

SEMIANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

June 30, 2020



FRANKLIN
TEMPLETON

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Franklin Templeton Variable Insurance Products Trust Semiannual Report

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Not FDIC Insured | May Lose Value | No Bank Guarantee

Important Notes to Performance Information

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

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

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

Franklin Allocation VIP Fund

This semiannual report for Franklin Allocation VIP Fund covers the period ended June 30, 2020.

Class 4 Performance Summary as of June 30, 2020

The Fund's Class 4 Shares posted a -1.37% total return* for the six-month period ended June 30, 2020.

*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 contractually guaranteed through 4/30/21. Fund investment results reflect the expense reduction; without this reduction, the results would have been lower.

*Performance reflects the Fund's Class 4 operating expenses, but does **not** include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values and insurance benefits. See the contract prospectus for a complete description of these expenses, including sales charges.*

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

Fund Goal and Main Investments

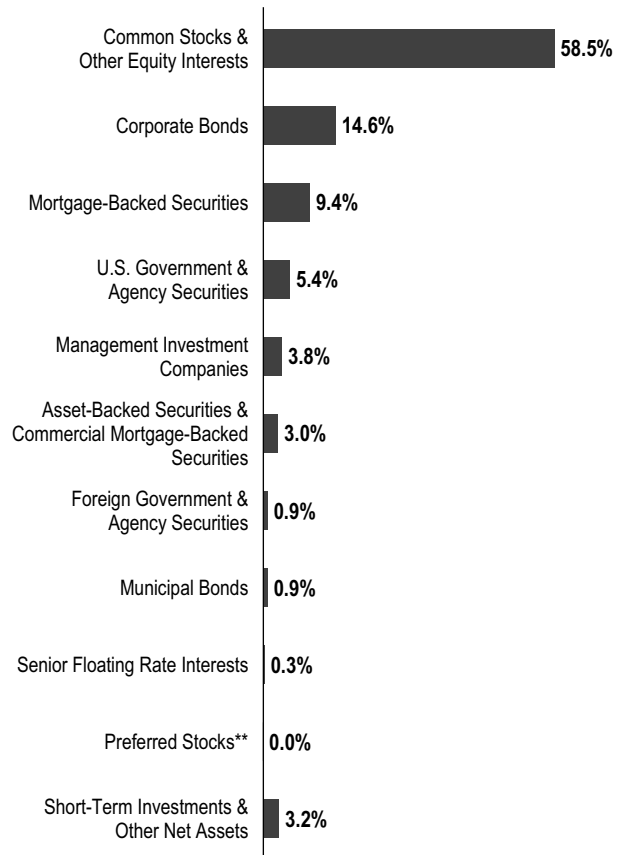
The Fund seeks capital appreciation, with income as a secondary goal. Under normal market conditions, the Fund allocates approximately 60% of its assets to the equity asset class and 40% of its assets to the fixed income asset class by allocating the Fund's assets among various sleeves (investment strategies).

Fund Risks

All investments involve risks, including possible loss of principal. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. Because the Fund invests in underlying funds, and the Fund's performance is directly related to the performance of the underlying funds held by it, the ability of the Fund to achieve its investment goals is directly related to the ability of the underlying funds to meet their investment goals. Additionally, because these underlying funds may engage in a variety of investment strategies involving certain risks, the Fund may be subject to these same risks. 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. Foreign investing carries additional risks such as currency and market volatility and political or social instability, risks that are heightened in developing countries. Value securities may not increase in price as anticipated or may decline further in value. The Fund's prospectus also includes a description of the main investment risks.

Asset Allocation*

Based on Total Net Assets as of 6/30/20



*The asset allocation is based on the Statement of Investments (SOI), which classifies each underlying fund into a broad asset class.

**Rounds to less than 0.1%.

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 -3.08% total return. The Fund's other benchmarks, the Bloomberg Barclays U.S. Aggregate Bond Index posted a +6.14% total return; the MSCI World ex USA Index-NR posted a -11.20% total return; and the Linked Allocation VIP Fund Benchmark posted a -0.81% total return.^{1,2}

1. Source: Morningstar.

2. Source: FactSet. The Linked Allocation VIP Fund benchmark was calculated internally and rebalanced monthly 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).

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI All Country World Index (USD), posted a -5.99% total return during the six months under review.¹ Stocks fell sharply in early 2020 as countries around the world implemented lockdown measures in an effort to slow the spread of the novel coronavirus (COVID-19). Global supply chain disruptions, business and personal restrictions, and subdued consumer spending drove many investors to sell equity holdings in favor of perceived safe investments such as government bonds and cash. While global equities, notably in the U.S., rebounded in April and May amid optimism about easing lockdown restrictions, concerns about a second wave of infections hindered equities in June, as investors weighed the possibility of renewed restrictions.

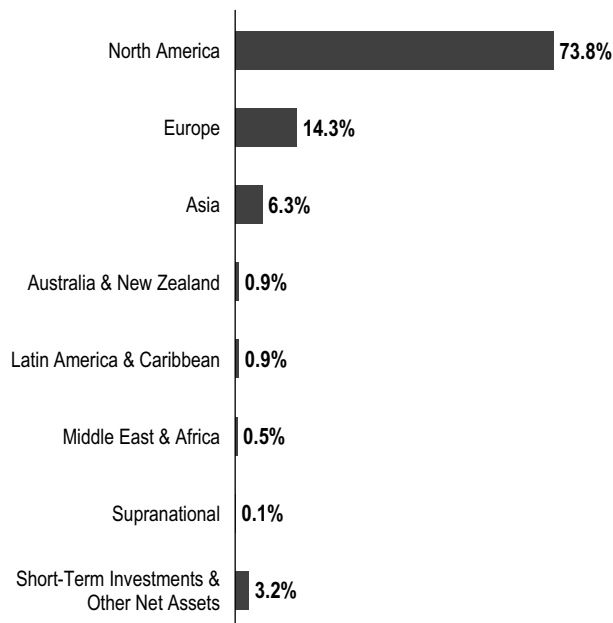
In the U.S., government mandates to mitigate the COVID-19 pandemic severely impacted the economy beginning in March 2020. As a result, the unemployment rate surged to 14.7% in April, as many businesses, particularly those involved in hospitality, retail and travel, announced mass layoffs.³ According to the National Bureau of Economic Research, the longest U.S. economic expansion in history ended in February 2020 as the country slipped into a severe recession. Nonetheless, near period-end, there were signs that a recovery was underway, as jobless claims fell considerably from their peak in early April, retail sales rose sharply in May, and the unemployment rate fell to 11.1% in June.³ Along with optimism about improved treatments and potential vaccines for COVID-19, the positive economic signals contributed to a significant equity rebound in April and May. However, an increase in COVID-19 infections in many states throughout June pressured U.S. stocks.

The U.S. Federal Reserve (Fed) made significant efforts to support the U.S. economy. In March 2020, as the pandemic began to severely impact the economy and financial markets, the Fed implemented two emergency rate cuts, lowering the federal funds target rate to a range of 0.00%–0.25%, and announced sweeping quantitative easing measures aimed at ensuring credit flow to borrowers and supporting credit markets with unlimited amounts of bond purchasing.

In the eurozone, some analysts forecasted a significant contraction in 2020, particularly in southern European countries, as the magnitude of the economic disruption

Geographic Composition

Based on Total Net Assets as of 6/30/20



caused by the pandemic became apparent. European developed market equities, as measured by the MSCI Europe Index (USD), posted a -12.43% total return for the period.¹ To stimulate growth, the European Central Bank implemented a broad bond-buying program, and many countries passed fiscal stimulus measures.

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index (USD), posted a -5.51% total return during the six-month period.¹ The onset of the pandemic brought dramatically slower economic activity in Asia, as businesses halted operations and manufacturing and export activity declined sharply in the region's major economies. Asian markets generally advanced toward period-end, bolstered by fiscal stimulus measures and economies reopening throughout the region.

Emerging market stocks, as measured by the MSCI Emerging Markets Index (USD), posted a -9.67% total return due primarily to the COVID-19 pandemic.¹ A sharp decrease in prices for oil and other natural resources also hurt emerging market economies reliant on these exports. In the last quarter of the reporting period, however, investor optimism led to a stock rally, particularly in emerging market countries that had successfully lowered infection rates.

3. Source: U.S. Bureau of Labor Statistics.

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

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 Total Return 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 Strategy, Franklin International Core Equity Strategy, Franklin U.S. Core Equity (IU) Strategy, Franklin Emerging Market Core Equity (IU) Strategy and Franklin U.S. Core Bond Strategy. The Fund is structured as a multi-manager fund (meaning the Fund’s assets are managed by multiple sub-advisors), with the investment manager having overall responsibility for the Funds’ investments. Allocation to each sleeve will generally not exceed 20% and will vary with market conditions. However, under normal market conditions, no sleeve constitutes a majority of the Fund’s assets.

Top 10 Holdings

6/30/20

| Company Sector/Industry | % of Total Net Assets |
|--|--------------------------|
| Templeton Global Bond VIP Fund <i>Diversified Financials</i> | 3.8% |
| Microsoft Corp. <i>Software & Services</i> | 1.6% |
| Apple Inc. <i>Technology Hardware & Equipment</i> | 1.1% |
| Amazon.com Inc. <i>Retailing</i> | 0.8% |
| Texas Instruments Inc. <i>Semiconductors & Semiconductor Equipment</i> | 0.6% |
| Mastercard Inc. <i>Software & Services</i> | 0.5% |
| Accenture PLC <i>Software & Services</i> | 0.5% |
| NIKE Inc. <i>Consumer Durables & Apparel</i> | 0.5% |
| Johnson & Johnson <i>Pharmaceuticals, Biotechnology & Life Sciences</i> | 0.5% |
| Air Products and Chemicals Inc. <i>Materials</i> | 0.5% |

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 equities, fixed income securities, and short-term investments and other net assets. The allocation to the sleeves did not change over the period.

During the six months under review, the Franklin Growth Strategy outperformed the S&P 500, the Franklin Rising Dividends Strategy underperformed the S&P 500, the Templeton Foreign Strategy underperformed the MSCI All Country World ex USA Index-NR, the Franklin International Growth Strategy outperformed the MSCI World ex-USA Index, the U.S. Smart Beta Equity Strategy underperformed the Russell 1000® Index, the Franklin International Core Equity Strategy outperformed the MSCI EAFE Index, the Franklin U.S. Government Securities Strategy underperformed the Bloomberg Barclays U.S. Government Index: Intermediate Component, the Franklin Investment-Grade Corporate Strategy outperformed the Bloomberg Barclays U.S. Corporate Investment-Grade Index, the Templeton Global Bond VIP Fund outperformed the J.P. Morgan Global Government Bond Index, the Franklin U.S. Core Bond Strategy underperformed the Bloomberg Barclays U.S. Aggregate Bond Index.

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, 2020, 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 4 Fund Expenses

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

Actual Fund Expenses

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

Hypothetical Example for Comparison with Other Mutual Funds

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

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

| Share Class | Beginning Account Value 1/1/20 | Actual (actual return after expenses) | | Hypothetical (5% annual return before expenses) | | Net Annualized Expense Ratio ^{1, 2} |
|-------------|--------------------------------|--|---|--|---|--|
| | | Ending Account Value 6/30/20 | Fund-Level Expenses Paid During Period 1/1/20–6/30/20 ^{1, 2} | Ending Account Value 6/30/20 | Fund-Level Expenses Paid During Period 1/1/20–6/30/20 ^{1, 2} | |
| Class 4 | \$1,000 | \$986.30 | \$4.40 | \$1,020.44 | \$4.47 | 0.89% |

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 182/366 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 Allocation VIP Fund

| | Six Months Ended | Year Ended December 31, | | | | |
|---|------------------------------|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | June 30, 2020 (unaudited) | 2019 | 2018 | 2017 | 2016 | 2015 |
| Class 1 | | | | | | |
| Per share operating performance (for a share outstanding throughout the period) | | | | | | |
| Net asset value, beginning of period | \$ 6.86 | \$ 6.37 | \$ 7.44 | \$ 7.13 | \$ 6.80 | \$ 7.47 |
| Income from investment operations ^a : | | | | | | |
| Net investment income ^b | 0.07 | 0.11 ^c | 0.23 ^c | 0.21 ^c | 0.21 ^c | 0.26 ^c |
| Net realized and unrealized gains (losses) | (0.17) | 1.11 | (0.89) | 0.63 | 0.64 | (0.68) |
| Total from investment operations | (0.10) | 1.22 | (0.66) | 0.84 | 0.85 | (0.42) |
| Less distributions from: | | | | | | |
| Net investment income | (0.12) | (0.27) | (0.24) | (0.22) | (0.29) | (0.24) |
| Net realized gains | (1.80) | (0.46) | (0.17) | (0.31) | (0.23) | (0.01) |
| Total distributions | (1.92) | (0.73) | (0.41) | (0.53) | (0.52) | (0.25) |
| Net asset value, end of period | \$ 4.84 | \$ 6.86 | \$ 6.37 | \$ 7.44 | \$ 7.13 | \$ 6.80 |
| Total return ^d | (1.09)% | 20.04% | (9.34)% | 12.17% | 13.43% | (5.93)% |
| Ratios to average net assets^e | | | | | | |
| Expenses before waiver and payments by affiliates | 0.59% | 0.44% | 0.12% | 0.12% | 0.11% | 0.11% |
| Expenses net of waiver and payments by affiliates | 0.54% ^f | 0.39% | 0.10% | 0.10% | 0.10% | 0.10% |
| Net investment income | 2.32% | 1.55% | 3.13% | 2.75% | 3.09% | 3.51% |
| Supplemental data | | | | | | |
| Net assets, end of period (000's) | \$804 | \$842 | \$984 | \$1,047 | \$1,025 | \$1,083 |
| Portfolio turnover rate | 49.61% | 170.79% | 2.23% | 1.28% | 0.10% | 0.26% |
| Portfolio turnover rate excluding mortgage dollar rolls | 42.14% ^g | 158.11% ^g | 2.23% | 1.28% | 0.10% | 0.26% |

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

^bBased on average daily shares outstanding.

^cRecognition 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.

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

^eRatios are annualized for periods less than one year.

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

^gSee Note 1(f) regarding mortgage dollar rolls.

Franklin Allocation VIP Fund (continued)

| | Six Months Ended June 30, 2020 (unaudited) | Year Ended December 31, | | | | |
|---|--|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Class 2 | | | | | | |
| Per share operating performance (for a share outstanding throughout the period) | | | | | | |
| Net asset value, beginning of period | \$ 6.81 | \$ 6.32 | \$ 7.39 | \$ 7.08 | \$ 6.75 | \$ 7.42 |
| Income from investment operations ^a : | | | | | | |
| Net investment income ^b | 0.06 | 0.09 ^c | 0.21 ^c | 0.18 ^c | 0.19 ^c | 0.24 ^c |
| Net realized and unrealized gains (losses) | (0.18) | 1.11 | (0.89) | 0.64 | 0.64 | (0.68) |
| Total from investment operations | (0.12) | 1.20 | (0.68) | 0.82 | 0.83 | (0.44) |
| Less distributions from: | | | | | | |
| Net investment income | (0.10) | (0.25) | (0.22) | (0.20) | (0.27) | (0.22) |
| Net realized gains | (1.80) | (0.46) | (0.17) | (0.31) | (0.23) | (0.01) |
| Total distributions | (1.90) | (0.71) | (0.39) | (0.51) | (0.50) | (0.23) |
| Net asset value, end of period | \$ 4.79 | \$ 6.81 | \$ 6.32 | \$ 7.39 | \$ 7.08 | \$ 6.75 |
| Total return ^d | (1.43)% | 19.86% | (9.65)% | 11.98% | 13.18% | (6.21)% |
| Ratios to average net assets^e | | | | | | |
| Expenses before waiver and payments by affiliates | 0.84% | 0.69% | 0.37% | 0.37% | 0.36% | 0.36% |
| Expenses net of waiver and payments by affiliates | 0.79% ^f | 0.64% | 0.35% | 0.35% | 0.35% | 0.35% |
| Net investment income | 2.07% | 1.30% | 2.88% | 2.50% | 2.84% | 3.26% |
| Supplemental data | | | | | | |
| Net assets, end of period (000's) | \$371,639 | \$403,040 | \$390,300 | \$480,402 | \$474,669 | \$480,715 |
| Portfolio turnover rate | 49.61% | 170.79% | 2.23% | 1.28% | 0.10% | 0.26% |
| Portfolio turnover rate excluding mortgage dollar rolls | 42.14% ^g | 158.11% ^g | 2.23% | 1.28% | 0.10% | 0.26% |

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

^bBased on average daily shares outstanding.

