,415 SEK	12/13/21	—	(268,382)
Chinese Yuan	HSBK	Buy	136,590,880	21,108,483	12/15/21	—	(235,551)
Euro	DBAB	Sell	25,410,352	257,096,855 SEK	12/16/21	—	(148,103)
Euro	JPHQ	Sell	2,485,319	25,140,000 SEK	12/17/21	—	(15,217)
Indian Rupee	JPHQ	Buy	1,020,100,000	13,589,737	12/20/21	—	(159,805)

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counter-party[a]	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
New Zealand Dollar .	JPHQ	Buy	34,910,000	24,903,433	12/20/21	$—	$(522,848)
New Zealand Dollar .	CITI	Buy	12,470,000	8,836,865	12/21/21	—	(128,065)
New Zealand Dollar .	JPHQ	Buy	12,470,000	8,816,178	12/21/21	—	(107,377)
Chilean Peso	GSCO	Buy	3,567,150,000	4,821,132	12/23/21	18,858	(9,844)
Indian Rupee	JPHQ	Buy	205,330,400	2,660,065	1/27/22	29,606	—
Euro	DBAB	Sell	5,386,204	54,462,600 SEK	6/15/22	—	(51,022)
Euro	DBAB	Sell	6,540,211	66,595,700 NOK	6/15/22	—	(102,513)
Euro	DBAB	Sell	2,971,000	30,252,800 NOK	6/16/22	—	(46,641)
Euro	DBAB	Sell	9,278,905	95,003,000 NOK	6/20/22	—	(87,369)
Euro	CITI	Sell	32,632,111	335,990,000 NOK	6/21/22	—	(90,759)
Total Forward Exchange Contracts						$13,040,792	$(22,876,794)
Net unrealized appreciation (depreciation)							$(9,836,002)

[a]May be comprised of multiple contracts with the same counterparty, currency and settlement date.
*In U.S. dollars unless otherwise indicated.

See Note 10 regarding other derivative information.

See Abbreviations on page TGB-37 .

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Templeton Global Bond VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$2,279,885,504
Cost - Non-controlled affiliates (Note 3e)	171,901,075
Value - Unaffiliated issuers	$2,059,321,277
Value - Non-controlled affiliates (Note 3e)	171,901,075
Cash	410,000
Restricted currency, at value (cost $3,375) (Note 1d)	3,375
Foreign currency, at value (cost $22,568,484)	22,648,086
Receivables:	
Capital shares sold	904,890
Dividends and interest	16,542,156
Deposits with brokers for:	
OTC derivative contracts	16,942,807
Unrealized appreciation on OTC forward exchange contracts	13,040,792
Total assets	2,301,714,458
Liabilities:	
Payables:	
Capital shares redeemed	1,725,149
Management fees	850,910
Distribution fees	428,956
Options written, at value (premiums received $10,250,539)	7,431,765
Unrealized depreciation on OTC forward exchange contracts	22,876,794
Deferred tax	1,325,605
Accrued expenses and other liabilities	582,037
Total liabilities	35,221,216
Net assets, at value	$2,266,493,242
Net assets consist of:	
Paid-in capital	$2,750,110,202
Total distributable earnings (losses)	(483,616,960)
Net assets, at value	$2,266,493,242

Statement of Assets and Liabilities (continued)

June 30, 2021 (unaudited)

	Templeton Global Bond VIP Fund
Class 1:	
Net assets, at value	$225,124,269
Shares outstanding	15,953,606
Net asset value and maximum offering price per share	$14.11
Class 2:	
Net assets, at value	$1,964,221,156
Shares outstanding	146,221,540
Net asset value and maximum offering price per share	$13.43
Class 4:	
Net assets, at value	$77,147,817
Shares outstanding	5,603,523
Net asset value and maximum offering price per share	$13.77

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Templeton Global Bond VIP Fund
Investment income:	
Dividends:	
Non-controlled affiliates (Note 3e)	$7,559
Interest: (net of foreign taxes of $1,721,381)	
Unaffiliated issuers:	
Inflation principal adjustments	9,143,901
Paid in cash[a]	35,248,863
Total investment income	44,400,323
Expenses:	
Management fees (Note 3a)	5,234,558
Distribution fees: (Note 3c)	
Class 2	2,465,272
Class 4	134,519
Custodian fees (Note 4)	225,770
Reports to shareholders	182,112
Professional fees	57,298
Trustees' fees and expenses	7,935
Other	34,835
Total expenses	8,342,299
Expense reductions (Note 4)	(7,815)
Expenses waived/paid by affiliates (Note 3e)	(82,973)
Net expenses	8,251,511
Net investment income	36,148,812
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(45,092,072)
Written options	(1,076,434)
Foreign currency transactions	2,090,341
Forward exchange contracts	(67,004,267)
Net realized gain (loss)	(111,082,432)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(44,365,636)
Translation of other assets and liabilities denominated in foreign currencies	(483,853)
Written options	4,494,684
Forward exchange contracts	50,651,861
Change in deferred taxes on unrealized appreciation	406,652
Net change in unrealized appreciation (depreciation)	10,703,708
Net realized and unrealized gain (loss)	(100,378,724)
Net increase (decrease) in net assets resulting from operations	$(64,229,912)

[a]Includes amortization of premium and accretion of discount.

Statements of Changes in Net Assets

	Templeton Global Bond VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	$36,148,812	$78,553,753
Net realized gain (loss)	(111,082,432)	(255,348,476)
Net change in unrealized appreciation (depreciation)	10,703,708	42,872,770
Net increase (decrease) in net assets resulting from operations	(64,229,912)	(133,921,953)
Distributions to shareholders:		
Class 1	—	(22,006,093)
Class 2	—	(177,353,662)
Class 4	—	(6,338,562)
Distributions to shareholders from tax return of capital:		
Class 1	—	(1,661)
Class 2	—	(13,386)
Class 4	—	(478)
Total distributions to shareholders	—	(205,713,842)
Capital share transactions: (Note 2)		
Class 1	6,427,950	(61,786,697)
Class 2	(2,250,697)	(74,631,398)
Class 4	2,584,371	(2,661,086)
Total capital share transactions	6,761,624	(139,079,181)
Net increase (decrease) in net assets	(57,468,288)	(478,714,976)
Net assets:		
Beginning of period	2,323,961,530	2,802,676,506
End of period	$2,266,493,242	$2,323,961,530

Notes to Financial Statements (unaudited)

Templeton Global Bond VIP Fund

1. Organization and Significant Accounting Policies

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

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

Debt securities generally trade in the over-the-counter (OTC) market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

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

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

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

b. Foreign Currency Translation

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

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

b. Foreign Currency Translation (continued)

in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, 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 terms are contract specific for OTC derivatives. 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, 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)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (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 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.

See Note 10 regarding other derivative information.

d. Restricted Currency

At June 30, 2021, 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.

e. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

f. 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

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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

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 inflation principal adjustments in the Statement of Operations.

g. 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.

h. 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.

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	1,738,179	$24,782,244	4,250,493	$64,180,339
Shares issued in reinvestment of distributions	—	—	1,520,923	22,007,754
Shares redeemed	(1,286,788)	(18,354,294)	(9,677,321)	(147,974,790)
Net increase (decrease)	451,391	$6,427,950	(3,905,905)	$(61,786,697)
Class 2 Shares:				
Shares sold	7,108,620	$96,530,771	10,329,028	$147,468,530
Shares issued in reinvestment of distributions	—	—	12,843,378	177,367,048
Shares redeemed	(7,277,729)	(98,781,468)	(26,982,602)	(399,466,976)
Net increase (decrease)	(169,109)	$(2,250,697)	(3,810,196)	$(74,631,398)
Class 4 Shares:				
Shares sold	554,419	$7,732,325	867,773	$12,730,613
Shares issued in reinvestment of distributions	—	—	447,356	6,339,040
Shares redeemed	(370,012)	(5,147,954)	(1,443,142)	(21,730,739)
Net increase (decrease)	184,407	$2,584,371	(128,013)	$(2,661,086)

Templeton Global Bond VIP Fund (continued)

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 Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

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

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

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.461% 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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund

Templeton Global Bond VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Templeton Global Bond VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	$221,215,254	$684,869,865	$(734,184,044)	$—	$—	$171,901,075	171,901,075	$7,559
Total Affiliated Securities	$221,215,254	$684,869,865	$(734,184,044)	$—	$—	$171,901,075		$7,559

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2021, 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, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	$9,962,453
Long term	186,743,959
Total capital loss carryforwards	$196,706,412

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$2,429,308,662
Unrealized appreciation	$120,814,127
Unrealized depreciation	(336,168,204)
Net unrealized appreciation (depreciation)	$(215,354,077)

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, options sold, swaps, inflation related adjustments on foreign securities and tax straddles.

Templeton Global Bond VIP Fund (continued)

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $498,292,393 and $312,513,916, respectively.

7. Credit Risk

At June 30, 2021, the Fund had 7.3% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. Concentration of Risk

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 June 30, 2021, the Fund had 2.3% of its net assets denominated in Argentine Pesos. Argentina 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. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

10. Other Derivative Information

At June 30, 2021, the Fund's investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Templeton Global Bond VIP Fund				
Foreign exchange contracts				
	Investments in securities, at value	$7,184,877[a]	Options written, at value	$7,431,765
	Unrealized appreciation on OTC forward exchange contracts	13,040,792	Unrealized depreciation on OTC forward exchange contracts	22,876,794
Total		$20,225,669		$30,308,559

[a]Purchased option contracts are included in investments in securities, at value in the Statement of Assets and Liabilities.