^cRecognition 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.

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

^eRatios are annualized for periods less than one year.

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

^gSee Note 1(f) regarding mortgage dollar rolls.

Franklin Allocation VIP Fund (continued)

| | Six Months Ended June 30, 2020 (unaudited) | Year Ended December 31, | | | | |
|---|--|-------------------------|-------------------|-------------------|-------------------|-------------------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| Class 4 | | | | | | |
| Per share operating performance (for a share outstanding throughout the period) | | | | | | |
| Net asset value, beginning of period | \$ 6.97 | \$ 6.46 | \$ 7.53 | \$ 7.21 | \$ 6.87 | \$ 7.54 |
| Income from investment operations ^a : | | | | | | |
| Net investment income ^b | 0.06 | 0.08 ^c | 0.20 ^c | 0.18 ^c | 0.19 ^c | 0.23 ^c |
| Net realized and unrealized gains (losses) | (0.18) | 1.13 | (0.89) | 0.64 | 0.64 | (0.68) |
| Total from investment operations | (0.12) | 1.21 | (0.69) | 0.82 | 0.83 | (0.45) |
| Less distributions from: | | | | | | |
| Net investment income | (0.09) | (0.24) | (0.21) | (0.19) | (0.26) | (0.21) |
| Net realized gains | (1.80) | (0.46) | (0.17) | (0.31) | (0.23) | (0.01) |
| Total distributions | (1.89) | (0.70) | (0.38) | (0.50) | (0.49) | (0.22) |
| Net asset value, end of period | \$ 4.96 | \$ 6.97 | \$ 6.46 | \$ 7.53 | \$ 7.21 | \$ 6.87 |
| Total return ^d | (1.37)% | 19.56% | (9.58)% | 11.78% | 12.92% | (6.24)% |
| Ratios to average net assets^e | | | | | | |
| Expenses before waiver and payments by affiliates | 0.94% | 0.79% | 0.47% | 0.47% | 0.46% | 0.46% |
| Expenses net of waiver and payments by affiliates | 0.89% ^f | 0.74% | 0.45% | 0.45% | 0.45% | 0.45% |
| Net investment income | 1.97% | 1.20% | 2.78% | 2.40% | 2.74% | 3.16% |
| Supplemental data | | | | | | |
| Net assets, end of period (000's) | \$378,968 | \$406,693 | \$393,385 | \$528,862 | \$530,403 | \$550,825 |
| Portfolio turnover rate | 49.61% | 170.79% | 2.23% | 1.28% | 0.10% | 0.26% |
| Portfolio turnover rate excluding mortgage dollar rolls | 42.14% ^g | 158.11% ^g | 2.23% | 1.28% | 0.10% | 0.26% |

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

^bBased on average daily shares outstanding.

^cRecognition 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.

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

^eRatios are annualized for periods less than one year.

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

^gSee Note 1(f) regarding mortgage dollar rolls.

Statement of Investments, June 30, 2020 (unaudited)

Franklin Allocation VIP Fund

| | Country/ Organization | Shares/ Rights | Value |
|--|--------------------------|-------------------|------------|
| Common Stocks and Other Equity Interests 58.5% | | | |
| Automobiles & Components 0.7% | | | |
| Aptiv PLC | United States | 7,000 | \$ 545,440 |
| Bayerische Motoren Werke AG | Germany | 8,162 | 521,021 |
| Cie Generale des Etablissements Michelin SCA | France | 8,517 | 887,674 |
| ^a Faurecia SE | France | 3,230 | 126,891 |
| ^a Fiat Chrysler Automobiles NV | United Kingdom | 36,368 | 367,942 |
| General Motors Co. | United States | 18,814 | 475,994 |
| Gentex Corp. | United States | 8,426 | 217,138 |
| Honda Motor Co. Ltd. | Japan | 16,200 | 418,830 |
| Isuzu Motors Ltd. | Japan | 67,200 | 610,669 |
| Lear Corp. | United States | 1,868 | 203,649 |
| ^a Peugeot SA | France | 25,032 | 410,467 |
| Toyota Industries Corp. | Japan | 6,500 | 345,492 |
| | | | 5,131,207 |
| Banks 1.2% | | | |
| Banco de Sabadell SA | Spain | 242,207 | 85,090 |
| ^a Bank of Ireland Group PLC | Ireland | 32,153 | 66,246 |
| ^a FinecoBank Banca Fineco SpA | Italy | 135,215 | 1,829,846 |
| Housing Development Finance Corp. Ltd. | India | 27,108 | 629,974 |
| ING Groep NV | Netherlands | 149,749 | 1,043,793 |
| Kasikornbank PCL, fgn. | Thailand | 96,700 | 293,867 |
| KB Financial Group Inc. | South Korea | 29,025 | 823,885 |
| KBC Groep NV | Belgium | 24,134 | 1,386,404 |
| Shinhan Financial Group Co. Ltd. | South Korea | 14,863 | 360,143 |
| Shinsei Bank Ltd. | Japan | 8,000 | 96,762 |
| Standard Chartered PLC | United Kingdom | 211,107 | 1,144,321 |
| Sumitomo Mitsui Financial Group Inc. | Japan | 30,100 | 849,476 |
| Sumitomo Mitsui Financial Group Inc., ADR | Japan | 112,000 | 629,440 |
| | | | 9,239,247 |
| Capital Goods 5.9% | | | |
| 3M Co. | United States | 8,752 | 1,365,225 |
| Allegion PLC | United States | 4,871 | 497,914 |
| Allison Transmission Holdings Inc. | United States | 2,215 | 81,468 |
| Amada Co. Ltd. | Japan | 13,500 | 110,536 |
| AMETEK Inc. | United States | 4,018 | 359,089 |
| ^a Andritz AG | Austria | 3,171 | 115,607 |
| Atlas Copco AB | Sweden | 7,152 | 265,723 |
| Atlas Copco AB, A | Sweden | 11,437 | 486,992 |
| BAE Systems PLC | United Kingdom | 77,090 | 460,938 |
| BWX Technologies Inc. | United States | 8,401 | 475,833 |
| CAE Inc. | Canada | 15,000 | 243,306 |
| Carlisle Cos. Inc. | United States | 3,400 | 406,878 |
| Caterpillar Inc. | United States | 3,346 | 423,269 |
| CK Hutchison Holdings Ltd. | Hong Kong | 152,000 | 984,283 |
| Cummins Inc. | United States | 4,550 | 788,333 |
| ^a Dassault Aviation SA | France | 253 | 232,106 |
| Deere & Co. | United States | 3,086 | 484,965 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Capital Goods (continued) | | | |
| Donaldson Co. Inc. | United States | 8,500 | \$ 395,420 |
| Dover Corp. | United States | 8,900 | 859,384 |
| Emerson Electric Co. | United States | 18,102 | 1,122,867 |
| Epiroc AB, A. | Sweden | 9,709 | 121,643 |
| Epiroc AB, B. | Sweden | 17,653 | 216,773 |
| Fastenal Co. | United States | 34,853 | 1,493,103 |
| Ferguson PLC | United Kingdom | 15,500 | 1,267,330 |
| Fortive Corp. | United States | 6,517 | 440,940 |
| Geberit AG. | Switzerland | 1,568 | 786,721 |
| General Dynamics Corp. | United States | 8,887 | 1,328,251 |
| Graco Inc. | United States | 4,752 | 228,048 |
| GrafTech International Ltd. | United States | 844 | 6,735 |
| Honeywell International Inc. | United States | 19,445 | 2,811,553 |
| Huntington Ingalls Industries Inc. | United States | 1,176 | 205,200 |
| Illinois Tool Works Inc. | United States | 10,617 | 1,856,382 |
| ^a Ingersoll-Rand Inc. | United States | 5,626 | 158,203 |
| Johnson Controls International PLC | United States | 22,400 | 764,736 |
| Kingspan Group PLC. | Ireland | 2,612 | 168,606 |
| Komatsu Ltd. | Japan | 22,800 | 466,956 |
| Kone OYJ, B. | Finland | 6,442 | 444,261 |
| Kurita Water Industries Ltd. | Japan | 4,000 | 111,272 |
| Lennox International Inc. | United States | 502 | 116,961 |
| Lockheed Martin Corp. | United States | 6,731 | 2,456,277 |
| Masco Corp. | United States | 2,247 | 112,822 |
| ^a Mercury Systems Inc. | United States | 3,640 | 286,322 |
| Mitsubishi Electric Corp. | Japan | 54,100 | 706,614 |
| MSC Industrial Direct Co. Inc., A. | United States | 1,257 | 91,522 |
| MTU Aero Engines AG | Germany | 7,900 | 1,375,272 |
| Northrop Grumman Corp. | United States | 7,855 | 2,414,941 |
| nVent Electric PLC | United States | 15,900 | 297,807 |
| Obayashi Corp. | Japan | 27,400 | 257,600 |
| Otis Worldwide Corp. | United States | 7,237 | 411,496 |
| PACCAR Inc. | United States | 4,976 | 372,454 |
| Pentair PLC | United States | 13,900 | 528,061 |
| Raytheon Technologies Corp. | United States | 50,395 | 3,105,340 |
| Rockwell Automation Inc. | United States | 3,621 | 771,273 |
| Roper Technologies Inc. | United States | 8,700 | 3,377,862 |
| Schneider Electric SE | France | 6,764 | 752,338 |
| Siemens AG. | Germany | 4,442 | 523,830 |
| Sinopec Engineering Group Co. Ltd. | China | 615,000 | 264,064 |
| SKF AB, B. | Sweden | 15,639 | 292,313 |
| Snap-on Inc. | United States | 1,016 | 140,726 |
| Stanley Black & Decker Inc. | United States | 4,652 | 648,396 |
| Sumitomo Heavy Industries Ltd. | Japan | 4,500 | 98,420 |
| Toro Co. | United States | 3,572 | 236,967 |
| Trane Technologies PLC | United States | 6,456 | 574,455 |
| W.W. Grainger Inc. | United States | 3,289 | 1,033,272 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|-------------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Capital Goods (continued) | | | |
| Watsco Inc. | United States | 809 | \$ 143,759 |
| Yangzijiang Shipbuilding Holdings Ltd. | Singapore | 98,600 | 66,379 |
| | | | <u>44,494,392</u> |
| Commercial & Professional Services 1.6% | | | |
| Adecco Group AG | Switzerland | 6,392 | 301,291 |
| Cintas Corp. | United States | 6,084 | 1,620,534 |
| ^a Copart Inc. | United States | 6,003 | 499,870 |
| ^a CoStar Group Inc. | United States | 300 | 213,201 |
| Equifax Inc. | United States | 3,190 | 548,297 |
| Experian PLC | United Kingdom | 45,000 | 1,579,384 |
| ^a IAA Inc. | United States | 1,139 | 43,931 |
| IHS Markit Ltd. | United States | 21,309 | 1,608,829 |
| KAR Auction Services Inc. | United States | 1,042 | 14,338 |
| ManpowerGroup Inc. | United States | 57 | 3,919 |
| Mathews International Corp., A | United States | 5,800 | 110,780 |
| Persol Holdings Co. Ltd. | Japan | 6,900 | 95,129 |
| Randstad NV | Netherlands | 4,940 | 220,873 |
| Recruit Holdings Co. Ltd. | Japan | 11,000 | 378,292 |
| RELX PLC | United Kingdom | 36,436 | 843,305 |
| Republic Services Inc. | United States | 3,900 | 319,995 |
| Robert Half International Inc. | United States | 4,264 | 225,267 |
| Rollins Inc. | United States | 4,605 | 195,206 |
| SGS SA. | Switzerland | 267 | 654,055 |
| Verisk Analytics Inc. | United States | 8,961 | 1,525,162 |
| Wolters Kluwer NV | Netherlands | 11,387 | 889,311 |
| | | | <u>11,890,969</u> |
| Consumer Durables & Apparel 1.5% | | | |
| ^a Adidas AG | Germany | 785 | 206,948 |
| Bandai Namco Holdings Inc. | Japan | 1,500 | 78,957 |
| Barratt Developments PLC | United Kingdom | 19,371 | 119,052 |
| The Berkeley Group Holdings PLC | United Kingdom | 4,927 | 253,731 |
| Burberry Group PLC | United Kingdom | 7,850 | 155,111 |
| ^a Capri Holdings Ltd. | United States | 4,944 | 77,275 |
| Carter's Inc. | United States | 1,386 | 111,850 |
| D.R. Horton Inc. | United States | 2,668 | 147,941 |
| Garmin Ltd. | United States | 4,296 | 418,860 |
| Hanesbrands Inc. | United States | 5,102 | 57,602 |
| Hasbro Inc. | United States | 3,501 | 262,400 |
| Hermes International. | France | 878 | 737,110 |
| Leggett & Platt Inc. | United States | 3,927 | 138,034 |
| ^a Lululemon Athletica Inc. | United States | 3,432 | 1,070,818 |
| ^a Moncler SpA | Italy | 5,423 | 208,515 |
| NIKE Inc., B | United States | 40,408 | 3,962,005 |
| ^a NVR Inc. | United States | 112 | 364,980 |
| Pandora AS | Denmark | 4,400 | 240,280 |
| ^a Persimmon PLC | United Kingdom | 8,975 | 253,996 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|-------------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Consumer Durables & Apparel (continued) | | | |
| PulteGroup Inc. | United States | 3,970 | \$ 135,099 |
| Sekisui Chemical Co. Ltd. | Japan | 13,100 | 187,693 |
| Sekisui House Ltd. | Japan | 25,600 | 488,759 |
| Sony Corp. | Japan | 7,700 | 531,532 |
| Tapestry Inc. | United States | 9,480 | 125,894 |
| Taylor Wimpey PLC | United Kingdom | 87,452 | 154,347 |
| VF Corp. | United States | 9,705 | 591,423 |
| Whirlpool Corp. | United States | 525 | 68,003 |
| | | | <u>11,148,215</u> |
| Consumer Services 1.0% | | | |
| Carnival Corp. | United States | 11,718 | 192,409 |
| Choice Hotels International Inc. | United States | 1,034 | 81,583 |
| Darden Restaurants Inc. | United States | 4,295 | 325,432 |
| Domino's Pizza Inc. | United States | 1,302 | 481,011 |
| H&R Block Inc. | United States | 7,332 | 104,701 |
| Las Vegas Sands Corp. | United States | 17,329 | 789,163 |
| McDonald's Corp. | United States | 13,301 | 2,453,635 |
| Six Flags Entertainment Corp. | United States | 1,814 | 34,847 |
| Starbucks Corp. | United States | 10,065 | 740,683 |
| ^a TAL Education Group, ADR | China | 23,000 | 1,572,740 |
| Wyndham Destinations Inc. | United States | 1,962 | 55,289 |
| Yum! Brands Inc. | United States | 11,125 | 966,874 |
| | | | <u>7,798,367</u> |
| Diversified Financials 2.2% | | | |
| 3i Group PLC | United Kingdom | 40,649 | 418,546 |
| American Express Co. | United States | 3,590 | 341,768 |
| ^a Amundi SA. | France | 2,687 | 211,215 |
| ^a Berkshire Hathaway Inc., B | United States | 6,469 | 1,154,781 |
| BlackRock Inc. | United States | 1,465 | 797,092 |
| Challenger Ltd. | Australia | 17,538 | 54,303 |
| The Charles Schwab Corp. | United States | 17,831 | 601,618 |
| Daiwa Securities Group Inc. | Japan | 33,500 | 140,730 |
| Deutsche Boerse AG. | Germany | 9,427 | 1,705,916 |
| EXOR NV | Netherlands | 3,689 | 211,720 |
| FactSet Research Systems Inc. | United States | 1,114 | 365,916 |
| Flow Traders | Netherlands | 10,867 | 388,782 |
| Hargreaves Lansdown PLC | United Kingdom | 11,932 | 240,612 |
| Hong Kong Exchanges and Clearing Ltd. | Hong Kong | 24,800 | 1,056,267 |
| Intercontinental Exchange Inc. | United States | 8,255 | 756,158 |
| Intermediate Capital Group PLC | United Kingdom | 74,000 | 1,180,534 |
| Invesco Ltd. | United States | 7,131 | 76,730 |
| Japan Exchange Group Inc. | Japan | 2,600 | 60,216 |
| Lazard Ltd., A. | United States | 3,513 | 100,577 |
| M&G PLC | United Kingdom | 112,702 | 234,010 |
| Magellan Financial Group Ltd. | Australia | 5,399 | 220,439 |
| MarketAxess Holdings Inc. | United States | 1,105 | 553,517 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Diversified Financials (continued) | | | |
| MFA Financial Inc. | United States | 4,330 | \$ 10,782 |
| Mitsubishi UFJ Lease & Finance Co. Ltd. | Japan | 16,800 | 80,167 |
| Moody's Corp. | United States | 2,363 | 649,187 |
| Morningstar Inc. | United States | 545 | 76,829 |
| MSCI Inc. | United States | 2,378 | 793,824 |
| Nasdaq Inc. | United States | 1,600 | 191,152 |
| ^a Natixis SA | France | 39,782 | 104,917 |
| Nomura Holdings Inc. | Japan | 46,600 | 209,401 |
| ORIX Corp. | Japan | 46,500 | 577,402 |
| Partners Group Holding AG | Switzerland | 780 | 710,340 |
| S&P Global Inc. | United States | 2,099 | 691,579 |
| Santander Consumer USA Holdings Inc. | United States | 3,125 | 57,531 |
| SEI Investments Co. | United States | 3,055 | 167,964 |
| Singapore Exchange Ltd. | Singapore | 34,000 | 204,608 |
| State Street Corp. | United States | 2,700 | 171,585 |
| T. Rowe Price Group Inc. | United States | 7,039 | 869,316 |
| Tradeweb Markets Inc. | United States | 2,100 | 122,094 |
| UBS Group AG. | Switzerland | 4,941 | 57,064 |
| | | | 16,617,189 |
| Energy 1.3% | | | |
| Ampol Ltd. | Australia | 10,004 | 203,815 |
| BP PLC | United Kingdom | 168,151 | 644,167 |
| Cabot Oil & Gas Corp., A | United States | 6,007 | 103,200 |
| Chevron Corp. | United States | 6,700 | 597,841 |
| Cimarex Energy Co. | United States | 1,926 | 52,946 |
| ConocoPhillips | United States | 15,805 | 664,126 |
| Eni SpA | Italy | 9,775 | 93,695 |
| EOG Resources Inc. | United States | 6,000 | 303,960 |
| Equinor ASA | Norway | 51,818 | 746,655 |
| Exxon Mobil Corp. | United States | 28,776 | 1,286,863 |
| Galp Energia SGPS SA, B | Portugal | 38,527 | 446,873 |
| HollyFrontier Corp. | United States | 2,216 | 64,707 |
| Husky Energy Inc. | Canada | 82,500 | 271,040 |
| Neste Oil OYJ. | Finland | 8,059 | 316,498 |
| ONEOK Inc. | United States | 3,393 | 112,715 |
| Phillips 66 | United States | 10,544 | 758,114 |
| Royal Dutch Shell PLC, B. | United Kingdom | 45,465 | 689,235 |
| SBM Offshore NV | Netherlands | 46,666 | 687,586 |
| Tenaris SA | Italy | 20,416 | 132,664 |
| Total SA | France | 22,632 | 872,577 |
| Valero Energy Corp. | United States | 12,245 | 720,251 |
| | | | 9,769,528 |
| Food & Staples Retailing 1.3% | | | |
| Casey's General Stores Inc. | United States | 947 | 141,595 |
| Coles Group Ltd. | Australia | 13,349 | 158,661 |
| Costco Wholesale Corp. | United States | 4,887 | 1,481,787 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|-------------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Food & Staples Retailing (continued) | | | |
| ^a Jeronimo Martins SGPS SA | Portugal | 7,526 | \$ 131,693 |
| Koninklijke Ahold Delhaize NV | Netherlands | 45,170 | 1,230,957 |
| The Kroger Co. | United States | 14,920 | 505,042 |
| Lawson Inc. | Japan | 2,000 | 100,601 |
| Matsumotokiyoshi Holdings Co. Ltd. | Japan | 15,700 | 570,516 |
| Seven & i Holdings Co. Ltd. | Japan | 8,500 | 278,065 |
| Seven & I Holdings Co. Ltd., ADR | Japan | 24,600 | 399,750 |
| ^a Sprouts Farmers Market Inc. | United States | 2,539 | 64,973 |
| Sundrug Co. Ltd. | Japan | 20,200 | 668,533 |
| Sysco Corp. | United States | 15,175 | 829,466 |
| Walgreens Boots Alliance Inc. | United States | 17,826 | 755,644 |
| Walmart Inc. | United States | 20,575 | 2,464,474 |
| Welcia Holdings Co. Ltd. | Japan | 1,000 | 80,787 |
| | | | <u>9,862,544</u> |
| Food, Beverage & Tobacco 2.4% | | | |
| ^a a2 Milk Co. Ltd. | New Zealand | 4,168 | 54,558 |
| Altria Group Inc. | United States | 30,176 | 1,184,408 |
| Anheuser-Busch InBev SA/NV | Belgium | 1,207 | 59,495 |
| Brown-Forman Corp., A. | United States | 1,586 | 91,306 |
| Brown-Forman Corp., B. | United States | 10,899 | 693,830 |
| Calbee Inc. | Japan | 3,300 | 91,211 |
| The Coca-Cola Co. | United States | 27,892 | 1,246,215 |
| Constellation Brands Inc., A | United States | 3,204 | 560,540 |
| Flowers Foods Inc. | United States | 5,437 | 121,571 |
| General Mills Inc. | United States | 18,181 | 1,120,859 |
| The Hershey Co. | United States | 5,251 | 680,635 |
| Hormel Foods Corp. | United States | 8,792 | 424,390 |
| Imperial Brands PLC | United Kingdom | 35,970 | 684,720 |
| Ingredion Inc. | United States | 1,870 | 155,210 |
| J M Smucker Co/The. | United States | 2,302 | 243,575 |
| Kellogg Co. | United States | 4,386 | 289,739 |
| Kirin Holdings Co. Ltd. | Japan | 39,200 | 826,326 |
| Lamb Weston Holdings Inc. | United States | 3,132 | 200,229 |
| McCormick & Co. Inc. | United States | 5,900 | 1,058,519 |
| Mondelez International Inc., A | United States | 8,669 | 443,246 |
| ^a Monster Beverage Corp. | United States | 25,224 | 1,748,528 |
| Nestle SA | Switzerland | 3,119 | 345,805 |
| Orkla ASA | Norway | 8,204 | 72,045 |
| PepsiCo Inc. | United States | 23,188 | 3,066,845 |
| Philip Morris International Inc. | United States | 17,946 | 1,257,297 |
| Suntory Beverage & Food Ltd. | Japan | 5,300 | 206,797 |
| Tyson Foods Inc. | United States | 8,574 | 511,953 |
| ^b WH Group Ltd., Reg S. | Hong Kong | 435,500 | 376,354 |
| Yamazaki Baking Co. Ltd. | Japan | 6,100 | 104,781 |
| | | | <u>17,920,987</u> |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|--------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Health Care Equipment & Services 3.5% | | | |
| Abbott Laboratories | United States | 21,260 | \$ 1,943,802 |
| Baxter International Inc. | United States | 2,315 | 199,322 |
| Becton Dickinson and Co. | United States | 8,200 | 1,962,014 |
| Cerner Corp. | United States | 7,697 | 527,629 |
| Chemed Corp. | United States | 371 | 167,347 |
| Cochlear Ltd. | Australia | 10,700 | 1,404,588 |
| Coloplast AS, B | Denmark | 3,667 | 571,512 |
| CVS Health Corp. | United States | 7,000 | 454,790 |
| Danaher Corp. | United States | 6,787 | 1,200,145 |
| Dentsply Sirona Inc. | United States | 5,700 | 251,142 |
| ^a Edwards Lifesciences Corp. | United States | 7,321 | 505,954 |
| Fisher & Paykel Healthcare Corp. Ltd. | New Zealand | 11,382 | 262,205 |
| GN Store Nord AS | Denmark | 25,000 | 1,338,128 |
| ^a Haemonetics Corp. | United States | 5,724 | 512,642 |
| HCA Healthcare Inc. | United States | 5,464 | 530,336 |