For the period ended June 30, 2021, the effect of derivative contracts in the Statement of Operations was as follows:

Templeton Global Bond VIP Fund (continued)

10. Other Derivative Information (continued)

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Templeton Global Bond VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Foreign exchange contracts				
	Investments	$(14,780,893)[a]	Investments	$3,655,583[a]
	Written options	(1,076,434)	Written options	4,494,684
	Forward exchange contracts	(67,004,267)	Forward exchange contracts	50,651,861
Total		$(82,861,594)		$58,802,128

[a]Purchased option contracts are included in net realized gain (loss) from investments and net change in unrealized appreciation (depreciation) on investments in the Statement of Operations.

For the period ended June 30, 2021, the average month end notional amount of options represented $1,846,360,704. The average month end contract value of forward exchange contracts was $2,302,828,224.

See Note 1(c) regarding derivative financial instruments.

At June 30, 2021, 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]
Templeton Global Bond VIP Fund		
Derivatives		
Forward exchange contracts	$13,040,792	$22,876,794
Options purchased	7,184,877	—
Options written	—	7,431,765
Total	$20,225,669	$30,308,559

[a]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.

At June 30, 2021, OTC derivative assets, which may be offset against OTC derivative liabilities and collateral received from the counterparty, are as follows:

Templeton Global Bond VIP Fund (continued)

10. Other Derivative Information (continued)

		Amounts Not Offset in the Statement of Assets and Liabilities			
	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Received[a,b]	Cash Collateral Received	Net Amount (Not less than zero)
Templeton Global Bond VIP Fund					
Counterparty					
BOFA	$458,593	$(458,593)	$—	$—	$—
CITI	7,175,191	(7,175,191)	—	—	—
DBAB	656,593	(656,593)	—	—	—
GSCO	65,655	(65,655)	—	—	—
HSBK	4,455,671	(1,598,598)	(2,790,527)	—	66,546
JPHQ	2,154,366	(2,154,366)	—	—	—
MSCO	5,259,600	(5,259,600)	—	—	—
Total	$20,225,669	$(17,368,596)	$(2,790,527)	$—	$66,546

At June 30, 2021, OTC derivative liabilities, which may be offset against OTC derivative assets and collateral pledged to the counterparty, are as follows:

		Amounts Not Offset in the Statement of Assets and Liabilities			
	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged[b]	Net Amount (Not less than zero)
Templeton Global Bond VIP Fund					
Counterparty					
BOFA	$817,647	$(458,593)	$—	$(359,054)	$—
CITI	13,383,062	(7,175,191)	—	(6,207,871)	—
DBAB	733,623	(656,593)	—	—	77,030
GSCO	822,314	(65,655)	—	(380,000)	376,659
HSBK	1,598,598	(1,598,598)	—	—	—
JPHQ	4,375,227	(2,154,366)	—	(1,902,807)	318,054
MSCO	8,578,088	(5,259,600)	—	(3,318,488)	—
Total	$30,308,559	$(17,368,596)	$—	$(12,168,220)	$771,743

[a]At June 30, 2021, the Fund received U.S. Treasury Bonds and Notes and U.K Treasury Inflation-Linked Gilt Bonds as collateral for derivatives.
[b]In some instances, the collateral amounts disclosed in the table above were adjusted due to the requirement to limit the 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-39.

Templeton Global Bond VIP Fund (continued)

11. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

12. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Templeton Global Bond VIP Fund				
Assets:				
Investments in Securities:				
Foreign Government and Agency Securities:				
Argentina	$—	$—	$46,019,620	$46,019,620
Brazil	—	22,347,014	—	22,347,014
Colombia	—	77,133,622	—	77,133,622
Ghana	—	39,757,401	—	39,757,401
India	—	99,052,080	—	99,052,080
Indonesia	—	221,829,189	—	221,829,189
Mexico	—	230,446,801	—	230,446,801
Norway	—	87,002,125	—	87,002,125
South Korea	—	422,131,282	—	422,131,282
Supranational	—	10,295,291	—	10,295,291
U.S. Government and Agency Securities	—	472,483,176	—	472,483,176
Options purchased	—	7,184,877	—	7,184,877
Short Term Investments	236,358,605	253,705,700	5,475,569	495,539,874
Total Investments in Securities	$236,358,605	$1,943,368,558	$51,495,189	$2,231,222,352
Other Financial Instruments:				
Forward exchange contracts	$—	$13,040,792	$—	$13,040,792
Restricted Currency (ARS)	—	—	3,375	3,375
Total Other Financial Instruments	$—	$13,040,792	$3,375	$13,044,167

Templeton Global Bond VIP Fund (continued)

12. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Templeton Global Bond VIP Fund (continued)				
Assets:				
Restricted Currency (ARS)				
Receivables:				
Interest (ARS)	$—	$—	$892,314	$892,314
Liabilities:				
Other Financial Instruments:				
Options written	$—	$7,431,765	$—	$7,431,765
Forward exchange contracts	—	22,876,794	—	22,876,794
Total Other Financial Instruments	$—	$30,308,559	$—	$30,308,559
Payables:				
Deferred Tax (ARS)	$—	$—	$1,799	$1,799

A reconciliation 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 period. At June 30, 2021, the reconciliation is as follows:

	Balance at Beginning of Period	Purchases[a]	Sales[b]	Transfer Into Level 3	Transfer Out of Level 3	Net Accretion (Amortization)	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Period	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Period End
Templeton Global Bond VIP Fund										
Assets:										
Investments in Securities:										
Foreign Government and Agency Securities:										
Argentina	$43,034,720	$10,408,028	$(2,802,531)	$—	$—	$1,864,771	$(739,264)	$(5,746,104)	$46,019,620	$(4,912,221)
Short Term Investments	3,010,391	5,585,353	(2,262,400)	—	—	34,051	(211,039)	(680,787)	5,475,569	(635,829)
Total Investments in Securities	$46,045,111	$15,993,381	$(5,064,931)	$—	$—	$1,898,822	$(950,303)	$(6,426,891)	$51,495,189	$(5,548,050)
Other Financial Instruments:										
Restricted Currency (ARS)	$3,151	$20,560,298	$(20,378,457)	$—	$—	$—	$(181,659)	$42	$3,375	$—
Receivables:										
Interest (ARS)	$947,439	$11,031,600	$(10,987,304)	$—	$—	$—	$(10,859)	$(88,562)	$892,314	$(40,025)
Liabilities:										
Payables:										
Deferred Tax (ARS)	$2,124	$—	$—	$—	$—	$—	$—	$(325)	$1,799	$(325)
Investment Securities Purchased (ARS)	$463,749	$—	$(467,633)	$—	$—	$—	$3,884	$—	$—	$—

[a] Purchases include all purchases of securities and securities received in corporate actions.

[b] Sales include all sales of securities, maturities, paydowns and securities tendered in corporate actions.

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 June 30, 2021, are as follows:

Templeton Global Bond VIP Fund (continued)

12. Fair Value Measurements (continued)

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount		Impact to Fair Value if Input Increases[a]
Templeton Global Bond VIP Fund						
Assets:						
Investments in Securities:						
Foreign Government and Agency Securities:						
Argentina	$46,019,620	Market comparables	Implied foreign exchange rate	169.8	ARS/USD	Decrease[b]
Short Term Investments:						
Argentina	5,475,569	Market comparables	Implied foreign exchange rate	169.8	ARS/USD	Decrease[c]
All Other	895,689[d]					
Liabilities:						
All Other	1,799[d]					
Total	$52,389,079					

[a] Represents the directional change in the fair value of the Level 3 financial instruments 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.
[b] Represents a significant impact to fair value and net assets.
[c] Represents a significant impact to fair value but not net assets.
[d] Includes 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.

See Abbreviations on page TGB-39.

13. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

14. Subsequent Events

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

Templeton Global Bond VIP Fund (continued)

Abbreviations

Counterparty	
BOFA	Bank of America N.A.
CITI	Citibank NA
DBAB	Deutsche Bank AG
GSCO	Goldman Sachs Group, Inc.
HSBK	HSBC Bank plc
JPHQ	JPMorgan Chase Bank NA
MSCO	Morgan Stanley

Selected Portfolio	
BADLAR	Argentina Deposit Rates Badlar Private Banks ARS
CER	Reference Stabilization Coefficient
FRN	Floating Rate Note

Currency	
ARS	Argentine Peso
AUD	Australian Dollar
BRL	Brazilian Real
COP	Colombian Peso
GHS	Ghanaian Cedi
IDR	Indonesian Rupiah
INR	Indian Rupee
JPY	Japanese Yen
KRW	South Korean Won
MXN	Mexican Peso
NOK	Norwegian Krone
SEK	Swedish Krona
SGD	Singapore Dollar
USD	United States Dollar

Tax Information (unaudited)

Templeton Global Bond VIP Fund

Under Section 853 of the Internal Revenue Code, the Fund intends to elect to pass through to its shareholders $3,541,942 of foreign taxes paid and $69,964,607 of foreign source income earned by the fund, or amounts as finally determined, during the fiscal year ended December 31, 2020.