| Hoya Corp. | Japan | 5,000 | 478,795 |
| ^a IDEXX Laboratories Inc. | United States | 645 | 212,953 |
| ^a Intuitive Surgical Inc. | United States | 2,822 | 1,608,060 |
| ^a Laboratory Corp. of America Holdings. | United States | 3,110 | 516,602 |
| ^a LivaNova PLC. | United Kingdom | 21,000 | 1,010,730 |
| Medipal Holdings Corp. | Japan | 6,000 | 115,804 |
| Medtronic PLC | United States | 17,500 | 1,604,750 |
| ^a Premier Inc., A | United States | 636 | 21,802 |
| Quest Diagnostics Inc. | United States | 5,173 | 589,515 |
| ResMed Inc. | United States | 3,990 | 766,080 |
| Sinopharm Group Co. Ltd., H | China | 121,600 | 312,626 |
| Stryker Corp. | United States | 14,092 | 2,539,238 |
| Suzuken Co. Ltd. | Japan | 2,900 | 108,343 |
| Teleflex Inc. | United States | 3,284 | 1,195,310 |
| UnitedHealth Group Inc. | United States | 2,600 | 766,870 |
| Universal Health Services Inc., B | United States | 1,389 | 129,024 |
| ^a Varian Medical Systems Inc. | United States | 1,904 | 233,278 |
| ^a Veeva Systems Inc. | United States | 400 | 93,768 |
| West Pharmaceutical Services Inc. | United States | 8,100 | 1,840,077 |
| | | | 25,975,181 |
| Household & Personal Products 1.3% | | | |
| Church & Dwight Co. Inc. | United States | 7,316 | 565,527 |
| Clorox Co. | United States | 4,417 | 968,957 |
| Colgate-Palmolive Co. | United States | 31,604 | 2,315,309 |
| ^a Essity AB, B | Sweden | 9,223 | 298,987 |
| Estee Lauder Cos. Inc., A | United States | 7,118 | 1,343,024 |
| Kimberly-Clark Corp. | United States | 7,114 | 1,005,564 |
| Nu Skin Enterprises Inc., A | United States | 1,539 | 58,836 |
| The Procter & Gamble Co. | United States | 21,338 | 2,551,385 |
| Unilever NV | United Kingdom | 3,053 | 162,765 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|------------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Household & Personal Products (continued) | | | |
| Unilever PLC | United Kingdom | 5,139 | \$ 277,192 |
| | | | <u>9,547,546</u> |
| Insurance 0.5% | | | |
| Admiral Group PLC | United Kingdom | 7,784 | 220,737 |
| Aflac Inc. | United States | 9,100 | 327,873 |
| AIA Group Ltd. | Hong Kong | 104,540 | 978,237 |
| Allianz SE | Germany | 1,938 | 395,980 |
| American National Insurance Co. | United States | 258 | 18,594 |
| Assured Guaranty Ltd. | United States | 1,941 | 47,380 |
| Aviva PLC | United Kingdom | 103,080 | 349,363 |
| ^a CNP Assurances | France | 7,394 | 85,751 |
| Direct Line Insurance Group PLC | United Kingdom | 60,093 | 201,487 |
| Erie Indemnity Co., A. | United States | 3,000 | 575,700 |
| Fidelity National Financial Inc. | United States | 2,105 | 64,539 |
| Japan Post Insurance Co. Ltd. | Japan | 9,400 | 123,858 |
| Medibank Private Ltd. | Australia | 29,647 | 61,457 |
| MS&AD Insurance Group Holdings Inc. | Japan | 6,400 | 176,248 |
| NN Group NV. | Netherlands | 1,839 | 61,799 |
| RenaissanceRe Holdings Ltd. | United States | 565 | 96,632 |
| | | | <u>3,785,635</u> |
| Materials 3.3% | | | |
| Air Products and Chemicals Inc. | United States | 15,272 | 3,687,577 |
| Albemarle Corp. | United States | 15,630 | 1,206,792 |
| ^a ArcelorMittal SA | France | 46,281 | 490,158 |
| BHP Group PLC | United Kingdom | 14,994 | 306,811 |
| Celanese Corp. | United States | 9,041 | 780,600 |
| Covestro AG. | Germany | 12,999 | 495,065 |
| Eastman Chemical Co. | United States | 2,905 | 202,304 |
| Ecolab Inc. | United States | 9,621 | 1,914,098 |
| EMS-Chemie Holding AG. | Switzerland | 344 | 267,255 |
| Evraz PLC | Russia | 20,712 | 73,381 |
| Fortescue Metals Group Ltd. | Australia | 61,175 | 594,637 |
| International Flavors & Fragrances Inc. | United States | 2,516 | 308,109 |
| Johnson Matthey PLC | United Kingdom | 11,509 | 299,727 |
| Koninklijke DSM NV | Netherlands | 12,000 | 1,665,668 |
| Linde PLC | United Kingdom | 14,985 | 3,178,468 |
| LyondellBasell Industries NV, A. | United States | 11,096 | 729,229 |
| Martin Marietta Materials Inc. | United States | 2,363 | 488,125 |
| NewMarket Corp. | United States | 243 | 97,317 |
| Nitto Denko Corp. | Japan | 6,500 | 368,486 |
| Nucor Corp. | United States | 4,370 | 180,962 |
| Packaging Corp. of America. | United States | 2,231 | 222,654 |
| Reliance Steel & Aluminum Co. | United States | 536 | 50,882 |
| Rio Tinto Ltd. | Australia | 9,594 | 656,840 |
| Rio Tinto PLC. | Australia | 7,923 | 445,861 |
| Royal Gold Inc. | United States | 493 | 61,290 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|--|--------------------------|-------------------|-------------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Materials (continued) | | | |
| Shin-Etsu Chemical Co. Ltd. | Japan | 400 | \$ 46,945 |
| Sonoco Products Co. | United States | 2,993 | 156,504 |
| Steel Dynamics Inc. | United States | 4,132 | 107,804 |
| Sumitomo Metal Mining Co. Ltd. | Japan | 24,100 | 678,892 |
| Symrise AG | Germany | 14,000 | 1,635,708 |
| Taiheiyo Cement Corp. | Japan | 5,000 | 116,171 |
| Tosoh Corp. | Japan | 30,800 | 423,096 |
| Umicore SA | Belgium | 36,000 | 1,699,195 |
| Valvoline Inc. | United States | 2,681 | 51,824 |
| Wheaton Precious Metals Corp. | Canada | 21,490 | 945,209 |
| | | | <u>24,633,644</u> |
| Media & Entertainment 2.1% | | | |
| ^a Alphabet Inc., A | United States | 2,146 | 3,043,135 |
| ^a AMC Networks Inc., A | United States | 1,108 | 25,916 |
| Ascential PLC. | United Kingdom | 324,885 | 1,165,435 |
| ^a Baidu Inc., ADR | China | 5,625 | 674,381 |
| Cable One Inc. | United States | 555 | 985,042 |
| Cinemark Holdings Inc. | United States | 2,017 | 23,296 |
| Comcast Corp., A | United States | 38,307 | 1,493,207 |
| ^a CTS Eventim AG & Co. KGaA. | Germany | 24,000 | 1,002,055 |
| CyberAgent Inc. | Japan | 35,000 | 1,720,378 |
| ^a Facebook Inc., A | United States | 12,128 | 2,753,905 |
| The Interpublic Group of Cos. Inc. | United States | 8,214 | 140,952 |
| Kakaku.com Inc. | Japan | 5,700 | 145,203 |
| ^a Match Group Inc. | United States | 1,348 | 144,304 |
| ^a Match Group Inc. | United States | 2,007 | 649,064 |
| Nippon Television Holdings Inc. | Japan | 13,500 | 146,218 |
| Omnicom Group Inc. | United States | 6,512 | 355,555 |
| Tokyo Broadcasting System Holdings Inc. | Japan | 14,900 | 238,346 |
| ^a Ubisoft Entertainment SA | France | 1,485 | 122,963 |
| The Walt Disney Co. | United States | 10,412 | 1,161,042 |
| | | | <u>15,990,397</u> |
| Pharmaceuticals, Biotechnology & Life Sciences 5.9% | | | |
| ^a 10X Genomics Inc., A | United States | 900 | 80,379 |
| AbbVie Inc. | United States | 25,727 | 2,525,877 |
| Agilent Technologies Inc. | United States | 7,385 | 652,612 |
| Amgen Inc. | United States | 12,284 | 2,897,304 |
| Astellas Pharma Inc. | Japan | 27,800 | 464,248 |
| AstraZeneca PLC, ADR | United Kingdom | 12,114 | 640,709 |
| Bayer AG | Germany | 21,485 | 1,592,402 |
| ^a Biogen Inc. | United States | 4,887 | 1,307,517 |
| Bristol-Myers Squibb Co. | United States | 26,105 | 1,534,974 |
| ^a Bristol-Myers Squibb Co., rts., 2/01/49. | United States | 5,723 | 20,488 |
| ^a Catalent Inc. | United States | 20,489 | 1,501,844 |
| Chugai Pharmaceutical Co. Ltd. | Japan | 3,600 | 192,744 |
| CSL Ltd. | Australia | 12,186 | 2,423,310 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|-------------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Pharmaceuticals, Biotechnology & Life Sciences (continued) | | | |
| ^a Deciphera Pharmaceuticals Inc. | United States | 3,500 | \$ 209,020 |
| Eli Lilly and Co. | United States | 7,262 | 1,192,275 |
| ^a Exelixis Inc. | United States | 7,348 | 174,441 |
| ^a Galapagos NV | Belgium | 1,565 | 308,869 |
| ^a Genmab A/S | Denmark | 2,200 | 741,752 |
| Gilead Sciences Inc. | United States | 21,800 | 1,677,292 |
| ^a GW Pharmaceuticals PLC, ADR. | United Kingdom | 1,326 | 162,727 |
| Hikma Pharmaceuticals PLC | United Kingdom | 45,000 | 1,234,799 |
| ^a Illumina Inc. | United States | 3,446 | 1,276,226 |
| ^a Iovance Biotherapeutics Inc. | United States | 2,500 | 68,625 |
| Johnson & Johnson. | United States | 26,655 | 3,748,493 |
| Merck & Co. Inc. | United States | 22,963 | 1,775,729 |
| ^a Mettler-Toledo International Inc. | United States | 3,480 | 2,803,314 |
| ^a Neurocrine Biosciences Inc. | United States | 2,809 | 342,698 |
| Novartis AG | Switzerland | 12,343 | 1,075,335 |
| Novo Nordisk AS, B. | Denmark | 15,177 | 988,650 |
| Orion OYJ | Finland | 1,749 | 84,809 |
| Pfizer Inc. | United States | 70,822 | 2,315,879 |
| ^a PTC Therapeutics Inc. | United States | 2,300 | 116,702 |
| ^a Reata Pharmaceuticals Inc. | United States | 700 | 109,214 |
| ^a Regeneron Pharmaceuticals Inc. | United States | 1,113 | 694,122 |
| Roche Holding AG | Switzerland | 8,164 | 2,828,414 |
| Sanofi | France | 12,151 | 1,239,104 |
| Santen Pharmaceutical Co. Ltd. | Japan | 50,000 | 920,473 |
| Sartorius Stedim Biotech | France | 1,200 | 304,218 |
| Shionogi & Co. Ltd. | Japan | 3,500 | 219,567 |
| Takeda Pharmaceutical Co. Ltd., ADR. | Japan | 69,900 | 1,253,307 |
| ^a Waters Corp. | United States | 3,696 | 666,758 |
| ^a WuXi Biologics (Cayman) Inc. | China | 6,500 | 119,311 |
| | | | <u>44,486,531</u> |
| Real Estate 1.5% | | | |
| American Tower Corp. | United States | 6,129 | 1,584,592 |
| ^a Aroundtown SA | Germany | 36,347 | 208,315 |
| CapitalLand Mall Trust | Singapore | 39,200 | 55,624 |
| CK Asset Holdings Ltd. | Hong Kong | 140,330 | 841,524 |
| Crown Castle International Corp. | United States | 6,785 | 1,135,470 |
| Daito Trust Construction Co. Ltd. | Japan | 3,000 | 276,484 |
| EPR Properties | United States | 2,325 | 77,027 |
| Equinix Inc. | United States | 1,198 | 841,355 |
| Gaming and Leisure Properties Inc. | United States | 5,396 | 186,702 |
| Gecina SA | France | 1,959 | 241,929 |
| Goodman Group | Australia | 7,321 | 75,529 |
| Kerry Properties Ltd. | Hong Kong | 27,500 | 71,434 |
| Kimco Realty Corp. | United States | 10,578 | 135,822 |
| Link REIT. | Hong Kong | 11,100 | 91,132 |
| Mitsui Fudosan Co. Ltd. | Japan | 32,700 | 580,907 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Real Estate (continued) | | | |
| National Retail Properties Inc. | United States | 5,357 | \$ 190,066 |
| OMEGA Healthcare Investors Inc. | United States | 6,649 | 197,675 |
| Public Storage | United States | 5,214 | 1,000,515 |
| Realty Income Corp. | United States | 9,590 | 570,605 |
| Segro PLC | United Kingdom | 39,210 | 433,644 |
| Simon Property Group Inc. | United States | 7,737 | 529,056 |
| Spirit Realty Capital Inc. | United States | 3,149 | 109,774 |
| STORE Capital Corp. | United States | 5,795 | 137,979 |
| Sun Hung Kai Properties Ltd. | Hong Kong | 23,500 | 300,216 |
| Swire Pacific Ltd., A | Hong Kong | 69,500 | 369,374 |
| Ventas Inc. | United States | 6,506 | 238,250 |
| VEREIT Inc. | United States | 30,782 | 197,928 |
| WP Carey Inc. | United States | 3,880 | 262,482 |
| | | | 10,941,410 |
| Retailing 3.7% | | | |
| ABC-Mart Inc. | Japan | 1,300 | 76,262 |
| ^a Alibaba Group Holding Ltd. | China | 12,600 | 339,994 |
| ^a Alibaba Group Holding Ltd., ADR | China | 3,145 | 678,377 |
| ^a Amazon.com Inc. | United States | 2,238 | 6,174,239 |
| ^a AutoZone Inc. | United States | 569 | 641,900 |
| Best Buy Co. Inc. | United States | 7,734 | 674,946 |
| ^a boohoo Group PLC | United Kingdom | 290,000 | 1,485,006 |
| ^a Booking Holdings Inc. | United States | 423 | 673,560 |
| ^a Burlington Stores Inc. | United States | 531 | 104,570 |
| Dick's Sporting Goods Inc. | United States | 2,556 | 105,461 |
| Dollar General Corp. | United States | 6,650 | 1,266,892 |
| Expedia Group Inc. | United States | 2,151 | 176,812 |
| Foot Locker Inc. | United States | 4,357 | 127,050 |
| The Gap Inc. | United States | 8,417 | 106,223 |
| Genuine Parts Co. | United States | 4,377 | 380,624 |
| Hennes & Mauritz AB, B | Sweden | 20,642 | 301,261 |
| The Home Depot Inc. | United States | 6,699 | 1,678,166 |
| Industria de Diseno Textil SA | Spain | 25,457 | 675,402 |
| Kohl's Corp. | United States | 6,012 | 124,869 |
| L Brands Inc. | United States | 7,713 | 115,464 |
| Lowe's Cos. Inc. | United States | 8,700 | 1,175,544 |
| Macy's Inc. | United States | 10,257 | 70,568 |
| ^a MercadoLibre Inc. | Argentina | 1,500 | 1,478,655 |
| Next PLC | United Kingdom | 5,466 | 330,925 |
| Nitori Holdings Co. Ltd. | Japan | 300 | 58,821 |
| Nordstrom Inc. | United States | 3,773 | 58,444 |
| ^a O'Reilly Automotive Inc. | United States | 2,453 | 1,034,357 |
| Penske Automotive Group Inc. | United States | 782 | 30,271 |
| Pool Corp. | United States | 1,094 | 297,426 |
| Ross Stores Inc. | United States | 24,749 | 2,109,605 |
| Seria Co. Ltd. | Japan | 9,400 | 335,267 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|-------------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Retailing (continued) | | | |
| Target Corp. | United States | 22,141 | \$ 2,655,370 |
| The TJX Cos. Inc. | United States | 24,414 | 1,234,372 |
| Tractor Supply Co. | United States | 3,801 | 500,934 |
| ^a Ulta Beauty Inc. | United States | 1,843 | 374,903 |
| ^a Urban Outfitters Inc. | United States | 2,374 | 36,132 |
| Williams-Sonoma Inc. | United States | 2,842 | 233,072 |
| ^a Zalando SE | Germany | 2,247 | 159,389 |
| Zozo Inc. | Japan | 4,300 | 95,856 |
| | | | <u>28,176,989</u> |
| Semiconductors & Semiconductor Equipment 3.1% | | | |
| Advantest Corp. | Japan | 2,900 | 165,504 |
| Analog Devices Inc. | United States | 16,200 | 1,986,768 |
| Applied Materials Inc. | United States | 25,796 | 1,559,368 |
| ASML Holding NV. | Netherlands | 5,200 | 1,902,058 |
| ASML Holding NV, N.Y. shs | Netherlands | 4,022 | 1,480,217 |
| Intel Corp. | United States | 25,458 | 1,523,152 |
| KLA Corp. | United States | 4,502 | 875,549 |
| Lam Research Corp. | United States | 4,069 | 1,316,159 |
| Maxim Integrated Products Inc. | United States | 8,003 | 485,062 |
| Monolithic Power Systems | United States | 2,700 | 639,900 |
| NVIDIA Corp. | United States | 3,187 | 1,210,773 |
| NXP Semiconductors NV. | Netherlands | 11,677 | 1,331,645 |
| QUALCOMM Inc. | United States | 10,224 | 932,531 |
| Skyworks Solutions Inc. | United States | 6,004 | 767,672 |
| Taiwan Semiconductor Manufacturing Co. Ltd. | Taiwan | 84,000 | 899,686 |
| Texas Instruments Inc. | United States | 36,020 | 4,573,459 |
| Tokyo Electron Ltd. | Japan | 3,200 | 789,580 |
| Xilinx Inc. | United States | 7,578 | 745,600 |
| | | | <u>23,184,683</u> |
| Software & Services 7.7% | | | |
| Accenture PLC, A | United States | 18,612 | 3,996,369 |
| ^a Adobe Inc. | United States | 1,077 | 468,829 |
| ^a Adyen NV | Netherlands | 1,568 | 2,282,012 |
| Amdocs Ltd. | United States | 4,288 | 261,053 |
| ^a Aspen Technology Inc. | United States | 1,336 | 138,423 |
| ^a Atlassian Corp. PLC | United States | 1,000 | 180,270 |
| ^a Autodesk Inc. | United States | 5,142 | 1,229,915 |
| Automatic Data Processing Inc. | United States | 12,915 | 1,922,914 |
| ^a Avalara Inc. | United States | 2,280 | 303,445 |
| AVEVA Group PLC | United Kingdom | 28,000 | 1,419,633 |
| ^a Bill.Com Holdings Inc. | United States | 4,300 | 387,903 |
| Booz Allen Hamilton Holding Corp. | United States | 1,899 | 147,723 |
| Broadridge Financial Solutions Inc. | United States | 3,665 | 462,486 |
| ^a Cadence Design Systems Inc. | United States | 4,030 | 386,719 |
| ^a Check Point Software Technologies Ltd. | Israel | 4,600 | 494,178 |
| Citrix Systems Inc. | United States | 1,868 | 276,296 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Software & Services (continued) | | | |
| Cognizant Technology Solutions Corp., A. | United States | 11,809 | \$ 670,987 |
| ^a CyberArk Software Ltd. | Israel | 15,000 | 1,489,050 |
| Fujitsu Ltd. | Japan | 7,800 | 913,250 |
| International Business Machines Corp. | United States | 11,026 | 1,331,610 |
| Intuit Inc. | United States | 11,888 | 3,521,107 |
| Jack Henry & Associates Inc. | United States | 2,322 | 427,318 |
| Keywords Studios PLC | Ireland | 74,000 | 1,661,417 |
| Mastercard Inc., A. | United States | 13,525 | 3,999,343 |
| Microsoft Corp. | United States | 59,398 | 12,088,087 |
| NEC Corp. | Japan | 3,500 | 168,160 |
| ^a Nice Ltd. | Israel | 669 | 126,104 |
| Nomura Research Institute Ltd. | Japan | 13,300 | 363,259 |
| ^a Okta Inc., A | United States | 400 | 80,092 |
| Oracle Corp. Japan | Japan | 1,500 | 177,919 |
| Otsuka Corp. | Japan | 4,200 | 221,826 |
| Paychex Inc. | United States | 10,879 | 824,084 |
| ^a PayPal Holdings Inc. | United States | 3,600 | 627,228 |
| ^a PTC Inc. | United States | 7,221 | 561,722 |
| The Sage Group PLC | United Kingdom | 198,153 | 1,644,788 |
| ^a salesforce.com Inc. | United States | 3,353 | 628,118 |
| SAP SE | Germany | 12,172 | 1,701,366 |
| ^a ServiceNow Inc. | United States | 6,255 | 2,533,650 |
| ^a Shopify Inc., A | Canada | 1,550 | 1,471,260 |
| ^a Synopsys Inc. | United States | 2,700 | 526,500 |
| Trend Micro Inc. | Japan | 2,100 | 117,357 |
| ^a Twilio Inc., A. | United States | 2,562 | 562,154 |