Templeton Growth VIP Fund

This semiannual report for Templeton Growth VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a +7.13% total return for the six-month period ended June 30, 2021.

*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.

Templeton Growth VIP Fund

Fund Goal and Main Investments

The Fund seeks long-term capital growth. Under normal market conditions, the Fund invests primarily in equity securities (primarily common stocks) of companies located anywhere in the world, including developing markets.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in developing markets involve heightened risks related to the same factors. Because the Fund may invest at least a significant portion of its assets in companies in a specific region, including Europe, it is subject to greater risks of adverse developments in that region and/or the surrounding regions than a fund that is more broadly diversified geographically. Political, social or economic disruptions in the region, even in countries in which the Fund is not invested, may adversely affect the value of securities held by the Fund. Current political uncertainty concerning the economic consequences of the departure of the U.K. from the European Union may increase market volatility. Derivatives involve costs and can create economic leverage which may result in significant volatility and cause the Fund to participate in losses (and enable gains) on an amount that exceeds the Fund's initial investment. In addition, securities issued by small- and mid-capitalization companies have historically experienced more price volatility than larger-company stocks, especially over the short term and may involve additional risks. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. For comparison, the Fund's new benchmark, the MSCI All Country World Index (ACWI)-NR, posted a +12.30% total return for the period under review.[1] The Fund's prior benchmark, the MSCI ACWI, posted a +12.56% total return.[1] The MSCI ACWI-NR (net of taxes on dividends) is replacing the MSCI ACWI (gross of taxes on dividends) because the investment manager believes the actual withholding rates for the Fund are closer to the assumptions of the MSCI ACWI-NR.

Geographic Composition
6/30/21

	% of Total Net Assets
North America	43.7%
Europe	26.7%
Asia	21.9%
Other	1.1%
Short-Term Investments & Other Net Assets	6.6%

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI ACWI-NR, posted a +12.30% total return for the six months ended June 30, 2021.[1] Global equities benefited from monetary and fiscal stimulus measures, rebounding economic activity and easing novel coronavirus (COVID-19) pandemic restrictions in many regions. The implementation of vaccination programs and additional fiscal stimulus measures led many equity markets to reach new all-time price highs.

In the U.S., the economy continued to recover and equities rallied amid an accommodative monetary policy, additional fiscal stimulus measures and ongoing vaccination programs. The lifting of many COVID-19 restrictions and strong consumer spending also supported the economy. Gross domestic product (GDP) growth accelerated in 2021's first quarter, with total economic output nearly reaching pre-pandemic levels. The rebound in corporate earnings and progress toward a bipartisan infrastructure plan further bolstered investor sentiment. The U.S. Federal Reserve kept the federal funds target rate at a record-low range of 0.00%–0.25% and continued its program of open-ended bond purchases to help keep markets functioning.

The economic recovery in the eurozone was relatively weak, as quarter-over-quarter GDP growth contracted during 2021's first quarter. GDP growth rates were mostly negative among the region's largest economies amid renewed lockdowns, delays in COVID-19 vaccine distribution and weak consumer spending. Nevertheless, optimism that successful vaccine programs would lift global growth helped European developed market equities, as measured by the MSCI Europe Index-NR, to post a +11.80% total return for the six months under review.[1]

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).

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR, posted a +4.54% total return for the six-month period.[1] The region's economic recovery was pressured by weak domestic demand, most notably in China, despite improvement in manufacturing and exports. Asian equity markets experienced volatility near period-end due to inflation concerns, rising COVID-19 infection rates in many countries, especially India, and renewed lockdowns.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR, posted a +7.45% total return for the six months under review.[1] The recovery in oil and industrial metals prices supported global emerging market equities. Late in the period, higher COVID-19 cases in some countries, limited vaccine rollouts and concerns about rising interest rates and inflation amid higher commodity prices dampened investor enthusiasm in global emerging market equities.

Investment Strategy

When choosing equity investments for the Fund, we apply a bottom-up, value-oriented, long-term approach, focusing on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. Our analysis includes an assessment of the potential impacts of material environmental, social and governance (ESG) factors on the long-term risk and return profile of a company. We also consider a company's price/earnings ratio, price/cash flow ratio, profit margins and liquidation value.

The Fund may, from time to time, seek to hedge (protect) against currency risks, using certain currency-related derivative instruments. The Fund may also use a variety of equity-related derivatives for various purposes including enhancing Fund returns, increasing liquidity and gaining exposure to particular markets in more efficient or less expensive ways.

Manager's Discussion

During the six months under review, key contributors to the Fund's performance relative to the MSCI ACWI-NR included stock selection in the materials, information technology (IT) and energy sectors.

Within materials, our investments in U.S. gold and copper mining company Freeport-McMoRan and Luxembourg-based steelmaking firm ArcelorMittal boosted relative results. Freeport-McMoRan is a liquid play on higher copper prices and production growth over our investment horizon. Its stock performed well during the period as the copper price remained elevated while investors anticipated the release of an infrastructure spending plan in the U.S. Copper fundamentals are well supported, with relatively tight supply and long-term demand drivers. Freeport-McMoRan has a higher-than-average production growth outlook as well, driven by its Indonesian Grasberg mine, and the company's recent operational updates have increased investor confidence that a potentially sizable Grasberg-driven cash inflection is on track for 2021.

In the IT sector, our holdings in U.S. software engineering solutions and technology services provider EPAM Systems and Netherlands-based chipmaker NXP Semiconductors, which has operations in China, aided relative results. EPAM focuses on delivering digital product and platform solutions to large enterprises. As more and more companies embrace digital transformation and develop their own software, the need for developers has outstripped supply, leading to greater demand for skilled outsourced software engineers that EPAM can provide. EPAM has benefited from the accelerated shift to modern technologies such as cloud services, e-commerce or mobile banking caused by the pandemic.

In the energy sector, our investment in U.S. oil refiner Marathon Petroleum helped relative results. Its stock rallied after company management successfully closed the sale of its Speedway fueling station business and announced it would use the proceeds to buy back shares and pay down long-term debt. Furthermore, the stock benefited from the strength in oil prices.

In contrast, stock selection in the communication services, consumer discretionary and industrials sectors, as well as an overweighting in the consumer discretionary sector, detracted from the Fund's relative performance.

Within communication services, key relative detractors included our holdings in Japan-based online and mobile games company Nexon and U.S.-based diversified international family entertainment and media enterprise Walt Disney. In consumer discretionary, U.S.-based Dollar Tree's share price declined due to investor concerns that rising inflation could hurt the discount variety store operator's profit margin.

In the industrials sector, our investment in Japanese construction machinery firm Komatsu hurt relative performance. Although the company's recent operating results have been positive, investor concerns about a slowdown in China and weakness in Indonesia, as well as higher costs and lower growth in the aftermarket segment, weighed on its stock. Such issues are well known and, in our view, already discounted in Komatsu's undemanding valuation. We remain optimistic about the profitability and earnings potential from the firm's mining equipment division, which we believe should outweigh weakness in Chinese construction, a lower margin business that accounts for a small portion of company revenues. We continue to see numerous catalysts for the stock, including accelerating industrial production, healthy residential construction fundamentals, fiscal stimulus and infrastructure, equipment replacement requirements and increasing mining intensity.

Other key relative detractors included our positions in South Korea-based electronics products and semiconductor manufacturer Samsung Electronics and Japan-based beverages company Kirin Holdings (not held at period-end). Samsung Electronics' share price declined slightly amid little news flow. In our view, Samsung remains a key beneficiary of a demand uptrend in memory chips. Other positive catalysts include long-term opportunities in the firm's foundry business, optionality around capital deployment and a competitive advantage from being one of the three semiconductor manufacturers globally that can compete at the leading edge. Overall, we believe Samsung is a well-run global technology leader with a strong balance sheet.

From a geographic perspective, major detractors from the Fund's relative performance included stock selection and an underweighting in North America, particularly in the U.S. and Canada. In Asia, an overweighting in Japan and stock selection in South Korea hurt relative results. In Europe, overweightings in Belgium and the U.K. hindered relative results.

It is important to recognize the effect of currency movements on the Fund's performance. In general, if the value of the U.S. dollar goes up compared with a foreign currency, an investment traded in that foreign currency will go down in value because it will be worth fewer U.S. dollars. This can have a negative effect on Fund performance. Conversely, when the U.S. dollar weakens in relation to a foreign currency, an investment traded in that foreign currency will increase in value, which can contribute to Fund performance. For the six months ended June 30, 2021, the U.S. dollar rose in value relative to most currencies. As a result, the Fund's performance was negatively affected by the portfolio's substantial investment in securities with non-U.S. currency exposure.

Top 10 Holdings
6/30/21

Company *Industry, Country*	% of Total Net Assets
Samsung Electronics Co. Ltd. *Technology Hardware, Storage & Peripherals, South Korea*	2.8%
Walt Disney Co. (The) *Entertainment, United States*	2.2%
Sysco Corp. *Food & Staples Retailing, United States*	2.1%
Anheuser-Busch InBev SA/NV *Beverages, Belgium*	2.1%
Roche Holding AG *Pharmaceuticals, Switzerland*	2.1%
AIA Group Ltd. *Insurance, Hong Kong*	1.9%
E.ON SE *Multi-Utilities, Germany*	1.9%
Marathon Petroleum Corp. *Oil, Gas & Consumable Fuels, United States*	1.9%
Booking Holdings, Inc. *Hotels, Restaurants & Leisure, United States*	1.8%
Zimmer Biomet Holdings, Inc. *Health Care Equipment & Supplies, United States*	1.8%

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, 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 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/21	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21[1,2]	Net Annualized Expense Ratio[2]
2	$1,000	$1,071.30	$5.85	$1,019.15	$5.70	1.14%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 181/365 to reflect the one-half year period.
2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Templeton Growth VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$11.42	$11.15	$12.44	$16.24	$13.93	$13.54
Income from investment operations[a]:						
Net investment income[b]	0.05	0.24[c]	0.30	0.28	0.29	0.26
Net realized and unrealized gains (losses)	0.79	0.36	1.30	(2.42)	2.30	0.96
Total from investment operations	0.84	0.60	1.60	(2.14)	2.59	1.22
Less distributions from:						
Net investment income	(0.16)	(0.33)	(0.40)	(0.35)	(0.28)	(0.31)
Net realized gains	—	—	(2.49)	(1.31)	—	(0.52)
Total distributions	(0.16)	(0.33)	(2.89)	(1.66)	(0.28)	(0.83)
Net asset value, end of period	$12.10	$11.42	$11.15	$12.44	$16.24	$13.93
Total return[d]	7.30%	5.99%	15.43%	(14.61)%	18.77%	9.90%
Ratios to average net assets[e]						
Expenses[f]	0.89%	0.91%	0.86%	0.83%	0.82%[g]	0.82%
Net investment income	0.92%	2.42%[c]	2.52%	1.90%	1.94%	2.01%
Supplemental data						
Net assets, end of period (000's)	$41,596	$92,653	$97,988	$354,164	$466,207	$453,997
Portfolio turnover rate	26.12%[h]	63.65%	19.69%	29.25%	26.46%	22.88%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.

[b]Based on average daily shares outstanding.

[c]Net investment income per share includes approximately $0.13 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.08%.

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

[e]Ratios are annualized for periods less than one year.

[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

[g]Benefit of expense reduction rounds to less than 0.01%.

[h]Excludes the value of portfolio securities delivered as a result of redemption in-kind. See Note 9.

Templeton Growth VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$11.17	$10.90	$12.21	$15.97	$13.70	$13.32
Income from investment operations[a]:						
Net investment income[b]	0.04	0.21[c]	0.26	0.24	0.25	0.23
Net realized and unrealized gains (losses)	0.76	0.36	1.28	(2.38)	2.26	0.94
Total from investment operations	0.80	0.57	1.54	(2.14)	2.51	1.17
Less distributions from:						
Net investment income	(0.13)	(0.30)	(0.36)	(0.31)	(0.24)	(0.27)
Net realized gains	—	—	(2.49)	(1.31)	—	(0.52)
Total distributions	(0.13)	(0.30)	(2.85)	(1.62)	(0.24)	(0.79)
Net asset value, end of period	$11.84	$11.17	$10.90	$12.21	$15.97	$13.70
Total return[d]	7.13%	5.80%	15.15%	(14.85)%	18.50%	9.62%
Ratios to average net assets[e]						
Expenses[f]	1.14%	1.16%	1.11%	1.08%	1.07%[g]	1.07%
Net investment income	0.67%	2.17%[c]	2.27%	1.65%	1.69%	1.76%
Supplemental data						
Net assets, end of period (000's)	$439,554	$603,996	$659,412	$625,311	$879,521	$876,128
Portfolio turnover rate	26.12%[h]	63.65%	19.69%	29.25%	26.46%	22.88%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.13 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.83%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Benefit of expense reduction rounds to less than 0.01%.
[h]Excludes the value of portfolio securities delivered as a result of redemption in-kind. See Note 9.

Templeton Growth VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020	2019	2018	2017	2016
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$11.35	$11.07	$12.36	$16.13	$13.83	$13.44
Income from investment operations[a]:						
Net investment income[b]	0.03	0.20[c]	0.26	0.23	0.24	0.22
Net realized and unrealized gains (losses)	0.78	0.36	1.29	(2.40)	2.28	0.94
Total from investment operations	0.81	0.56	1.55	(2.17)	2.52	1.16
Less distributions from:						
Net investment income	(0.12)	(0.28)	(0.35)	(0.29)	(0.22)	(0.25)
Net realized gains	—	—	(2.49)	(1.31)	—	(0.52)
Total distributions	(0.12)	(0.28)	(2.84)	(1.60)	(0.22)	(0.77)
Net asset value, end of period	$12.04	$11.35	$11.07	$12.36	$16.13	$13.83
Total return[d]	7.07%	5.65%	14.97%	(14.88)%	18.38%	9.47%
Ratios to average net assets[e]						
Expenses[f]	1.24%	1.26%	1.21%	1.18%	1.17%[g]	1.17%
Net investment income	0.57%	2.04%[c]	2.17%	1.55%	1.59%	1.66%
Supplemental data						
Net assets, end of period (000's)	$22,911	$23,213	$27,330	$28,238	$38,798	$43,286
Portfolio turnover rate	26.12%[h]	63.65%	19.69%	29.25%	26.46%	22.88%

[a]The 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 and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.13 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.70%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Benefit of expense reduction rounds to less than 0.01%.
[h]Excludes the value of portfolio securities delivered as a result of redemption in-kind. See Note 9.

Statement of Investments (unaudited), June 30, 2021

Templeton Growth VIP Fund

	Country	Shares	Value
Common Stocks 93.4%			
Aerospace & Defense 1.9%			
BAE Systems plc	United Kingdom	726,495	$5,250,048
[a]Rolls-Royce Holdings plc	United Kingdom	3,096,015	4,238,804
			9,488,852
Air Freight & Logistics 1.0%			
United Parcel Service, Inc., B	United States	23,711	4,931,177
Airlines 2.5%			
[a]International Consolidated Airlines Group SA	United Kingdom	1,666,353	4,023,814
[a]Japan Airlines Co. Ltd.	Japan	119,270	2,582,819
[a]Southwest Airlines Co.	United States	109,471	5,811,815
			12,418,448
Auto Components 3.3%			
BorgWarner, Inc.	United States	110,195	5,348,865
Continental AG	Germany	44,363	6,527,287
Lear Corp.	United States	26,540	4,651,931
			16,528,083
Automobiles 1.8%			
Honda Motor Co. Ltd.	Japan	190,406	6,124,626
Isuzu Motors Ltd.	Japan	212,400	2,818,729
			8,943,355
Beverages 3.9%			
Anheuser-Busch InBev SA/NV	Belgium	147,955	10,666,800
Pernod Ricard SA	France	24,491	5,443,885
[b]Suntory Beverage & Food Ltd.	Japan	92,177	3,474,678
			19,585,363
Chemicals 4.6%			
Albemarle Corp.	United States	50,518	8,510,262
DuPont de Nemours, Inc.	United States	117,210	9,073,226
Umicore SA	Belgium	94,680	5,792,833
			23,376,321
Consumer Finance 1.7%			
American Express Co.	United States	52,145	8,615,918
Diversified Telecommunication Services 1.7%			
Verizon Communications, Inc.	United States	151,869	8,509,220
Electric Utilities 1.0%			
Southern Co. (The)	United States	84,048	5,085,745
Electrical Equipment 1.1%			
Mitsubishi Electric Corp.	Japan	395,100	5,736,278
Electronic Equipment, Instruments & Components 1.2%			
Kyocera Corp.	Japan	95,434	5,896,481
Entertainment 3.1%			
Nexon Co. Ltd.	Japan	199,587	4,442,112
[a]Walt Disney Co. (The)	United States	63,435	11,149,970
			15,592,082
Food & Staples Retailing 2.1%			
Sysco Corp.	United States	139,167	10,820,234