| ^a Tyler Technologies Inc. | United States | 1,196 | 414,869 |
| ^a VeriSign Inc. | United States | 2,984 | 617,181 |
| Visa Inc., A. | United States | 14,984 | 2,894,459 |
| ^a Workday Inc., A | United States | 4,520 | 846,867 |
| | | | 57,569,300 |
| Technology Hardware & Equipment 2.2% | | | |
| Amphenol Corp., A | United States | 8,633 | 827,128 |
| Apple Inc. | United States | 23,012 | 8,394,778 |
| Avnet Inc. | United States | 8,800 | 245,388 |
| Cisco Systems Inc. | United States | 32,765 | 1,528,160 |
| Cognex Corp. | United States | 2,387 | 142,552 |
| ^a F5 Networks Inc. | United States | 2,000 | 278,960 |
| Hitachi Ltd. | Japan | 31,300 | 994,865 |
| HP Inc. | United States | 50,192 | 874,846 |
| ^a Keysight Technologies Inc. | United States | 4,262 | 429,524 |
| Motorola Solutions Inc. | United States | 4,497 | 630,165 |
| NetApp Inc. | United States | 6,842 | 303,579 |
| Samsung Electronics Co. Ltd. | South Korea | 28,228 | 1,252,930 |
| TE Connectivity Ltd. | United States | 10,949 | 892,891 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|---|--------------------------|-------------------|-------------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Technology Hardware & Equipment (continued) | | | |
| Ubiquiti Inc. | United States | 323 | \$ 56,383 |
| | | | <u>16,852,149</u> |
| Telecommunication Services 0.9% | | | |
| AT&T Inc. | United States | 39,921 | 1,206,812 |
| Deutsche Telekom AG. | Germany | 46,352 | 777,682 |
| KDDI Corp. | Japan | 32,100 | 957,772 |
| Nippon Telegraph & Telephone Corp. | Japan | 19,700 | 458,999 |
| NTT DOCOMO Inc. | Japan | 39,100 | 1,038,027 |
| Proximus SADP | Belgium | 6,611 | 134,701 |
| Softbank Corp. | Japan | 15,200 | 193,743 |
| Swisscom AG. | Switzerland | 432 | 226,541 |
| ^a Telefonica SA. | Spain | 1,055 | 5,033 |
| Telefonica SA. | Spain | 25,330 | 121,137 |
| ^a Telefonica SA, rts., 7/01/20 | Spain | 10 | 2 |
| Verizon Communications Inc. | United States | 24,629 | 1,357,797 |
| Vodafone Group PLC. | United Kingdom | 381,269 | 606,101 |
| | | | <u>7,084,347</u> |
| Transportation 1.9% | | | |
| Alaska Air Group Inc. | United States | 3,923 | 142,248 |
| AP Moeller-Maersk A/S, B | Denmark | 354 | 414,850 |
| C.H. Robinson Worldwide Inc. | United States | 4,472 | 353,556 |
| Canadian National Railway Co. | Canada | 5,714 | 506,089 |
| Canadian Pacific Railway Ltd. | Canada | 2,972 | 758,870 |
| ComfortDelGro Corp. Ltd. | Singapore | 105,100 | 110,454 |
| Delta Air Lines Inc. | United States | 17,452 | 489,529 |
| ^a Deutsche Lufthansa AG. | Germany | 6,653 | 66,740 |
| DSV Panalpina A/S | Denmark | 13,500 | 1,658,109 |
| Expeditors International of Washington Inc. | United States | 5,057 | 384,534 |
| Japan Airlines Co. Ltd. | Japan | 4,700 | 84,814 |
| JB Hunt Transport Services Inc. | United States | 5,526 | 664,999 |
| Kamigumi Co. Ltd. | Japan | 4,300 | 84,566 |
| Kansas City Southern | United States | 4,295 | 641,201 |
| ^a Kuehne + Nagel International AG | Switzerland | 2,278 | 379,443 |
| Landstar System Inc. | United States | 1,110 | 124,664 |
| Norfolk Southern Corp. | United States | 4,400 | 772,508 |
| Old Dominion Freight Line Inc. | United States | 776 | 131,602 |
| Southwest Airlines Co. | United States | 14,883 | 508,701 |
| ^a Uber Technologies Inc. | United States | 5,938 | 184,553 |
| Union Pacific Corp. | United States | 20,596 | 3,482,166 |
| United Parcel Service Inc., B | United States | 18,127 | 2,015,360 |
| | | | <u>13,959,556</u> |
| Utilities 1.8% | | | |
| AGL Energy Ltd. | Australia | 28,153 | 333,006 |
| Alliant Energy Corp. | United States | 6,338 | 303,210 |
| Ameren Corp. | United States | 4,398 | 309,443 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Shares/ Rights | Value |
|--|--------------------------|-------------------|--------------------------|
| Common Stocks and Other Equity Interests (continued) | | | |
| Utilities (continued) | | | |
| American Electric Power Co. Inc. | United States | 3,773 | \$ 300,482 |
| American Water Works Co. Inc. | United States | 4,219 | 542,817 |
| Atmos Energy Corp. | United States | 3,092 | 307,901 |
| Centrica PLC | United Kingdom | 184,452 | 87,639 |
| Consolidated Edison Inc. | United States | 8,867 | 637,803 |
| Dominion Energy Inc. | United States | 11,218 | 910,677 |
| DTE Energy Co. | United States | 5,418 | 582,435 |
| E.ON SE | Germany | 68,411 | 772,133 |
| Endesa SA. | Spain | 13,312 | 330,191 |
| Evergy Inc. | United States | 4,253 | 252,160 |
| Eversource Energy | United States | 7,824 | 651,504 |
| Exelon Corp. | United States | 26,169 | 949,673 |
| Hawaiian Electric Industries Inc. | United States | 3,031 | 109,298 |
| NextEra Energy Inc. | United States | 9,508 | 2,283,536 |
| OGE Energy Corp. | United States | 5,530 | 167,891 |
| PPL Corp. | United States | 13,989 | 361,476 |
| Public Service Enterprise Group Inc. | United States | 15,856 | 779,481 |
| Red Electrica Corp. SA | Spain | 12,336 | 230,780 |
| Sempra Energy | United States | 2,118 | 248,293 |
| The Southern Co. | United States | 19,795 | 1,026,371 |
| Toho Gas Co. Ltd. | Japan | 1,500 | 74,974 |
| Tokyo Gas Co. Ltd. | Japan | 15,300 | 366,352 |
| Veolia Environnement SA. | France | 14,635 | 330,446 |
| Xcel Energy Inc. | United States | 3,971 | 248,188 |
| | | | <u>13,498,160</u> |
| Total Common Stocks and Other Equity Interests (Cost \$408,190,714) | | | <u>439,558,173</u> |
| Management Investment Companies (Cost \$34,937,947) | | | |
| 3.8% | | | |
| Diversified Financials 3.8% | | | |
| ^c Templeton Global Bond VIP Fund, Class 1. | United States | 1,981,831 | <u>28,696,911</u> |
| Preferred Stocks (Cost \$116,835) 0.0%† | | | |
| Materials 0.0%† | | | |
| ^d Fuchs Petrolub SE, 2.711%, pfd. | Germany | 3,045 | <u>122,379</u> |
| | | | <u>Principal Amount*</u> |
| Corporate Bonds 14.6% | | | |
| Automobiles & Components 0.0%† | | | |
| ^e Adient U.S. LLC, senior secured note, 144A, 7.00%, 5/15/26 | United States | 100,000 | 103,664 |
| ^e Allison Transmission Inc., senior bond, 144A, 5.875%, 6/01/29. | United States | 100,000 | 104,290 |
| | | | <u>207,954</u> |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|--|--------------------------|----------------------|------------|
| Corporate Bonds (continued) | | | |
| Banks 2.5% | | | |
| ^e Akbank T.A.S., senior note, 144A, 5.125%, 3/31/25 | Turkey | 200,000 | \$ 189,199 |
| Bancolombia SA, senior note, 3.00%, 1/29/25 | Colombia | 650,000 | 637,676 |
| Bank of America Corp., | | | |
| sub. bond, 4.183%, 11/25/27 | United States | 1,810,000 | 2,066,924 |
| sub. note, 4.20%, 8/26/24 | United States | 400,000 | 444,115 |
| ^b BDO Unibank Inc., senior note, Reg S, 2.95%, 3/06/23 | Philippines | 200,000 | 204,978 |
| ^e BNP Paribas SA, | | | |
| senior bond, 144A, 3.052% to 1/13/30, FRN thereafter, 1/13/31 | France | 200,000 | 210,650 |
| senior note, 144A, 2.219% to 6/09/25, FRN thereafter, 6/09/26 | France | 200,000 | 204,567 |
| ^e BPCE SA, | | | |
| senior note, 144A, 5.70%, 10/22/23 | France | 400,000 | 447,738 |
| sub. note, 144A, 5.15%, 7/21/24 | France | 800,000 | 893,776 |
| sub. note, 144A, 4.875%, 4/01/26 | France | 500,000 | 567,548 |
| Citigroup Inc., | | | |
| senior note, 2.572% to 6/30/30, FRN thereafter, 6/03/31 | United States | 200,000 | 206,967 |
| senior note, 3.352% to 4/24/24, FRN thereafter, 4/24/25 | United States | 1,700,000 | 1,837,771 |
| ^f Comerica Inc., junior sub. bond, 5.625% to 10/01/25, FRN thereafter, Perpetual | United States | 100,000 | 101,730 |
| Credit Suisse Group Funding Guernsey Ltd., | | | |
| senior note, 3.80%, 9/15/22 | Switzerland | 1,200,000 | 1,275,232 |
| senior note, 3.80%, 6/09/23 | Switzerland | 400,000 | 431,082 |
| HSBC Holdings PLC, senior bond, 2.848% to 6/04/30, FRN thereafter, 6/04/31 | United Kingdom | 300,000 | 307,443 |
| JPMorgan Chase & Co., | | | |
| senior bond, 3.54% to 5/01/27, FRN thereafter, 5/01/28 | United States | 1,350,000 | 1,508,302 |
| senior bond, 4.493% to 3/23/30, FRN thereafter, 3/24/31 | United States | 400,000 | 489,650 |
| sub. note, 3.875%, 9/10/24 | United States | 400,000 | 443,748 |
| Lloyds Banking Group PLC, | | | |
| senior note, 4.05%, 8/16/23 | United Kingdom | 400,000 | 435,339 |
| senior note, 3.87%, 7/09/25 | United Kingdom | 200,000 | 217,832 |
| PNC Bank NA, senior bond, 3.10%, 10/25/27 | United States | 400,000 | 448,879 |
| ^e Standard Chartered PLC, senior note, 144A, 4.05%, 4/12/26 | United Kingdom | 970,000 | 1,056,757 |
| SVB Financial Group, senior note, 3.125%, 6/05/30 | United States | 100,000 | 107,311 |
| Truist Bank, sub. Bond, 2.25%, 3/11/30 | United States | 400,000 | 404,486 |
| Truist Financial Corp., sub. bond, 3.875%, 3/19/29 | United States | 1,660,000 | 1,884,069 |
| US Bancorp., sub. bond, 3.00%, 7/30/29 | United States | 300,000 | 325,992 |
| Wells Fargo & Co., senior note, 2.393% to 6/02/27, FRN thereafter, 6/02/28 . . | United States | 200,000 | 206,803 |
| ^g Wells Fargo Bank NA, senior note, FRN, 2.082%, 9/09/22 | United States | 1,100,000 | 1,118,009 |
| | | | 18,674,573 |
| Capital Goods 0.4% | | | |
| ^e Beacon Roofing Supply Inc., senior note, 144A, 4.875%, 11/01/25 | United States | 100,000 | 89,517 |
| ^e Carrier Global Corp., senior note, 144A, 3.577%, 4/05/50 | United States | 430,000 | 421,447 |
| Caterpillar Inc., | | | |
| senior bond, 3.25%, 4/09/50 | United States | 200,000 | 224,454 |
| senior note, 2.60%, 4/09/30 | United States | 500,000 | 544,382 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|--|--------------------------|----------------------|------------------|
| Corporate Bonds (continued) | | | |
| Capital Goods (continued) | | | |
| Lockheed Martin Corp., senior bond, 4.70%, 5/15/46 | United States | 200,000 | \$ 273,458 |
| Northrop Grumman Corp., senior bond, 5.25%, 5/01/50 | United States | 200,000 | 288,848 |
| Raytheon Technologies Corp., senior bond, 4.50%, 6/01/42 | United States | 800,000 | 992,043 |
| ^e Resideo Funding Inc., senior note, 144A, 6.125%, 11/01/26 | United States | 200,000 | 196,131 |
| ^e WESCO Distribution Inc., senior note, 144A, 7.125%, 6/15/25 | United States | 100,000 | 105,720 |
| Westinghouse Air Brake Technologies Corp., senior note, 3.20%, 6/15/25 . . . | United States | 100,000 | 102,201 |
| | | | <u>3,238,201</u> |
| Commercial & Professional Services 0.1% | | | |
| ^e Ashtead Capital Inc., secured note, second lien, 144A, 4.125%, 8/15/25 | United Kingdom | 575,000 | 587,937 |
| ^e Harsco Corp., senior note, 144A, 5.75%, 7/31/27 | United States | 100,000 | 100,503 |
| | | | <u>688,440</u> |
| Consumer Durables & Apparel 0.1% | | | |
| ^e Ashton Woods USA LLC/Ashton Woods Finance Co., senior note, 144A, 6.75%, 8/01/25 | United States | 100,000 | 98,615 |
| Mohawk Industries Inc., senior bond, 3.625%, 5/15/30 | United States | 290,000 | 316,479 |
| NIKE Inc., senior bond, 2.375%, 11/01/26 | United States | 100,000 | 108,992 |
| senior bond, 3.875%, 11/01/45 | United States | 100,000 | 120,738 |
| | | | <u>644,824</u> |
| Consumer Services 0.1% | | | |
| Marriott International Inc., senior note, 3.60%, 4/15/24 | United States | 300,000 | 301,802 |
| ^e Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., senior bond, 144A, 5.25%, 5/15/27 | United States | 100,000 | 86,663 |
| | | | <u>388,465</u> |
| Diversified Financials 1.2% | | | |
| Capital One Financial Corp., senior note, 3.20%, 1/30/23 | United States | 200,000 | 210,786 |
| senior note, 3.75%, 3/09/27 | United States | 1,035,000 | 1,143,811 |
| DY9 Leasing LLC, secured bond, 2.372%, 3/19/27 | United States | 672,597 | 705,437 |
| The Goldman Sachs Group Inc., senior note, 3.50%, 1/23/25 | United States | 1,400,000 | 1,525,959 |
| sub. note, 4.25%, 10/21/25 | United States | 400,000 | 451,116 |
| Goldman Sachs Group Inc., senior note, 2.60%, 2/07/30 | United States | 300,000 | 313,576 |
| Morgan Stanley, senior bond, 3.591% to 7/22/27, FRN thereafter, 7/22/28 | United States | 1,460,000 | 1,644,025 |
| sub. bond, 4.875%, 11/01/22 | United States | 400,000 | 435,336 |
| Private Export Funding Corp., secured bond, 2.80%, 5/15/22 | United States | 1,600,000 | 1,668,687 |
| Springleaf Finance Corp., senior bond, 5.375%, 11/15/29 | United States | 100,000 | 94,620 |
| ^b TNB Global Ventures Capital Bhd., senior note, Reg S, 3.244%, 10/19/26 . . . | Malaysia | 300,000 | 319,549 |
| ^e UBS AG London, senior note, 144A, 1.75%, 4/21/22 | Switzerland | 200,000 | 203,828 |
| | | | <u>8,716,730</u> |
| Energy 2.5% | | | |
| ^e Aker BP ASA, senior note, 144A, 4.75%, 6/15/24 | Norway | 200,000 | 201,615 |
| senior note, 144A, 3.75%, 1/15/30 | Norway | 500,000 | 471,358 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|---|--------------------------|----------------------|------------|
| Corporate Bonds (continued) | | | |
| Energy (continued) | | | |
| Baker Hughes a GE Co. LLC/Baker Hughes Co-Obligor Inc., | | | |
| senior bond, 3.337%, 12/15/27 | United States | 400,000 | \$ 426,383 |
| senior bond, 4.08%, 12/15/47 | United States | 735,000 | 765,449 |
| BP Capital Markets America Inc, | | | |
| senior note, 3.937%, 9/21/28 | United States | 100,000 | 114,462 |
| senior note, 4.234%, 11/06/28 | United States | 400,000 | 465,008 |
| Canadian Natural Resources Ltd., | | | |
| senior bond, 3.90%, 2/01/25 | Canada | 1,010,000 | 1,082,876 |
| senior bond, 3.85%, 6/01/27 | Canada | 300,000 | 321,039 |
| senior note, 2.95%, 1/15/23 | Canada | 400,000 | 412,851 |
| Cheniere Corpus Christi Holdings LLC, | | | |
| senior secured bond, first lien, 5.125%, 6/30/27 | United States | 200,000 | 219,750 |
| senior secured note, first lien, 5.875%, 3/31/25 | United States | 200,000 | 224,668 |
| Chevron Corp., senior note, 2.355%, 12/05/22 | | | |
| | United States | 100,000 | 104,089 |
| Ecopetrol SA, senior bond, 4.125%, 1/16/25 | | | |
| | Colombia | 250,000 | 251,539 |
| Enable Midstream Partners LP, senior bond, 4.95%, 5/15/28 | | | |
| | United States | 300,000 | 278,813 |
| Energy Transfer Operating LP, | | | |
| senior bond, 4.75%, 1/15/26 | United States | 100,000 | 109,289 |
| senior bond, 6.05%, 6/01/41 | United States | 700,000 | 722,467 |
| Enterprise Products Operating LLC, | | | |
| senior bond, 3.125%, 7/31/29 | United States | 400,000 | 428,895 |
| senior bond, 6.125%, 10/15/39 | United States | 700,000 | 890,773 |
| EOG Resources Inc., senior bond, 4.375%, 4/15/30 | | | |
| | United States | 50,000 | 59,638 |
| Exxon Mobil Corp., | | | |
| senior bond, 2.61%, 10/15/30 | United States | 100,000 | 106,845 |
| senior note, 3.294%, 3/19/27 | United States | 400,000 | 449,479 |
| Kinder Morgan Inc., senior bond, 5.55%, 6/01/45 | | | |
| | United States | 800,000 | 972,493 |
| Kinder Morgan Inc./DE, senior note, 4.30%, 3/01/28 | | | |
| | United States | 400,000 | 453,824 |
| MPLX LP, | | | |
| senior bond, 5.50%, 2/15/49 | United States | 425,000 | 482,948 |
| senior note, 4.875%, 12/01/24 | United States | 400,000 | 444,519 |
| senior note, 4.875%, 6/01/25 | United States | 100,000 | 111,690 |
| Occidental Petroleum Corp., senior note, 2.60%, 8/13/21 | | | |
| | United States | 400,000 | 391,990 |
| Reliance Industries Ltd., senior note, 2.06%, 1/15/26 | | | |
| | United States | 750,000 | 769,926 |
| ° Schlumberger Holdings Corp., senior note, 144A, 3.75%, 5/01/24 | | | |
| | United States | 1,510,000 | 1,627,484 |
| ° Schlumberger Investment SA, senior bond, 144A, 2.40%, 8/01/22 | | | |
| | United States | 400,000 | 410,103 |
| Total Capital International SA, senior note, 3.455%, 2/19/29 | | | |
| | France | 670,000 | 762,280 |
| Total Capital SA, senior note, 3.883%, 10/11/28 | | | |
| | France | 400,000 | 465,015 |
| TransCanada PipeLines Ltd, senior bond, 4.25%, 5/15/28 | | | |
| | Canada | 500,000 | 575,541 |
| TransCanada PipeLines Ltd., senior bond, 4.875%, 5/15/48 | | | |
| | Canada | 200,000 | 247,534 |
| Transcontinental Gas Pipe Line Co. LLC, senior note, 7.85%, 2/01/26 | | | |
| | United States | 400,000 | 521,253 |
| Valero Energy Corp., senior bond, 4.00%, 4/01/29 | | | |
| | United States | 935,000 | 1,041,086 |
| The Williams Cos. Inc., | | | |
| senior bond, 4.125%, 11/15/20 | United States | 1,350,000 | 1,352,237 |
| senior bond, 4.85%, 3/01/48 | United States | 320,000 | 350,449 |
| | | | 19,087,658 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|---|--------------------------|----------------------|------------------|
| Corporate Bonds (continued) | | | |
| Food & Staples Retailing 0.5% | | | |
| ^e Cencosud SA, senior note, 144A, 4.375%, 7/17/27 | Chile | 300,000 | \$ 306,206 |
| ^e CK Hutchison International 19 Ltd., senior note, 144A, 3.25%, 4/11/24 | Hong Kong | 1,035,000 | 1,097,138 |
| Costco Wholesale Corp., senior note, 1.375%, 6/20/27 | United States | 200,000 | 204,666 |
| The Kroger Co., senior bond, 5.40%, 1/15/49 | United States | 550,000 | 771,701 |
| Walgreens Boots Alliance Inc., senior note, 3.80%, 11/18/24 | United States | 500,000 | 551,078 |
| Walmart Inc., senior note, 3.55%, 6/26/25 | United States | 100,000 | 113,434 |