Templeton Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Food Products 0.8%			
Danone SA	France	55,564	$3,909,532
Health Care Equipment & Supplies 3.6%			
Medtronic plc	United States	72,715	9,026,113
Zimmer Biomet Holdings, Inc.	United States	57,059	9,176,228
			18,202,341
Health Care Providers & Services 3.7%			
Fresenius Medical Care AG & Co. KGaA	Germany	88,871	7,385,470
[a]Laboratory Corp. of America Holdings	United States	19,922	5,495,484
UnitedHealth Group, Inc.	United States	14,403	5,767,537
			18,648,491
Hotels, Restaurants & Leisure 8.5%			
[a]Booking Holdings, Inc.	United States	4,250	9,299,383
[a]Compass Group plc	United Kingdom	330,755	6,968,822
[a]Galaxy Entertainment Group Ltd.	Macau	498,234	3,983,899
[a]Hyatt Hotels Corp., A.	United States	35,713	2,772,757
[a]InterContinental Hotels Group plc	United Kingdom	88,277	5,884,140
Starbucks Corp.	United States	39,480	4,414,259
[a]Whitbread plc	United Kingdom	82,912	3,584,373
Yum China Holdings, Inc.	China	86,821	5,751,891
			42,659,524
Household Durables 3.7%			
Gree Electric Appliances, Inc. of Zhuhai, A.	China	549,920	4,434,290
Panasonic Corp.	Japan	537,516	6,189,798
Sony Group Corp.	Japan	81,299	7,884,051
			18,508,139
Industrial Conglomerates 2.0%			
Honeywell International, Inc.	United States	22,039	4,834,255
Siemens AG	Germany	34,970	5,552,962
			10,387,217
Insurance 1.9%			
AIA Group Ltd.	Hong Kong	769,445	9,545,349
IT Services 5.0%			
[a]DXC Technology Co.	United States	195,934	7,629,670
[a]EPAM Systems, Inc.	United States	4,793	2,449,031
Fujitsu Ltd.	Japan	43,131	8,070,492
Visa, Inc., A.	United States	30,748	7,189,497
			25,338,690
Machinery 4.5%			
Komatsu Ltd.	Japan	307,700	7,623,511
Makita Corp.	Japan	99,100	4,666,750
Stanley Black & Decker, Inc.	United States	15,700	3,218,343
Westinghouse Air Brake Technologies Corp.	United States	86,726	7,137,550
			22,646,154
Media 1.3%			
Comcast Corp., A	United States	114,348	6,520,123
Metals & Mining 2.9%			
ArcelorMittal SA	Luxembourg	162,723	5,010,185
Freeport-McMoRan, Inc.	United States	119,704	4,442,215

Templeton Growth VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Metals & Mining (continued)			
Wheaton Precious Metals Corp.	Brazil	120,754	$5,322,040
			14,774,440
Multiline Retail 1.6%			
[a]Dollar Tree, Inc.	United States	79,935	7,953,533
Multi-Utilities 2.4%			
E.ON SE	Germany	818,961	9,475,913
Public Service Enterprise Group, Inc.	United States	44,053	2,631,726
			12,107,639
Oil, Gas & Consumable Fuels 4.2%			
BP plc	United Kingdom	1,355,750	5,945,929
Equinor ASA	Norway	281,662	5,962,817
Marathon Petroleum Corp.	United States	155,369	9,387,395
			21,296,141
Personal Products 1.0%			
Unilever plc	United Kingdom	90,327	5,287,696
Pharmaceuticals 3.8%			
AstraZeneca plc	United Kingdom	10,585	1,271,818
Johnson & Johnson	United States	43,541	7,172,944
Roche Holding AG	Switzerland	27,927	10,523,959
			18,968,721
Semiconductors & Semiconductor Equipment 2.5%			
Infineon Technologies AG	Germany	132,824	5,343,064
NXP Semiconductors NV	China	35,136	7,228,178
			12,571,242
Specialty Retail 3.2%			
Ross Stores, Inc.	United States	66,763	8,278,612
TJX Cos., Inc. (The)	United States	114,833	7,742,041
			16,020,653
Technology Hardware, Storage & Peripherals 2.8%			
Samsung Electronics Co. Ltd.	South Korea	195,785	13,968,918
Textiles, Apparel & Luxury Goods 2.1%			
adidas AG	Germany	13,495	5,036,190
[a]Burberry Group plc	United Kingdom	193,143	5,524,134
			10,560,324
Wireless Telecommunication Services 1.0%			
[a]T-Mobile US, Inc.	United States	36,521	5,289,337
Total Common Stocks (Cost $352,907,193)			**470,691,761**

Templeton Growth VIP Fund (continued)

	Country	Shares	Value
Short Term Investments 0.5%			
[c]**Investments from Cash Collateral Received for Loaned Securities 0.5%**			
Money Market Funds 0.5%			
[d,e]Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	United States	2,491,848	$2,491,848
Total Investments from Cash Collateral Received for Loaned Securities (Cost $2,491,848)			**2,491,848**
Total Short Term Investments (Cost $2,491,848)			**2,491,848**
Total Investments (Cost $355,399,041) 93.9%			**$473,183,609**
Other Assets, less Liabilities 6.1%			**30,877,671**
Net Assets 100.0%			**$504,061,280**

[a] Non-income producing.
[b] A portion or all of the security is on loan at June 30, 2021. See Note 1(c).
[c] See Note 1(c) regarding securities on loan.
[d] See Note 3(e) regarding investments in affiliated management investment companies.
[e] The rate shown is the annualized seven-day effective yield at period end.

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Templeton Growth VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$352,907,193
Cost - Non-controlled affiliates (Note 3e)	2,491,848
Value - Unaffiliated issuers (Includes securities loaned of $3,300,938)	$470,691,761
Value - Non-controlled affiliates (Note 3e)	2,491,848
Cash	23,654,747
Receivables:	
Investment securities sold	722,582
Capital shares sold	20,797
Dividends	1,009,571
European Union tax reclaims (Note 1d)	9,203,433
Total assets	507,794,739
Liabilities:	
Payables:	
Investment securities purchased	318,214
Capital shares redeemed	56,787
Management fees	472,616
Distribution fees	123,090
Payable upon return of securities loaned (Note 1c)	2,491,848
Accrued expenses and other liabilities	270,904
Total liabilities	3,733,459
Net assets, at value	$504,061,280
Net assets consist of:	
Paid-in capital	$377,444,497
Total distributable earnings (losses)	126,616,783
Net assets, at value	$504,061,280

	Templeton Growth VIP Fund
Class 1:	
Net assets, at value	$41,596,369
Shares outstanding	3,437,411
Net asset value and maximum offering price per share	$12.10
Class 2:	
Net assets, at value	$439,554,211
Shares outstanding	37,136,956
Net asset value and maximum offering price per share	$11.84
Class 4:	
Net assets, at value	$22,910,700
Shares outstanding	1,902,800
Net asset value and maximum offering price per share	$12.04

Statement of Operations

for the six months ended June 30, 2021 (unaudited)

	Templeton Growth VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $508,720)	
Unaffiliated issuers	$6,185,174
Interest:	
Unaffiliated issuers	3,055
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	77,349
Non-controlled affiliates (Note 3e)	54
Other income (Note 1d)	169,044
Total investment income	6,434,676
Expenses:	
Management fees (Note 3a)	2,974,114
Distribution fees: (Note 3c)	
Class 2	748,517
Class 4	40,424
Custodian fees	18,725
Reports to shareholders	67,669
Professional fees	57,687
Trustees' fees and expenses	2,403
Other	35,077
Total expenses	3,944,616
Expenses waived/paid by affiliates (Note 3e)	(45)
Net expenses	3,944,571
Net investment income	2,490,105
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:+	
Unaffiliated issuers	82,445,079
Foreign currency transactions	2,883
Net realized gain (loss)	82,447,962
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(35,738,791)
Translation of other assets and liabilities denominated in foreign currencies	(1,350,859)
Net change in unrealized appreciation (depreciation)	(37,089,650)
Net realized and unrealized gain (loss)	45,358,312
Net increase (decrease) in net assets resulting from operations	$47,848,417

+Includes gains from redemption in-kind (Note 9) $43,506,810

Statements of Changes in Net Assets

	Templeton Growth VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	**Year Ended December 31, 2020**
Increase (decrease) in net assets:		
Operations:		
Net investment income	$2,490,105	$14,481,288
Net realized gain (loss)	82,447,962	(64,187,228)
Net change in unrealized appreciation (depreciation)	(37,089,650)	79,512,856
Net increase (decrease) in net assets resulting from operations	47,848,417	29,806,916
Distributions to shareholders:		
Class 1	(1,223,678)	(2,680,578)
Class 2	(6,568,551)	(16,492,099)
Class 4	(217,527)	(659,619)
Total distributions to shareholders	(8,009,756)	(19,832,296)
Capital share transactions: (Note 2)		
Class 1	(55,846,334)	(7,082,982)
Class 2	(198,111,506)	(63,376,754)
Class 4	(1,681,151)	(4,382,946)
Total capital share transactions	(255,638,991)	(74,842,682)
Net increase (decrease) in net assets	(215,800,330)	(64,868,062)
Net assets:		
Beginning of period	719,861,610	784,729,672
End of period	$504,061,280	$719,861,610

Notes to Financial Statements (unaudited)

Templeton Growth 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 Growth 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. At June 30, 2021, 41.93% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. 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.

Equity securities listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

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.

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2021, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

When the last day of the reporting period is a non-business day, certain foreign markets may be open on those days that the Fund's NAV is not calculated, which could result

Templeton Growth VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

in differences between the value of the Fund's portfolio securities on the last business day and the last calendar day of the reporting period. Any security valuation changes due to an open foreign market are adjusted and reflected by the Fund for financial reporting purposes.

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, 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. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., Additionally, the Fund received $1,000,229 in U.S. Government and Agency securities as collateral. These securities received as collateral are held in segregated accounts with the Funds' custodian. The Fund cannot repledge or resell these securities received as collateral. As such, the non-cash collateral is excluded from the Statement of Assets and Liabilities. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

d. Income and Deferred Taxes

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

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. When a

Templeton Growth VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Income and Deferred Taxes (continued)

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.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, when EU reclaims are received by the Fund and the Fund previously passed foreign tax credit on to its shareholders, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund's shareholders.

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2021, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Dividend income and capital gain distributions are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. 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.

f. Accounting Estimates

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

g. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to 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 Growth VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2021, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	33,673	$405,013	111,654	$1,099,154
Shares issued in reinvestment of distributions	98,763	1,223,678	287,000	2,680,578
Shares redeemed in-kind (Note 9)	(4,433,957)	(53,015,936)	—	—
Shares redeemed	(371,978)	(4,459,089)	(1,072,276)	(10,862,714)
Net increase (decrease)	(4,673,499)	$(55,846,334)	(673,622)	$(7,082,982)
Class 2 Shares:				
Shares sold	548,492	$6,441,988	4,395,675	$41,408,273
Shares issued in reinvestment of distributions	541,960	6,568,551	1,804,387	16,492,099
Shares redeemed in-kind (Note 9)	(13,894,850)	(162,512,778)	—	—
Shares redeemed	(4,155,151)	(48,609,267)	(12,576,995)	(121,277,126)
Net increase (decrease)	(16,959,549)	$(198,111,506)	(6,376,933)	$(63,376,754)
Class 4 Shares:				
Shares sold	27,948	$336,237	102,362	$966,885
Shares issued in reinvestment of distributions	17,642	217,527	71,003	659,619
Shares redeemed	(188,280)	(2,234,915)	(596,081)	(6,009,450)
Net increase (decrease)	(142,690)	$(1,681,151)	(422,716)	$(4,382,946)

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
Templeton Global Advisors Limited (Global Advisors)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors) (formerly Franklin Templeton Distributors, Inc.)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

Templeton Growth VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees

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

Annualized Fee Rate	Net Assets
1.000%	Up to and including $100 million
0.900%	Over $100 million, up to and including $250 million
0.800%	Over $250 million, up to and including $500 million
0.750%	Over $500 million, up to and including $1 billion
0.700%	Over $1 billion, up to and including $5 billion
0.675%	Over $5 billion, up to and including $10 billion
0.655%	Over $10 billion, up to and including $15 billion
0.635%	Over $15 billion, up to and including $20 billion
0.615%	In excess of $20 billion

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.835% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with Global Advisers, FT Services provides administrative services to the Fund. The fee is paid by Global 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 0.35% per year of its average daily net assets of each class. The Board has agreed to limit the current rate to 0.25% per year for Class 2. The plan year, for purposes of monitoring compliance with the maximum annual plan rate, 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. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds do not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2021, the Fund held investments in affiliated management investment companies as follows:

Templeton Growth VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Templeton Growth VIP Fund								
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	$—	$39,297,231	$(36,805,383)	$—	$—	$2,491,848	2,491,848	$54
Total Affiliated Securities	$—	$39,297,231	$(36,805,383)	$—	$—	$2,491,848		$54

4. Income Taxes

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

At December 31, 2020, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:	
Short term	$5,508,986
Long term	78,076,436
Total capital loss carryforwards	$83,585,422

At June 30, 2021, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$356,306,570
Unrealized appreciation	$122,181,396
Unrealized depreciation	(5,304,357)
Net unrealized appreciation (depreciation)	$116,877,039

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of wash sales, foreign currency transactions, EU reclaims and corporate actions.

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated $166,932,556 and $209,980,814, respectively. Sales of investments excludes in-kind transactions of $193,310,984.

At June 30, 2021, in connection with securities lending transactions, the Fund loaned equity investments and received $2,491,848 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

Templeton Growth VIP Fund (continued)

6. Concentration of Risk

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

7. Novel Coronavirus Pandemic

The global outbreak of the novel coronavirus disease, known as COVID-19, has caused adverse effects on many companies, sectors, nations, regions and the markets in general, and may continue for an unpredictable duration. The effects of this pandemic may materially impact the value and performance of the Fund, its ability to buy and sell fund investments at appropriate valuations and its ability to achieve its investment objectives.

8. 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 $2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2021, the Fund did not use the Global Credit Facility.

9. Redemption In-Kind

During the period ended June 30, 2021, the Fund realized $43,506,810 of net gains resulting from redemptions in-kind in which a shareholder redeemed fund shares for cash and securities held by the Fund. Because such gains are not taxable to the Fund and are not distributed to remaining shareholders, they are reclassified from accumulated net realized gains to paid-in capital.

10. 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.

Templeton Growth VIP Fund (continued)

10. Fair Value Measurements (continued)

A summary of inputs used as of June 30, 2021, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Templeton Growth VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$—	$9,488,852	$—	$9,488,852
Air Freight & Logistics	4,931,177	—	—	4,931,177
Airlines	5,811,815	6,606,633	—	12,418,448
Auto Components	10,000,796	6,527,287	—	16,528,083
Automobiles	—	8,943,355	—	8,943,355
Beverages	—	19,585,363	—	19,585,363
Chemicals	17,583,488	5,792,833	—	23,376,321
Consumer Finance	8,615,918	—	—	8,615,918
Diversified Telecommunication Services	8,509,220	—	—	8,509,220
Electric Utilities	5,085,745	—	—	5,085,745
Electrical Equipment	—	5,736,278	—	5,736,278
Electronic Equipment, Instruments & Components	—	5,896,481	—	5,896,481
Entertainment	11,149,970	4,442,112	—	15,592,082
Food & Staples Retailing	10,820,234	—	—	10,820,234
Food Products	—	3,909,532	—	3,909,532
Health Care Equipment & Supplies	18,202,341	—	—	18,202,341
Health Care Providers & Services	11,263,021	7,385,470	—	18,648,491
Hotels, Restaurants & Leisure	22,238,290	20,421,234	—	42,659,524
Household Durables	—	18,508,139	—	18,508,139
Industrial Conglomerates	4,834,255	5,552,962	—	10,387,217
Insurance	—	9,545,349	—	9,545,349
IT Services	17,268,198	8,070,492	—	25,338,690
Machinery	10,355,893	12,290,261	—	22,646,154
Media	6,520,123	—	—	6,520,123
Metals & Mining	9,764,255	5,010,185	—	14,774,440
Multiline Retail	7,953,533	—	—	7,953,533
Multi-Utilities	2,631,726	9,475,913	—	12,107,639
Oil, Gas & Consumable Fuels	9,387,395	11,908,746	—	21,296,141
Personal Products	5,287,696	—	—	5,287,696
Pharmaceuticals	7,172,944	11,795,777	—	18,968,721
Semiconductors & Semiconductor Equipment	7,228,178	5,343,064	—	12,571,242
Specialty Retail	16,020,653	—	—	16,020,653
Technology Hardware, Storage & Peripherals	—	13,968,918	—	13,968,918
Textiles, Apparel & Luxury Goods	—	10,560,324	—	10,560,324
Wireless Telecommunication Services	5,289,337	—	—	5,289,337
Short Term Investments	2,491,848	—	—	2,491,848
Total Investments in Securities	$246,418,049	$226,765,560[a]	$—	$473,183,609

[a]Includes foreign securities valued at $226,765,560, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

11. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021, the FASB issued ASU No. 2021-01, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the London Interbank Offered Rate (LIBOR) and other interbank-offered based reference

Templeton Growth VIP Fund (continued)

11. New Accounting Pronouncements (continued)

rates as of the end of 2021 and 2023. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

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.

Tax Information (unaudited)

Templeton Growth VIP Fund

Under Section 853 of the Internal Revenue Code, the Fund intends to elect to pass through to its shareholders $1,640,567 of foreign taxes paid and $7,141,814 of foreign source income earned by the fund, or amounts as finally determined, during the fiscal year ended December 31, 2020.

Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Returns (NR) include income net of tax withholding when dividends are paid.

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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 measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and nonagency).

Bloomberg Barclays U.S. Corporate Bond Index measures the performance of 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 performance of 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. Bonds from issuers with an emerging markets (EM) country of risk, based on Barclays EM country definition, are excluded.

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

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

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

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 measures the performance of fixed-rate, local currency, investment-grade sovereign bonds and is stated in U.S. dollar terms.

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 allocating assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the six-month period ended 6/30/21, there were 375 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the six-month period ended 6/30/21, there were 24 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-NR 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)-NR 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-NR 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 Emerging Markets (EM) Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global emerging markets.

MSCI Europe Index-NR is a free float-adjusted market capitalization-weighted index designed to measure the equity market performance of developed markets in Europe.

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

MSCI World Growth Index-NR measures large and midcap securities exhibiting overall growth style characteristics across 23 developed markets countries.

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

MSCI World Value Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure performance of stocks exhibiting overall value style characteristics 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 the 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 1000® Value Index is market capitalization weighted and measures performance of those Russell 1000® Index companies with relatively lower price-to-book ratios and lower forecasted growth rates.

Russell 2000® Index is market capitalization weighted and measures the performance of the approximately 2,000 smallest companies in the Russell 3000® Index that 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 2500™ Index is market capitalization weighted and measures the performance of the approximately 2,500 smallest companies in the Russell 3000 Index® that represent a modest amount of the Russell 3000® Index's total market capitalization.

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 3000® Index is market capitalization weighted and measures the performance of the largest 3,000 U.S. companies representing the majority of the U.S. market's total capitalization.

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 the performance of the approximately 800 smallest companies in the Russell 1000® Index that represent 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.