| Wal-Mart Stores Inc., senior bond, 5.25%, 9/01/35 | United States | 300,000 | 438,352 |
| | | | <u>3,482,575</u> |
| Food, Beverage & Tobacco 0.4% | | | |
| Anheuser-Busch Cos. LLC/InBev Worldwide Inc., senior bond, 4.90%, 2/01/46 | Belgium | 100,000 | 122,692 |
| Anheuser-Busch InBev Worldwide Inc., senior bond, 3.50%, 6/01/30 | Belgium | 200,000 | 225,300 |
| senior bond, 5.80%, 1/23/59 | Belgium | 100,000 | 142,643 |
| B&G Foods Inc., senior note, 5.25%, 9/15/27 | United States | 100,000 | 100,344 |
| Bunge Ltd. Finance Corp., senior note, 4.35%, 3/15/24 | United States | 200,000 | 218,554 |
| The Coca-Cola Co., senior bond, 4.20%, 3/25/50 | United States | 200,000 | 263,283 |
| senior note, 1.45%, 6/01/27 | United States | 100,000 | 102,801 |
| ^e Imperial Brands Finance PLC, senior note, 144A, 4.25%, 7/21/25 | United Kingdom | 585,000 | 644,553 |
| senior note, 144A, 3.50%, 7/26/26 | United Kingdom | 300,000 | 321,209 |
| ^e JBS USA LUX SA/JBS USA Food Co./JBS USA Finance Inc., senior bond, 144A, 5.50%, 1/15/30 | United States | 100,000 | 102,669 |
| ^e Kraft Heinz Foods Co., senior note, 144A, 3.875%, 5/15/27 | United States | 100,000 | 104,634 |
| ^e Post Holdings Inc., senior bond, 144A, 4.625%, 4/15/30 | United States | 200,000 | 196,630 |
| Reynolds American Inc., senior bond, 5.85%, 8/15/45 | United Kingdom | 650,000 | 815,127 |
| | | | <u>3,360,439</u> |
| Health Care Equipment & Services 0.9% | | | |
| Abbott Laboratories, senior bond, 3.75%, 11/30/26 | United States | 450,000 | 524,002 |
| senior bond, 4.75%, 11/30/36 | United States | 200,000 | 269,343 |
| Anthem Inc., senior bond, 4.65%, 1/15/43 | United States | 100,000 | 125,823 |
| senior bond, 5.10%, 1/15/44 | United States | 600,000 | 792,839 |
| senior note, 4.101%, 3/01/28 | United States | 400,000 | 468,092 |
| CHS/Community Health Systems Inc., senior secured note, first lien, 6.25%, 3/31/23 | United States | 100,000 | 94,391 |
| Cigna Corp., senior note, 4.375%, 10/15/28 | United States | 500,000 | 592,125 |
| senior note, 2.40%, 3/15/30 | United States | 300,000 | 311,642 |
| ^e senior note, 144A, 3.05%, 10/15/27 | United States | 550,000 | 598,624 |
| CVS Health Corp., senior bond, 4.30%, 3/25/28 | United States | 300,000 | 350,956 |
| senior bond, 4.78%, 3/25/38 | United States | 100,000 | 124,377 |
| senior bond, 5.30%, 12/05/43 | United States | 800,000 | 1,047,375 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|--|--------------------------|----------------------|------------|
| Corporate Bonds (continued) | | | |
| Health Care Equipment & Services (continued) | | | |
| CVS Health Corp., (continued) | | | |
| senior bond, 5.125%, 7/20/45 | United States | 200,000 | \$ 258,000 |
| HCA Inc., | | | |
| senior secured bond, first lien, 4.50%, 2/15/27 | United States | 408,000 | 455,206 |
| senior secured bond, first lien, 4.125%, 6/15/29 | United States | 300,000 | 331,222 |
| Quest Diagnostics Inc., senior bond, 2.80%, 6/30/31 | United States | 600,000 | 630,297 |
| | | | 6,974,314 |
| Household & Personal Products 0.1% | | | |
| Avon Products Inc., senior bond, 7.00%, 3/15/23 | United Kingdom | 260,000 | 259,188 |
| The Procter & Gamble Co., senior bond, 3.55%, 3/25/40 | United States | 400,000 | 483,469 |
| | | | 742,657 |
| Insurance 0.8% | | | |
| Aflac Inc., | | | |
| senior bond, 4.75%, 1/15/49 | United States | 700,000 | 902,890 |
| senior note, 3.60%, 4/01/30 | United States | 600,000 | 701,279 |
| The Allstate Corp., senior bond, 4.20%, 12/15/46 | United States | 700,000 | 867,845 |
| Arch Capital Group Ltd., senior bond, 3.635%, 6/30/50 | United States | 300,000 | 315,363 |
| Marsh & McLennan Cos. Inc., senior bond, 4.375%, 3/15/29 | United States | 400,000 | 482,555 |
| MetLife Inc., | | | |
| junior sub. bond, 6.40%, 12/15/66 | United States | 450,000 | 532,283 |
| senior bond, 5.70%, 6/15/35 | United States | 300,000 | 434,744 |
| °Metropolitan Life Global Funding I, | | | |
| secured note, 144A, 3.60%, 1/11/24 | United States | 940,000 | 1,028,437 |
| senior note, 144A, 2.95%, 4/09/30 | United States | 250,000 | 274,255 |
| Willis North America Inc., senior bond, 2.95%, 9/15/29 | United States | 100,000 | 106,154 |
| | | | 5,645,805 |
| Materials 0.5% | | | |
| Air Products and Chemicals Inc., senior bond, 2.70%, 5/15/40 | United States | 400,000 | 425,812 |
| °Alpek SAB de CV, senior note, 144A, 4.25%, 9/18/29 | Mexico | 200,000 | 197,812 |
| Bemis Co Inc., senior note, 2.63%, 6/19/30 | United States | 100,000 | 102,635 |
| °Braskem Netherlands Finance BV, senior bond, 144A, 4.50%, 1/31/30 | Brazil | 300,000 | 275,025 |
| °CCL Industries Inc., senior note, 144A, 3.05%, 6/01/30 | Canada | 200,000 | 205,031 |
| °CNAC HK Finbridge Co. Ltd., | | | |
| senior note, Reg S, 4.875%, 3/14/25 | China | 200,000 | 222,360 |
| senior note, Reg S, 3.875%, 6/19/29 | China | 200,000 | 217,267 |
| El du Pont de Nemours and Co., senior note, 1.70%, 7/15/25 | United States | 180,000 | 185,975 |
| °Glencore Funding LLC, senior note, 144A, 4.625%, 4/29/24 | Switzerland | 900,000 | 994,147 |
| °Mauser Packaging Solutions Holding Co., senior note, 144A, 7.25%, 4/15/25 | United States | 100,000 | 90,974 |
| °Novelis Corp., senior bond, 144A, 4.75%, 1/30/30 | United States | 100,000 | 95,748 |
| °Plastipak Holdings Inc., senior note, 144A, 6.25%, 10/15/25 | United States | 100,000 | 97,312 |
| °Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer Luxembourg SA, senior note, 144A, 7.00%, 7/15/24 | United States | 100,000 | 100,515 |
| °SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., | | | |
| senior note, 144A, 7.50%, 6/15/25 | United States | 100,000 | 84,832 |
| Westlake Chemical Corp., senior bond, 3.375%, 6/15/30 | United States | 100,000 | 102,346 |
| WRKCo Inc., senior bond, 3.00%, 6/15/33 | United States | 235,000 | 245,703 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|---|--------------------------|----------------------|------------------|
| Corporate Bonds (continued) | | | |
| Materials (continued) | | | |
| ^e Yara International ASA, senior note, 144A, 3.148%, 6/04/30 | Norway | 100,000 | \$ 104,177 |
| | | | <u>3,747,671</u> |
| Media & Entertainment 0.5% | | | |
| Charter Communications Operating LLC/Charter Communications Operating Capital, | | | |
| senior bond, 2.80%, 4/01/31 | United States | 200,000 | 203,197 |
| senior secured note, first lien, 4.50%, 2/01/24 | United States | 550,000 | 608,924 |
| Comcast Corp., senior bond, 4.049%, 11/01/52 | United States | 1,025,000 | 1,260,704 |
| ^e Diamond Sports Group LLC/Diamond Sports Finance Co., first lien, 144A, 5.375%, 8/15/26 | United States | 100,000 | 72,992 |
| Fox Corp., senior bond, 5.476%, 1/25/39 | United States | 520,000 | 695,914 |
| NBCUniversal Media LLC, senior bond, 5.95%, 4/01/41 | United States | 200,000 | 297,518 |
| Netflix Inc., senior bond, 4.875%, 4/15/28 | United States | 100,000 | 107,090 |
| ^e Nexstar Broadcasting Inc., senior note, 144A, 5.625%, 7/15/27 | United States | 100,000 | 100,253 |
| ^e Univision Communications Inc., senior secured note, first lien, 144A, 5.125%, 2/15/25 | United States | 100,000 | 94,501 |
| | | | <u>3,441,093</u> |
| Pharmaceuticals, Biotechnology & Life Sciences 0.9% | | | |
| ^e AbbVie Inc., | | | |
| senior bond, 144A, 3.80%, 3/15/25 | United States | 400,000 | 446,476 |
| senior bond, 144A, 4.85%, 6/15/44 | United States | 550,000 | 688,275 |
| senior bond, 144A, 4.25%, 11/21/49 | United States | 370,000 | 445,493 |
| senior note, 144A, 3.20%, 11/21/29 | United States | 500,000 | 558,276 |
| Amgen Inc., senior note, 2.20%, 2/21/27 | United States | 100,000 | 105,606 |
| AstraZeneca PLC, | | | |
| senior bond, 4.375%, 11/16/45 | United Kingdom | 750,000 | 976,723 |
| senior note, 3.375%, 11/16/25 | United Kingdom | 100,000 | 112,464 |
| Biogen Inc., senior bond, 5.20%, 9/15/45 | United States | 575,000 | 755,919 |
| ^e Bristol-Myers Squibb Co., | | | |
| senior bond, 144A, 4.625%, 5/15/44 | United States | 400,000 | 537,037 |
| senior note, 144A, 2.60%, 5/16/22 | United States | 100,000 | 104,000 |
| Gilead Sciences Inc., | | | |
| senior bond, 4.60%, 9/01/35 | United States | 200,000 | 261,560 |
| senior bond, 4.80%, 4/01/44 | United States | 700,000 | 937,208 |
| senior note, 3.25%, 9/01/22 | United States | 100,000 | 105,673 |
| Perrigo Finance Unlimited Co., senior note, 3.15%, 6/15/30 | United States | 100,000 | 101,047 |
| Takeda Pharmaceutical Co. Ltd., | | | |
| ^h 3.175%, 7/09/50 | Japan | 400,000 | 403,477 |
| senior note, 5.00%, 11/26/28 | Japan | 300,000 | 370,317 |
| | | | <u>6,909,551</u> |
| Real Estate 0.1% | | | |
| ^b China Overseas Finance Cayman VI Ltd., senior note, Reg S, 5.95%, 5/08/24 | China | 200,000 | 228,939 |
| Simon Property Group LP, senior note, 3.375%, 12/01/27 | United States | 595,000 | 632,297 |
| | | | <u>861,236</u> |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|---|--------------------------|----------------------|------------|
| Corporate Bonds (continued) | | | |
| Retailing 0.4% | | | |
| Alibaba Group Holding Ltd., | | | |
| senior bond, 4.00%, 12/06/37 | China | 300,000 | \$ 348,735 |
| senior bond, 4.20%, 12/06/47 | China | 800,000 | 987,959 |
| AutoNation Inc., senior bond, 4.75%, 6/01/30 | United States | 100,000 | 108,551 |
| AutoZone Inc., senior note, 3.75%, 4/18/29 | United States | 100,000 | 113,786 |
| Dollar Tree Inc., | | | |
| senior bond, 4.20%, 5/15/28 | United States | 500,000 | 582,237 |
| senior note, 4.00%, 5/15/25 | United States | 450,000 | 507,044 |
| ^e Party City Holdings Inc., senior note, 144A, 6.625%, 8/01/26 | United States | 200,000 | 45,000 |
| Target Corp., senior note, 2.25%, 4/15/25 | United States | 100,000 | 107,092 |
| | | | 2,800,404 |
| Semiconductors & Semiconductor Equipment 0.0%† | | | |
| Intel Corp., senior note, 3.90%, 3/25/30 | United States | 100,000 | 121,018 |
| Software & Services 0.4% | | | |
| Fiserv Inc., senior bond, 3.50%, 7/01/29 | United States | 870,000 | 978,793 |
| Microsoft Corp, senior note, 3.30%, 2/06/27 | United States | 100,000 | 114,424 |
| Microsoft Corp., senior note, 2.65%, 11/03/22 | United States | 1,720,000 | 1,810,875 |
| | | | 2,904,092 |
| Technology Hardware & Equipment 0.0%† | | | |
| ^e CommScope Technologies LLC, senior bond, 144A, 5.00%, 3/15/27 | United States | 100,000 | 90,371 |
| ^e Presidio Holdings Inc., senior note, 144A, 8.25%, 2/01/28 | United States | 100,000 | 100,313 |
| | | | 190,684 |
| Telecommunication Services 0.4% | | | |
| ^e Altice France SA/France, senior secured note, 144A, 5.50%, 1/15/28 | France | 300,000 | 303,507 |
| AT&T Inc., | | | |
| senior note, 3.80%, 2/15/27 | United States | 920,000 | 1,036,888 |
| senior note, 2.30%, 6/01/27 | United States | 100,000 | 103,407 |
| Bell Canada Inc., senior bond, 4.464%, 4/01/48 | Canada | 200,000 | 253,806 |
| France Telecom SA, senior bond, 9.00%, 3/01/31 | France | 300,000 | 489,720 |
| Telefonica Emisiones SA, | | | |
| senior bond, 7.045%, 6/20/36 | Spain | 200,000 | 291,319 |
| senior bond, 5.52%, 3/01/49 | Spain | 200,000 | 263,349 |
| Time Warner Entertainment Co. LP, senior bond, 8.375%, 3/15/23 | United States | 100,000 | 117,268 |
| Verizon Communications Inc., | | | |
| senior bond, 4.016%, 12/03/29 | United States | 100,000 | 119,767 |
| senior bond, 4.00%, 3/22/50 | United States | 100,000 | 126,477 |
| | | | 3,105,508 |
| Transportation 0.4% | | | |
| Burlington Northern Santa Fe LLC, | | | |
| senior bond, 4.90%, 4/01/44 | United States | 200,000 | 268,037 |
| senior bond, 4.15%, 4/01/45 | United States | 100,000 | 124,209 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|--|--------------------------|----------------------|-------------|
| Corporate Bonds (continued) | | | |
| Transportation (continued) | | | |
| CSX Corp., senior bond, 4.75%, 11/15/48 | United States | 725,000 | \$ 963,800 |
| Fedex Corp., senior bond, 5.10%, 1/15/44 | United States | 550,000 | 643,368 |
| FedEx Corp., | | | |
| senior bond, 4.75%, 11/15/45 | United States | 100,000 | 110,387 |
| senior note, 3.80%, 5/15/25 | United States | 400,000 | 445,124 |
| ^e Mexico City Airport Trust, senior secured bond, first lien, 144A, 5.50%, 7/31/47 | Mexico | 200,000 | 176,615 |
| ^{b,i} RZD Capital PLC, (Russian Railways), loan participation, senior bond, Reg S, 5.70%, 4/05/22 | Russia | 200,000 | 212,674 |
| United Parcel Service Inc., senior bond, 5.30%, 4/01/50 | United States | 100,000 | 143,488 |
| | | | 3,087,702 |
| Utilities 1.4% | | | |
| ^e Calpine Corp., senior note, 144A, 5.125%, 3/15/28 | United States | 100,000 | 97,962 |
| ^e Colbun SA, | | | |
| senior note, 144A, 3.95%, 10/11/27 | Chile | 200,000 | 215,471 |
| senior note, 144A, 3.15%, 3/06/30 | Chile | 200,000 | 202,600 |
| Dominion Energy Inc., | | | |
| senior note, 4.25%, 6/01/28 | United States | 1,250,000 | 1,440,190 |
| senior note, 3.375%, 4/01/30 | United States | 100,000 | 110,850 |
| Duke Energy Corp., senior bond, 3.75%, 9/01/46 | United States | 200,000 | 226,868 |
| Duke Energy Florida LLC., secured bond, 6.40%, 6/15/38 | United States | 200,000 | 305,370 |
| ^e Electricite de France SA, senior note, 144A, 4.50%, 9/21/28 | France | 1,055,000 | 1,229,909 |
| ^e Enel Finance International NV, senior note, 144A, 4.25%, 9/14/23 | Italy | 1,200,000 | 1,306,734 |
| Exelon Corp., senior bond, 4.05%, 4/15/30 | United States | 400,000 | 462,703 |
| Georgia Power Co., senior bond, 4.30%, 3/15/42 | United States | 1,200,000 | 1,396,096 |
| MidAmerican Energy Holdings Co., senior bond, 6.125%, 4/01/36 | United States | 200,000 | 288,651 |
| Public Service Enterprise Group Inc., senior note, 2.875%, 6/15/24 | United States | 1,000,000 | 1,068,270 |
| The Southern Co., senior bond, 3.70%, 4/30/30 | United States | 700,000 | 801,872 |
| ^e State Grid Overseas Investment 2016 Ltd., senior note, 144A, 3.50%, 5/04/27 | China | 600,000 | 664,434 |
| ^e Talen Energy Supply LLC, senior secured note, 144A, 7.25%, 5/15/27 | United States | 100,000 | 99,669 |
| ^e Vistra Operations Co. LLC, senior secured note, first lien, 144A, 3.55%, 7/15/24 | United States | 235,000 | 242,692 |
| | | | 10,160,341 |
| Total Corporate Bonds (Cost \$101,858,508) | | | 109,181,935 |
| ^{g,j} Senior Floating Rate Interests 0.3% | | | |
| Automobiles & Components 0.0%† | | | |
| Clarios Global LP (Power Solutions), Initial Dollar Term Loan, 3.678%, (1-month USD LIBOR + 3.50%), 4/30/26 | United States | 29,850 | 28,531 |
| Capital Goods 0.1% | | | |
| Altra Industrial Motion Corp., Term Loan, 2.178%, (1-month USD LIBOR + 2.00%), 10/01/25 | United States | 27,138 | 25,917 |
| ^k Dynasty Acquisition Co. Inc., | | | |
| Initial Term B-1 Loan, 3.808%, (3-month USD LIBOR + 3.50%), 4/04/26 | United States | 24,471 | 21,106 |
| Initial Term B-2 Loan (CAD), 3.808%, (3-month USD LIBOR + 3.50%), 4/04/26 | United States | 13,156 | 11,347 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|--|--------------------------|----------------------|----------------|
| 9,j Senior Floating Rate Interests (continued) | | | |
| Capital Goods (continued) | | | |
| Navistar Inc., Tranche B Term Loan, 3.70%, (1-month USD LIBOR + 3.50%), 11/06/24 | United States | 296,962 | \$ 282,114 |
| | | | <u>340,484</u> |
| Commercial & Professional Services 0.0%† | | | |
| Pitney Bowes Inc., Incremental Tranche Term B Loans, 5.68%, (1-month USD LIBOR + 5.50%), 1/07/25 | United States | 98,750 | 83,444 |
| ^k Ventia Pty. Ltd., Term B Loans, 5.00%, (3-month USD LIBOR + 4.00%), 5/21/26 | Australia | 22,500 | 22,050 |
| | | | <u>105,494</u> |
| Consumer Durables & Apparel 0.0%† | | | |
| Playtika Holding Corp., Term B Loans, 7.072%, (3-month USD LIBOR + 6.00%), 12/10/24 | United States | 19,500 | 19,537 |
| Consumer Services 0.1% | | | |
| Caesars Resort Collection LLC, Term B Loans, 2.928%, (1-month USD LIBOR + 2.75%), 12/22/24 | United States | 99,490 | 89,154 |
| NASCAR Holdings Inc., Initial Term Loans, 2.93%, (1-month USD LIBOR + 2.75%), 10/18/26 | United States | 259,179 | 249,590 |
| | | | <u>338,744</u> |
| Energy 0.0%† | | | |
| Buckeye Partners LP, Initial Term Loans, 2.923%, (1-month USD LIBOR + 2.75%), 11/01/26 | United States | 51,192 | 49,388 |
| Food & Staples Retailing 0.0%† | | | |
| Whatabrands LLC, 2020 Refinancing Term Loans, 2.925%, (1-month USD LIBOR + 2.75%), 8/02/26 | United States | 19,900 | 19,092 |
| Food, Beverage & Tobacco 0.0%† | | | |
| B&G Foods Inc., Tranche B-4 Term Loan, 2.678%, (1-month USD LIBOR + 2.50%), 10/10/26 | United States | 99,250 | 98,226 |
| JBS USA Lux SA, New Term Loans, 3.072%, (3-month USD LIBOR + 2.00%), 5/01/26 | United States | 43,786 | 41,980 |
| | | | <u>140,206</u> |
| Health Care Equipment & Services 0.0%† | | | |
| Catalent Pharma Solutions Inc., Dollar Term B-2 Loan, 3.25%, (1-month USD LIBOR + 2.25%), 5/17/26 | United States | 99,496 | 98,501 |
| Inovalon Holdings Inc., Refinancing Date Term Loans, 3.188%, (1-month USD LIBOR + 3.00%), 4/02/25 | United States | 4,426 | 4,311 |