Shareholder Information

Board Approval of Investment Management Agreements

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

At a meeting held on April 20, 2021 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not "interested persons" as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the (i) investment management agreement between Franklin Advisers, Inc. (FAI) and the Trust, on behalf of each of Franklin Allocation VIP Fund, Franklin Flex Cap Growth VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small-Mid Cap Growth VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund, Franklin VolSmart Allocation VIP Fund, and Templeton Global Bond VIP Fund; (ii) the investment sub-advisory agreement between FAI and Franklin Templeton Institutional, LLC (FTIL), an affiliate of FAI, on behalf of Franklin Allocation VIP Fund; (iii) the investment sub-advisory agreement between FAI and Templeton Global Advisors Limited (TGAL), an affiliate of FAI, on behalf of Franklin Allocation VIP Fund; (iv) the investment management agreement between FTIL and the Trust, on behalf of Franklin Global Real Estate VIP Fund; (v) the investment management agreement between Franklin Mutual Advisers, LLC (FMA) and the Trust, on behalf of each of Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund and Franklin Small Cap Value VIP Fund; (vi) the investment management agreement between Templeton Asset Management Ltd. (TAML) and the Trust, on behalf of Templeton Developing Markets VIP Fund; (vii) the investment sub-advisory agreement between TAML and Franklin Templeton Investment Management Ltd. (FTIML), on behalf of Templeton Developing Markets VIP Fund; (viii) the investment management agreement between Templeton Investment Counsel, LLC (TICL) and the Trust, on behalf of Templeton Foreign VIP Fund; and (ix) the investment management agreement between TGAL and the Trust, on behalf of Templeton Growth VIP Fund (each a Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement. Although the Management Agreements for the Funds were considered at the same Board meeting, the Board considered the information provided to it about the Funds together and with respect to each Fund separately as the Board deemed appropriate. FAI, FTIL, FTIML, FMA, TAML, TICL and TGAL are each referred to herein as a Manager.

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

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of each Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in the best interests of the applicable Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

Nature, Extent and Quality of Services
The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by each Manager and its affiliates to the Funds and their shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of each Manager; as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for each Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by each Manager and its affiliates; and management fees charged by each Manager and its affiliates to US funds and other accounts, including management's explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Funds to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements, which included discussion of the changing distribution landscape for the Funds. The Board noted management's continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity in the current work-from-home environment and liquidity risk management.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Managers' parent, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Funds by the FT organization. The Board specifically noted FT's commitment to enhancing services and controlling costs, as reflected in its outsourcing of certain administrative functions, and growth opportunities, as evidenced by its recent acquisition of the Legg Mason companies. The Board also noted FT's attention focused on expanding the distribution opportunities for all funds in the FT family of funds.

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

Fund Performance
The Board reviewed and considered the performance results of each Fund over various time periods ended January 31, 2021. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

Franklin Allocation VIP Fund, Franklin Income VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Global Bond VIP Fund - The Performance Universe for the Franklin Allocation VIP Fund included the Fund and all mixed-asset target allocation growth funds underlying variable insurance products (VIPs). The Performance Universe for the Franklin Income VIP Fund included the Fund and all flexible portfolio funds underlying VIPs. The Performance Universe for the Franklin Strategic Income VIP Fund included the Fund and all multi-sector income funds underlying VIPs. The Performance Universe for the Franklin U.S. Government Securities VIP Fund included the Fund and all intermediate US government funds underlying VIPs. The Performance Universe for the Templeton Global Bond VIP Fund included the Fund and all global income funds underlying VIPs. The Board noted that each Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its respective Performance Universe. The Board also noted that each Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its respective Performance Universe. The Board considered that the income-oriented investment objective of each Fund is the primary focus for the Fund's portfolio management team and that the evaluation of the Fund's

performance relative to the Fund's peers on an annualized income return basis is consistent with investor expectations and the Fund's investment goals. The Board concluded that each Fund's performance was satisfactory.

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

Franklin Flex Cap Growth VIP Fund and Franklin Small-Mid Cap Growth VIP Fund - The Performance Universe for the Franklin Flex Cap Growth VIP Fund included the Fund and all large-cap growth funds underlying VIPs. The Performance Universe for the Franklin Small-Mid Cap Growth VIP Fund included the Fund and all mid-cap growth funds underlying VIPs. The Board noted that each Fund's annualized total return for the ten-year period was below the median of its respective Performance Universe, but for the one-, three- and five-year periods was above the median of its respective Performance Universe. The Board further noted that it had approved at its February 2021 Board meeting various changes to the Franklin Flex Cap Growth VIP Fund expected to be effective May 1, 2021, including, among other things, changing the Fund's name, investment strategy, and primary benchmark. The Board concluded that each Fund's performance was satisfactory.

Franklin Global Real Estate VIP Fund - The Performance Universe for the Fund included the Fund and all global real estate funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three- and five-year periods was below the median of its Performance Universe, but for the 10-year period was above the median of its Performance Universe. The Board discussed this performance with management and management explained that, effective September 3, 2019, a change was made to the Fund's portfolio management. Management represented that since this change in the Fund's portfolio management team relative Fund performance has generally been positive, outperforming the Fund's benchmark by approximately 150 basis points. Management explained that the Fund's relative performance lagged that of peers due to the Fund's focus on sustainable cash flow growth at a time when the market returned to a focus on value post the favorable news regarding vaccine results in mid-November. Management further explained that key detractors that contributed to the Fund's one-year underperformance included the Fund's exposure to technology-adjacent subsectors such as logistics and cellular towers, which outperformed prior to the favorable vaccine news, but underperformed thereafter. Management reviewed with the Board the enhancements to the Fund's investment processes in an effort to improve performance, which included making specific portfolio holding changes. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Large Cap Growth VIP Fund and Templeton Developing Markets VIP Fund - The Performance Universe for the Franklin Large Cap Growth VIP Fund included the Fund and all multi-cap growth funds underlying VIPs. The Performance Universe for the Templeton Developing Markets VIP Fund included the Fund and all emerging markets funds underlying VIPs. The Board noted that each Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its respective Performance Universe. The Board concluded that each Fund's performance was satisfactory.

Franklin Mutual Global Discovery VIP Fund - The Performance Universe for the Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and five-year periods was below the median of its Performance Universe, but for the three- and 10-year periods was above the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's underperformance in 2017 was material and continues to adversely impact the Fund's ranking over longer-term periods. Management reminded the Board of the primary factors that impacted the 2017 performance, including, among factors, exposure to non-US equities and stock selection. Management further explained that the Fund is one of the few funds in its Performance Universe that hedges exposures to non-US currencies which detracted 81 basis points from the Fund's performance relative to its benchmark index, the MSCI World Value Index - NR, in 2020. Management also explained that key detractors from the Fund's one-year performance included the Fund's stock selection in the financials and industrials sectors and the Fund's underweight position in the industrials sector. Management reviewed with the Board recent leadership changes implemented for the Manager, as well as enhancements made to the Fund's investment processes in an effort to improve performance. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Mutual Shares VIP Fund - The Performance Universe for the Fund included the Fund and all multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's underperformance in 2017 was material and continues to adversely impact the Fund's ranking over longer-term periods. Management reminded the Board of the primary factors that impacted the 2017 performance, including, among factors, exposure to non-US equities and stock selection. Management also explained that the Fund's underweight position in US securities as compared to its peers detracted from the Fund's relative performance. Management further explained that key detractors from the Fund's one-year performance included the Fund's stock selection in the financials and industrials sectors and the Fund's underweight position in the industrials sector. Management reviewed with the Board recent leadership changes implemented for the Manager, as well as enhancements made to the Fund's investment processes in an effort to improve performance. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Rising Dividends VIP Fund - The Performance Universe for the Franklin Rising Dividends VIP Fund included the Fund and all large-cap core funds underlying VIPs. The Board noted that the Fund's annualized total return for the three-, five- and 10-year periods was above the median of its Performance Universe, but for the one-year period was below the median of its Performance Universe. The Board further noted that, while below the median, the Fund's one-year annualized total return was 14.22% and only slightly below the Performance Universe median of 14.79%. The Board concluded that the Fund's performance was acceptable.

Franklin Small Cap Value VIP Fund - The Performance Universe for the Fund included the Fund and all small-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the three-, five- and 10-year periods was above the median of its Performance Universe, but for the one-year period was below the median of its Performance Universe. The Board further noted that, while below the median, the Fund's one-year annualized total return was 11.47%. The Board concluded that the Fund's performance was acceptable.

Franklin VolSmart Allocation VIP Fund - The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying VIPs. The Board noted that the Fund incepted on April 1, 2013 and has been in operation for less than 10 years. The Board further noted that its annualized total return for the one-, three- and five-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Templeton Foreign VIP Fund - The Performance Universe for the Fund included the Fund and all international multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund has a more intense value tilt than the Performance Universe, which has negatively impacted the Fund's relative returns during a period of historic and sustained outperformance of growth over value. Management further explained that the Fund's shorter-term relative returns were also negatively impacted by the Fund's larger allocation to the energy sector versus peers, which underperformed the broader market. Management also explained that the Fund's one-year relative underperformance was primarily attributable to the Fund's health care holdings. Management then discussed with the Board the actions that are being taken in an effort to address the sources of the Fund's underperformance, including enhancements to the Fund's portfolio management team and a focus on constructing a more diversified and high-conviction portfolio. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Templeton Growth VIP Fund - The Performance Universe for this Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the three-, five- and 10-year periods was below the median of its Performance Universe, but for the one-year period was above the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's higher exposure to value stocks, which have experienced a period of historic underperformance, and underweight position in US stocks, which have led market returns in recent years, contributed to the Fund's relative longer-term underperformance versus its Performance Universe. Management also explained that weightings in particular sectors (such as consumer discretionary, energy, financials, information technology and health care) and

overall stock selection contributed to the Fund's relative underperformance. Management then discussed with the Board the actions that are being taken/have been taken in an effort to address the sources of the Fund's underperformance, including enhancements to the Fund's portfolio management team and a focus on constructing a more diversified and high-conviction portfolio. The Board noted that the Fund's one-year annualized total return was 6.84% and in the second quintile of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Comparative Fees and Expenses

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

Franklin Allocation VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Small Cap Value VIP Fund and Templeton Global Bond VIP Fund – The Expense Group for the Franklin Allocation VIP Fund included the Fund and 10 other mixed-asset target allocation growth funds underlying VIPs. The Expense Group for the Franklin Growth and Income VIP Fund included the Fund and 12 other equity income funds underlying VIPs. The Expense Group for the Franklin Income VIP Fund included the Fund and 10 other flexible portfolio funds underlying VIPs. The Expense Group for the Franklin Small Cap Value VIP Fund included the Fund and 10 other small-cap value funds underlying VIPs. The Expense Group for the Templeton Global Bond VIP Fund included the Fund and 11 other global income funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for each Fund were below the medians of its respective Expense Group. The Board also noted that the Franklin Allocation VIP Fund and Franklin Growth and Income VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board concluded that the Management Rate charged to each Fund is reasonable. In doing so, the Board noted that the Franklin Allocation VIP Fund's sub-advisers, FTIL and TGAL, are paid by FAI out of the management fee FAI receives from the Fund.

Franklin Small-Mid Cap Growth VIP Fund and Franklin U.S. Government Securities VIP Fund - The Expense Group for the Franklin Small-Mid Cap Growth VIP Fund included the Fund and 11 other mid-cap growth funds underlying VIPs. The Expense Group for the Franklin U.S. Government Securities VIP Fund included the Fund, two other intermediate US government funds underlying VIPs and 10 inflation-protected bond funds underlying VIPs. The Board noted that the Management Rate for each Fund was below the median of its respective Expense Group, and the actual total expense ratio for each Fund was equal to the median of its respective Expense Group. The Board concluded that the Management Rate charged to each Fund is reasonable.

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

Franklin Large Cap Growth VIP Fund and Franklin VolSmart Allocation VIP Fund - The Expense Group for the Franklin Large Cap Growth VIP Fund included the Fund and 10 other multi-cap growth funds underlying VIPs. The Expense Group for the Franklin VolSmart Allocation VIP Fund included the Fund, three other flexible portfolio funds underlying VIPs, and one mixed-asset target allocation growth fund underlying VIPs. The Board noted that the Management Rate for each Fund was equal to the median of its respective Expense Group, and the actual total expense ratio for each Fund was above the median of its respective Expense Group. The

Board also noted that the Franklin VolSmart Allocation VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board concluded that the Management Rate charged to each Fund is reasonable.

Franklin Flex Cap Growth VIP Fund and Templeton Foreign VIP Fund - The Expense Group for the Franklin Flex Cap Growth VIP Fund included the Fund and 12 other large-cap growth funds underlying VIPs. The Expense Group for the Templeton Foreign VIP Fund included the Fund, seven other international multi-cap value funds underlying VIPs and five international large-cap value funds underlying VIPs. The Board noted that the Management Rate for each Fund was above the median of its respective Expense Group, but its actual total expense ratio was below the median of its respective Expense Group. The Board further noted that the Management Rate for the Templeton Foreign VIP Fund was approximately six basis points above the median of its Expense Group and that the Franklin Flex Cap Growth VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board also noted that, in connection with the changes discussed above that are expected to be made to the Franklin Flex Cap Growth VIP Fund, the Fund would experience a reduction in its Management Rate. The Board concluded that the Management Rate charged to each Fund is reasonable.

Franklin Global Real Estate VIP Fund, Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund, Franklin Strategic Income VIP Fund, Templeton Developing Markets VIP Fund and Templeton Growth VIP Fund – The Expense Group for the Franklin Global Real Estate VIP Fund included the Fund and eight other global real estate funds underlying VIPs. The Expense Group for the Franklin Mutual Global Discovery VIP Fund included the Fund, one other global multi-cap value fund underlying VIPs, three global multi-cap core funds underlying VIPs, and four global multi-cap growth funds underlying VIPs. The Expense Group for the Franklin Mutual Shares VIP Fund included the Fund and 12 other multi-cap value funds underlying VIPs. The Expense Group for the Franklin Strategic Income VIP Fund included the Fund and 11 other multi-sector income funds underlying VIPs. The Expense Group for the Templeton Developing Markets VIP Fund included the Fund and 14 other emerging markets funds underlying VIPs. The Expense Group for the Templeton Growth VIP Fund included the Fund, one other global multi-cap fund underlying VIPs, three global multi-cap core funds underlying VIPs, and four global multi-cap growth funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for each Fund was above the median of its respective Expense Group. With respect to the Franklin Global Real Estate VIP Fund, the Board noted management's explanation that the Fund was the second smallest fund in its Expense Group and had experienced declining assets under management resulting in higher other expenses. The Board then noted that the Fund's actual total expense ratio reflected a fee waiver from management and that management agreed to decrease the current expense cap on the Fund's total annual operating expenses from 1.00% to 0.90%, effective May 1, 2021. With respect to the Franklin Mutual Global Discovery VIP Fund, the Board noted management's explanation that the portfolio management team makes investments in the debt and equity of distressed companies and merger arbitrage securities that are specialized in nature and therefore require additional expertise and resources, whereas the Fund's Expense Group generally does not make such investments. With respect to the Franklin Mutual Shares VIP Fund, the Board noted that the Fund's Management Rate and actual total expense ratio were each less than 3 basis points above the respective median of the Fund's Expenses Group. With respect to the Franklin Strategic Income VIP Fund, the Board noted that the Fund's Management Rate and actual total expense ratio were less than 2 basis points and 5 basis points, respectively, above the applicable median of the Fund's Expenses Group. With respect to the Templeton Developing Markets VIP Fund, the Board noted that the Fund's Management Rate was three basis points and the Fund's actual total expense ratio was less than three basis points above the respective median of the Fund's Expenses Group. With respect to the Templeton Growth VIP Fund, the Board noted management's explanation that the Fund's total expense ratio is above median due to the depth of the Fund's fundamental research process which includes extensive fundamental research to model a company's potential future earnings, cash flow, and asset value relative to its stock price. The Board concluded that the Management Rate charged to each Fund is reasonable. In doing so, the Board noted that the Templeton Developing Markets VIP Fund's sub-adviser is paid by TAML out of the management fee TAML receives from the Fund.

Profitability

The Board reviewed and considered information regarding the profits realized by each Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board considered the Fund profitability analysis that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2020, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its

methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Funds' profitability report presentations from prior years. The Board further noted management's representation that the profitability analysis excluded the impact of the recent acquisition of the Legg Mason companies and that management expects to incorporate the legacy Legg Mason companies into the profitability analysis beginning next year. The Board also noted that PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, has been engaged to periodically review and assess the allocation methodologies to be used solely by the Funds' Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by each Manager and its affiliates may not be fully reflected in the expenses allocated to each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered management's outsourcing of certain operations, which effort has required considerable up-front expenditures by the Managers but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to the Funds, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements.

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

Economies of Scale

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

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of each Management Agreement for an additional one-year period.

Liquidity Risk Management Program-Funds no HLIM

Each Fund has adopted and implemented a written Liquidity Risk Management Program (the "LRMP") as required by Rule 22e-4 under the Investment Company Act of 1940 (the "Liquidity Rule"). The LRMP is designed to assess and manage each Fund's liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining

investors' interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund's liquidity risk; (2) classification of each Fund's portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund's net assets in Highly Liquid investments (called a "Highly Liquid Investment Minimum" or "HLIM"); and (4) prohibiting the Fund's acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the Securities and Exchange Commission ("SEC") (on a non-public basis) and to the Board if the Fund's holdings of Illiquid assets exceed 15% of the Fund's net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the SEC (on a non-public basis).

The Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") is the appointed Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the "ILC") to provide oversight and administration of policies and procedures governing liquidity risk management for FT products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Investment Compliance, Investment Operations, Valuation Committee, Product Management and Global Product Strategy.

In assessing and managing each Fund's liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund's investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources including the Funds' interfund lending facility and line of credit. Classification of the Fund's portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment's market value.

Each Fund primarily holds liquid assets that are defined under the Liquidity Rule as "Highly Liquid Investments," and therefore is not required to establish an HLIM. Highly Liquid Investments are defined as cash and any investment reasonably expected to be convertible to cash in current market conditions in three business days or less without the conversion to cash significantly changing the market value of the investment.

At meetings of the Funds' Board of Trustees held in May 2021, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2020. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund.

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.

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

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

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



Semiannual Report
Franklin Templeton Variable Insurance Products Trust

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

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Distributors, LLC

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