| Phoenix Guarantor Inc., Tranche B-1 Term Loan, 3.435%, (1-month USD LIBOR + 3.25%), 3/05/26 | United States | 36,806 | 35,540 |
| | | | <u>138,352</u> |
| Household & Personal Products 0.0%† | | | |
| ^{k,l} Coty Inc, Term Loan, TBD, 4/05/25 | United States | 29,924 | 26,894 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|---|--------------------------|----------------------|----------------|
| ^{9,j} Senior Floating Rate Interests (continued) | | | |
| Insurance 0.0%† | | | |
| Alliant Holdings Intermediate LLC/Alliant Holdings Co-Issuer, Initial Term Loan, 2.928%, (1-month USD LIBOR + 2.75%), 5/10/25 | United States | 39,797 | \$ 37,807 |
| AssuredPartners Inc., 2020 February Refinancing Term Loans, 3.678%, (1-month USD LIBOR + 3.50%), 2/13/27 | United States | 29,850 | 28,619 |
| | | | <u>66,426</u> |
| Materials 0.0%† | | | |
| ^{k,l} Illuminate Buyer LLC, Term Loan, TBD, 6/15/27 | United States | 8,147 | 8,040 |
| Mauser Packaging Solutions Holding Co., Initial Term Loan, 4.561%, (1-month USD LIBOR + 3.25%), 4/03/24 | United States | 29,923 | 27,021 |
| | | | <u>35,061</u> |
| Media & Entertainment 0.0%† | | | |
| ^{k,l} Banijay Group U.S. Holding Inc., Facility B (USD) Loan, TBD, 2/03/25 | France | 20,000 | 19,000 |
| Diamond Sports Group LLC, Term Loan, 3.43%, (1-month USD LIBOR + 3.25%), 8/24/26 | United States | 67,755 | 55,474 |
| | | | <u>74,474</u> |
| Pharmaceuticals, Biotechnology & Life Sciences 0.0%† | | | |
| eResearch Technology Inc., Initial Term Loan, 5.50%, (1-month USD LIBOR + 4.50%), 2/04/27 | United States | 10,909 | 10,745 |
| Grifols Worldwide Operations USA Inc., Dollar Tranche B Term Loan, 2.109%, (1-week USD LIBOR + 2.00%), 11/15/27 | United States | 69,650 | 67,261 |
| | | | <u>78,006</u> |
| Retailing 0.0%† | | | |
| Bass Pro Group LLC, Initial Term Loans, 6.072%, (3-month USD LIBOR + 5.00%), 9/25/24 | United States | 133,890 | 129,405 |
| Harbor Freight Tools USA Inc., Refinancing Loans, 3.25%, (1-month USD LIBOR + 2.50%), 8/19/23 | United States | 60,332 | 58,236 |
| Staples Inc., 2019 Refinancing Term B-1 Loans, 5.687%, (3-month USD LIBOR + 5.00%), 4/12/26 | United States | 14,561 | 12,577 |
| | | | <u>200,218</u> |
| Software & Services 0.1% | | | |
| Dcert Buyer Inc., Initial Term Loans, 4.178%, (1-month USD LIBOR + 4.00%), 10/16/26 | United States | 49,875 | 48,431 |
| Hyland Software Inc., Term Loans, 4.00%, (1-month USD LIBOR + 3.25%), 7/01/24 | United States | 14,962 | 14,573 |
| LegalZoom.com Inc., 2018 Term Loans, 4.678%, (1-month USD LIBOR + 4.50%), 11/21/24 | United States | 39,798 | 39,002 |
| Surf Holdings LLC, Dollar Tranche Term Loan, 3.827%, (3-month USD LIBOR + 3.50%), 3/05/27 | United States | 30,372 | 29,239 |
| TIBCO Software Inc., Term B-3 Loans, 3.93%, (1-month USD LIBOR + 3.75%), 7/31/26 | United States | 30,000 | 28,838 |
| ^{k,l} The Ultimate Software Group Inc., 2020 Incremental Term Loan, TBD, 5/03/26 | United States | 5,253 | 5,202 |
| ^k Vertafore Inc., Initial Term Loans, 3.428%, (1-month USD LIBOR + 3.25%), 7/02/25 | United States | 9,975 | 9,432 |
| Waystar (Navicure Inc.), Initial Term Loans, 4.178%, (1-month USD LIBOR + 4.00%), 10/22/26 | United States | 29,925 | 28,952 |
| | | | <u>203,669</u> |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | | Value |
|---|----------------------------|----------------------|-----|------------------|
| ^{9j} Senior Floating Rate Interests (continued) | | | | |
| Technology Hardware & Equipment 0.0%† | | | | |
| CommScope Inc., Initial Term Loans, 3.428%, (1-month USD LIBOR + 3.25%), 4/04/26 | United States | 69,649 | \$ | 66,384 |
| Telecommunication Services 0.0%† | | | | |
| Aventiv Technologies LLC, Initial Term Loan, 5.500%, (3-month USD LIBOR + 4.50%), 11/01/24 | United States | 29,620 | | 24,738 |
| Global Tel*Link Corp., First Lien Term Loan, 4.428%, (1-month USD LIBOR + 4.25%), 11/29/25 | United States | 39,474 | | 34,428 |
| | | | | <u>59,166</u> |
| Transportation 0.0%† | | | | |
| Avis Budget Car Rental LLC, Tranche B Term, 2.43%, (1-month USD LIBOR + 2.25%), 8/06/27 | United States | 116,014 | | 103,736 |
| JetBlue Airways Corporation, Term Loan, 6.25%, (3-month USD LIBOR + 5.25%), 6/16/24 | United States | 5,078 | | 4,987 |
| ^k The Kenan Advantage Group Inc., | | | | |
| Initial Canadian Term Loan, 4.00%, (1-month USD LIBOR + 3.00%), 7/29/22 | United States | 5,749 | | 5,389 |
| Initial U.S. Term Loans, 4.00%, (1-month USD LIBOR + 3.00%), 7/31/22 | United States | 24,173 | | 22,617 |
| | | | | <u>136,729</u> |
| Total Senior Floating Rate Interests (Cost \$2,224,556) | | | | <u>2,126,855</u> |
| Foreign Government and Agency Securities 0.9% | | | | |
| ^e The African Export-Import Bank, senior bond, 144A, 3.994%, 9/21/29 | Supranational ^m | 200,000 | | 197,859 |
| ^e Angolan Government International Bond, senior note, 144A, 8.25%, 5/09/28 | Angola | 550,000 | | 455,288 |
| ^b Banque Centrale de Tunisie International Bond, senior note, Reg S, 5.625%, 2/17/24 | Tunisia | 350,000 | EUR | 362,808 |
| ^e Banque Ouest Africaine de Developpement, senior note, 144A, 5.00%, 7/27/27 | Supranational ^m | 300,000 | | 313,755 |
| ^e Dominican Republic, senior note, 144A, 8.90%, 2/15/23 | Dominican Republic | 15,700,000 | DOP | 251,077 |
| ^e Government of Belarus International Bond, senior note, 144A, 7.625%, 6/29/27 | Belarus | 200,000 | | 206,855 |
| Government of Colombia, | | | | |
| senior bond, 9.85%, 6/28/27 | Colombia | 630,000,000 | COP | 211,895 |
| senior bond, 5.00%, 6/15/45 | Colombia | 500,000 | | 563,398 |
| ^e Government of Gabon, senior note, 144A, 6.625%, 2/06/31 | Gabon | 350,000 | | 313,588 |
| ^e Government of Indonesia, senior bond, 144A, 4.35%, 1/08/27 | Indonesia | 500,000 | | 556,575 |
| ^e Government of Iraq, 144A, 5.80%, 1/15/28 | Iraq | 350,000 | | 316,295 |
| ^e Government of Kazakhstan, senior bond, 144A, 4.875%, 10/14/44 | Kazakhstan | 300,000 | | 382,057 |
| Government of Mexico, | | | | |
| senior bond, M 20, 8.50%, 5/31/29 | Mexico | 61,000 ⁿ | MXN | 314,510 |
| senior note, 4.15%, 3/28/27 | Mexico | 500,000 | | 535,938 |
| Government of Peru, senior bond, 6.55%, 3/14/37 | Peru | 200,000 | | 305,111 |
| Government of South Africa, senior bond, 7.00%, 2/28/31 | South Africa | 5,800,000 | ZAR | 275,181 |
| ^e Government of Ukraine, senior bond, 144A, 7.375%, 9/25/32 | Ukraine | 300,000 | | 302,321 |
| Government of Uruguay, | | | | |
| senior bond, 4.50%, 8/14/24 | Uruguay | 100,000 | | 109,741 |
| senior bond, 4.375%, 1/23/31 | Uruguay | 150,000 | | 175,736 |
| ^o senior bond, Index Linked, 3.70%, 6/26/37 | Uruguay | 10,507,408 | UYU | 250,169 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|--|--------------------------|----------------------|-------------------|
| Foreign Government and Agency Securities (continued) | | | |
| ^e Panama Notas del Tesoro, senior note, 144A, 3.75%, 4/17/26 | Panama | 250,000 | \$ 261,991 |
| Total Foreign Government and Agency Securities (Cost \$6,894,290) | | | <u>6,662,148</u> |
| U.S. Government and Agency Securities 5.4% | | | |
| Federal Agricultural Mortgage Corp., 2.90%, 1/03/22 | United States | 800,000 | 830,743 |
| FFCB, 3.17%, 3/07/28 | United States | 800,000 | 922,163 |
| senior bond, 2.86%, 7/11/28 | United States | 800,000 | 903,007 |
| Overseas Private Investment Corp., senior note, 2.12%, 3/20/24 | United States | 400,000 | 412,615 |
| TVA, 5.88%, 4/01/36 | United States | 630,000 | 983,651 |
| U.S. Treasury Bond, 3.125%, 2/15/42 | United States | 500,000 | 678,838 |
| 2.50%, 2/15/46 | United States | 840,000 | 1,040,205 |
| 2.50%, 5/15/46 | United States | 395,000 | 489,839 |
| 2.25%, 8/15/46 | United States | 4,575,000 | 5,425,575 |
| 2.75%, 11/15/47 | United States | 150,000 | 196,216 |
| ^p 3.00%, 2/15/49 | United States | 2,150,000 | 2,967,462 |
| 2.25%, 8/15/49 | United States | 500,000 | 601,230 |
| ^o Index Linked, 2.00%, 1/15/26 | United States | 516,828 | 601,396 |
| ^o Index Linked, 1.75%, 1/15/28 | United States | 2,387,013 | 2,850,292 |
| ^o Index Linked, 3.625%, 4/15/28 | United States | 713,497 | 961,033 |
| U.S. Treasury Note, 2.125%, 3/31/24 | United States | 16,100,000 | 17,252,785 |
| 2.375%, 8/15/24 | United States | 880,000 | 957,619 |
| 2.25%, 8/15/27 | United States | 920,000 | 1,033,544 |
| ^o Index Linked, 0.125%, 7/15/24 | United States | 864,016 | 903,608 |
| ^o Index Linked, 0.375%, 7/15/25 | United States | 648,838 | 693,918 |
| United States Treasury Note/Bond, 1.25%, 5/15/50 | United States | 50,000 | <u>48,016</u> |
| Total U.S. Government and Agency Securities (Cost \$38,686,872) | | | <u>40,753,755</u> |
| Asset-Backed Securities and Commercial Mortgage- Backed Securities 3.0% | | | |
| Diversified Financials 3.0% | | | |
| ^{e,q} Adagio CLO VIII DAC, VIII-A, B1, 144A, FRN, 1.65%, 4/15/32 | Ireland | 250,000 | EUR 275,695 |
| American Express Credit Account Master Trust, 2019-1, A, 2.87%, 10/15/24 | United States | 600,000 | 625,901 |
| 2019-3, A, 2.00%, 4/15/25 | United States | 410,000 | 425,000 |
| ^{e,q} Ares European CLO VIII BV, 8A, BR, 144A, FRN, 1.60%, 4/17/32 | Netherlands | 250,000 | EUR 271,989 |
| ^{e,r} Atrium XII, 12A, CR, 144A, FRN, 2.748%, (3-month USD LIBOR + 1.65%), 4/22/27 | United States | 1,240,000 | 1,185,459 |
| ^{e,q} Avoca CLO XVII Designated Activity Co., 17A, B1R, 144A, FRN, 1.70%, 10/15/32 | Ireland | 250,000 | EUR 272,550 |
| BA Credit Card Trust, 2018-A3, A3, 3.10%, 12/15/23 | United States | 500,000 | 514,200 |
| ^{e,q} Blackrock European CLO IX DAC, 9A, B, 144A, FRN, 1.55%, 12/15/32 | Ireland | 250,000 | EUR 268,141 |
| ^{e,q} BlueMountain CLO XXII Ltd., 2018-1A, B, 144A, FRN, 2.46%, 7/30/30 | United States | 900,000 | 845,694 |
| ^{e,q} BlueMountain Fuji Eur CLO V DAC, 5A, B, 144A, FRN, 1.55%, 1/15/33 | Ireland | 250,000 | EUR 269,739 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | | Value |
|--|--------------------------|----------------------|-----|-------------------|
| Asset-Backed Securities and Commercial Mortgage-Backed Securities (continued) | | | | |
| Diversified Financials (continued) | | | | |
| ^e BWAY Mortgage Trust, 2013-1515, C, 144A, 3.454%, 3/10/33 | United States | 750,000 | \$ | 805,913 |
| Capital One Multi-Asset Execution Trust, 2015-A4, A4, 2.75%, 5/15/25 | United States | 380,000 | | 398,341 |
| ^{e,r} Carlyle Global Market Strategies CLO Ltd., 2014-4RA, C, 144A, FRN, 4.119%, (3-month USD LIBOR + 2.90%), 7/15/30 | United States | 250,000 | | 214,435 |
| ^{e,q} Cent CLO, 2018-28A, C, 144A, FRN, 3.894%, 11/07/30 | United States | 750,000 | | 676,565 |
| ^{e,q} CIM Trust, 2019-INV2, A3, 144A, FRN, 4.00%, 5/25/49 | United States | 437,518 | | 452,360 |
| ^q Citibank Credit Card Issuance Trust, 2017-A7, A7, FRN, 0.545%, 8/08/24 | United States | 130,000 | | 130,591 |
| Discover Card Execution Note Trust, 2019-A1, A1, 3.04%, 7/15/24 | United States | 500,000 | | 520,604 |
| ^{e,r} Dryden 42 Senior Loan Fund, 2016-42A, CR, 144A, FRN, 3.269%, (3-month USD LIBOR + 2.05%), 7/15/30 | United States | 900,000 | | 849,806 |
| ^{e,q} Euro-Galaxy III CLO BV, 2013-3A, B2ER, 144A, FRN, 1.50%, 1/17/31 | Netherlands | 250,000 | EUR | 277,062 |
| ^q FHLMC Structured Agency Credit Risk Debt Notes, 2017-HQA1, M2, FRN, 3.735%, 8/25/29 | United States | 216,624 | | 222,054 |
| 2017-HQA3, M2, FRN, 2.535%, 4/25/30 | United States | 185,342 | | 186,363 |
| FNMA Connecticut Avenue Securities, | | | | |
| ^r 2013-C01, M2, FRN, 5.435%, (1-month USD LIBOR + 5.25%), 10/25/23 | United States | 699,575 | | 640,916 |
| ^r 2014-C01, M2, FRN, 4.585%, (1-month USD LIBOR + 4.40%), 1/25/24 | United States | 862,491 | | 771,517 |
| ^r 2014-C03, 1M2, FRN, 3.185%, (1-month USD LIBOR + 3.00%), 7/25/24 | United States | 1,198,077 | | 1,059,757 |
| ^r 2014-C04, 2M2, FRN, 5.185%, (1-month USD LIBOR + 5.00%), 11/25/24 | United States | 913,437 | | 945,445 |
| ^q 2016-C02, 1M2, FRN, 6.185%, 9/25/28 | United States | 665,104 | | 694,876 |
| ^q 2016-C04, 1M2, FRN, 4.435%, 1/25/29 | United States | 824,407 | | 860,371 |
| ^q 2016-C05, 2M2, FRN, 4.635%, 1/25/29 | United States | 276,926 | | 285,245 |
| ^q 2016-C06, 1M2, FRN, 4.435%, 4/25/29 | United States | 167,062 | | 176,006 |
| ^r 2017-C01, 1M2, FRN, 3.735%, (1-month USD LIBOR + 3.55%), 7/25/29 | United States | 877,436 | | 899,677 |
| ^q 2017-C02, 2M2, FRN, 3.835%, 9/25/29 | United States | 499,604 | | 504,189 |
| ^q 2017-C05, 1M2, FRN, 2.385%, 1/25/30 | United States | 862,240 | | 851,834 |
| ^{e,r} LCM XXV Ltd., 25A, B2, 144A, FRN, 2.785%, (3-month USD LIBOR + 1.65%), 7/20/30 | United States | 1,200,000 | | 1,158,579 |
| ^{e,q} Madison Park Euro Funding VIII DAC, 8A, BRN, 144A, FRN, 1.70%, 4/15/32 | Ireland | 300,000 | EUR | 325,848 |
| ^{e,q} Neuberger Berman CLO XVIII Ltd., 2014-18A, CR2, 144A, FRN, 4.109%, 10/21/30 | United States | 800,000 | | 707,510 |
| ^{e,q} Octagon Investment Partners 28 Ltd., 2016-1A, BR, 144A, FRN, 2.82%, 10/24/30 | United States | 1,200,000 | | 1,169,561 |
| ^{e,r} Octagon Investment Partners XVI Ltd., 2013-1A, CR, 144A, FRN, 2.985%, (3-month USD LIBOR + 1.85%), 7/17/30 | United States | 850,000 | | 787,623 |
| ^{e,q} Provident Funding Mortgage Trust, 2019-1, A2, 144A, FRN, 3.00%, 12/25/49 | United States | 283,436 | | 301,016 |
| 2020-1, A3, 144A, FRN, 3.00%, 2/25/50 | United States | 443,152 | | 453,491 |
| ^{e,q} Towd Point Mortgage Trust, 2015-5, A1B, 144A, FRN, 2.75%, 5/25/55 | United States | 446,881 | | 450,993 |
| Total Asset-Backed Securities and Commercial Mortgage-Backed Securities (Cost \$23,924,137) | | | | <u>22,732,916</u> |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|--|--------------------------|----------------------|------------|
| Mortgage-Backed Securities 9.4% | | | |
| Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 2.3% | | | |
| FHLMC 15 Year, 2.00%, 7/01/35 | United States | 230,000 | \$ 237,897 |
| FHLMC 30 Year, 3.00%, 3/01/50 | United States | 6,091,031 | 6,442,356 |
| FHLMC 30 Year, 3.50%, 2/01/47 | United States | 4,346,585 | 4,694,953 |
| FHLMC 30 Year, 4.00%, 5/01/47 - 8/01/49 | United States | 5,127,141 | 5,489,693 |
| | | | 16,864,899 |
| Federal National Mortgage Association (FNMA) Fixed Rate 3.3% | | | |
| FNMA 15 Year, 2.50%, 6/01/35 | United States | 795,781 | 834,010 |
| FNMA 15 Year, 3.00%, 6/01/35 | United States | 397,019 | 418,120 |
| FNMA 30 Year, 2.50%, 6/01/50 | United States | 598,706 | 624,098 |
| ^s FNMA 30 Year, 2.50%, 7/01/50 | United States | 1,050,000 | 1,094,256 |
| FNMA 30 Year, 3.00%, 1/01/50 | United States | 5,058,795 | 5,333,157 |
| ^s FNMA 30 Year, 3.00%, 6/01/50 | United States | 12,955,000 | 13,641,210 |
| FNMA 30 Year, 4.00%, 1/01/50 | United States | 1,021,243 | 1,082,149 |
| FNMA 30 Year, 4.50%, 2/01/50 | United States | 1,922,884 | 2,102,639 |
| | | | 25,129,639 |
| Government National Mortgage Association (GNMA) Fixed Rate 3.8% | | | |
| GNMA II SF 30 Year, 3.00%, 9/20/47 - 2/20/50 | United States | 3,908,495 | 4,148,312 |
| GNMA II SF 30 Year, 3.50%, 12/20/49 | United States | 1,138,335 | 1,203,064 |
| GNMA II SF 30 Year, 3.50%, 2/20/50 | United States | 10,816,883 | 11,454,365 |
| GNMA II SF 30 Year, 3.50%, 6/20/50 | United States | 3,990,000 | 4,238,734 |
| GNMA II SF 30 Year, 4.00%, 11/20/49 | United States | 4,612,420 | 4,890,698 |
| GNMA II SF 30 Year, 4.00%, 12/20/49 | United States | 2,724,831 | 2,890,804 |
| | | | 28,825,977 |
| | | | 70,820,515 |
| Total Mortgage-Backed Securities (Cost \$70,009,383) | | | |
| Municipal Bonds 0.9% | | | |
| Broward County Airport System Revenue, Refunding, Series C, 3.477%, 10/01/43 | United States | 140,000 | 140,078 |
| California Health Facilities Financing Authority Revenue, Senior, No Place Like Home Program, 2.934%, 6/01/32 | United States | 135,000 | 140,222 |
| Senior, No Place Like Home Program, 2.984%, 6/01/33 | United States | 115,000 | 119,306 |
| Senior, No Place Like Home Program, 3.034%, 6/01/34 | United States | 90,000 | 93,246 |
| California State GO, Bid Group - A, Refunding, 2.50%, 10/01/29 | United States | 500,000 | 544,850 |
| City of Austin Electric Utility System Revenue, Travis and Williamson Counties, Refunding, 6.262%, 11/15/32 | United States | 270,000 | 350,687 |
| Foothill/Eastern Transportation Corridor Agency Toll Road Revenue, Refunding, Series A, 4.094%, 1/15/49 | United States | 70,000 | 71,989 |
| Gilroy USD, GO, Santa Clara County, Refunding, 3.364%, 8/01/47 | United States | 290,000 | 298,036 |
| Honolulu City and County Wastewater System Revenue, Second Bond Resolution, Refunding, Junior Series B, 2.585%, 7/01/28 | United States | 50,000 | 53,120 |
| Maricopa County UHSD No. 210 Phoenix, GO, Series C, 5.00%, 7/01/31 | United States | 200,000 | 263,908 |
| Massachusetts State College Building Authority Revenue, Refunding, Series C, 3.373%, 5/01/43 | United States | 230,000 | 238,443 |
| Metro Wastewater Reclamation District Sewer Revenue, Refunding, Series B, 3.158%, 4/01/41 | United States | 220,000 | 230,908 |

Franklin Allocation VIP Fund (continued)

| | Country/ Organization | Principal Amount* | Value |
|---|--------------------------|----------------------|----------------------|
| Municipal Bonds (continued) | | | |
| New Jersey State Transportation Trust Fund Authority Revenue, Transportation System, Series B, 4.131%, 6/15/42 | United States | 160,000 | \$ 149,426 |
| New York State Dormitory Authority Revenues, Non State Supported Debt, State University of New York Dormitory Facilities, Series B, 3.142%, 7/01/43 | United States | 140,000 | 144,670 |
| Ohio State Hospital Facility Revenue, Cleveland Clinic Health System Obligated Group, Refunding, Series G, 3.276%, 1/01/42 | United States | 90,000 | 95,211 |
| Oregon State Department of Transportation Highway User Tax Revenue, senior lien, Refunding, Series B, 3.168%, 11/15/38 | United States | 175,000 | 189,107 |
| Pennsylvania State Turnpike Commission Turnpike Revenue, Motor License Fund-Enhanced, Subordinate, Refunding, First Series, 3.579%, 12/01/43 . . | United States | 440,000 | 462,092 |
| Regional Transportation District Sales Tax Revenue, FasTracks Project, Refunding, Series A, 3.258%, 11/01/38 | United States | 140,000 | 152,942 |
| RWJ Barnabas Health Inc., 3.477%, 7/01/49 | United States | 120,000 | 126,892 |
| Salt Lake City Sales and Excise Tax Revenue, Refunding, Series B, 3.102%, 4/01/38 | United States | 125,000 | 127,242 |
| San Bernardino Community College District GO, San Bernadino and Riverside Counties, Election of 2018, Series A-1, 3.271%, 8/01/39 | United States | 100,000 | 108,995 |
| San Diego County Regional Transportation Commission Sales Tax Revenue, Limited Tax, Refunding, Series A, 3.248%, 4/01/48 | United States | 105,000 | 111,983 |
| San Francisco City and County Public Utilities Commission Water Revenue, Green Bonds, Refunding, Sub-Series A, 3.473%, 11/01/43. | United States | 105,000 | 112,534 |
| Sarasota County Capital Import, Revenue, 5.00%, 10/01/34. | United States | 500,000 | 649,275 |
| Texas State GO, Transportation Commission, Highway Improvement, Refunding, 3.211%, 4/01/44 | United States | 765,000 | 811,696 |
| Texas State University System Financing Revenue, Refunding, Series B, 2.938%, 3/15/33. | United States | 105,000 | 108,568 |
| Refunding, Series B, 3.289%, 3/15/40. | United States | 90,000 | 92,664 |
| University of Pittsburgh of the Commonwealth System of Higher Education Revenue, Refunding, Series C, 3.005%, 9/15/41 | United States | 250,000 | 268,010 |
| Utah Transit Authority Sales Tax Revenue, Refunding, Series B, 3.443%, 12/15/42. | United States | 175,000 | 181,659 |
| Total Municipal Bonds (Cost \$6,164,913) | | | <u>6,437,759</u> |
| Total Investments before Short Term Investments (Cost \$693,008,155) | | | <u>727,093,346</u> |
| | | Shares | |
| Short Term Investments (Cost \$31,820,585) 4.2% | | | |
| Money Market Funds 4.2% | | | |
| ^{ci} Institutional Fiduciary Trust Money Market Portfolio, 0.00% | United States | 31,820,585 | 31,820,585 |
| Total Investments (Cost \$724,828,740) 101.0% | | | 758,913,931 |
| Options Written (0.0)%[†] | | | (2,898) |
| Other Assets, less Liabilities (1.0)% | | | <u>(7,499,753)</u> |
| Net Assets 100.0% | | | <u>\$751,411,280</u> |

Franklin Allocation VIP Fund (continued)

| | Number of Contracts | Notional Amount | Value |
|--|------------------------|--------------------|------------------|
| ^u Options Written (Premiums received \$4,426) (0.0)%[†] | | | |
| Puts - Exchange-Traded | | | |
| ManpowerGroup Inc., Put Option, Strike Price \$65, Expires 7/17/20 | 19 | 1,900 | <u>\$(2,898)</u> |

[†]Rounds to less than 0.1% of net assets.

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

^aNon-income producing.

^bSecurity was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At June 30, 2020, the aggregate value of these securities was \$2,144,929, representing 0.3% of net assets.

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

^dVariable rate security. The rate shown represents the yield at period end.

^eSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. At June 30, 2020, the aggregate value of these securities was \$38,699,308, representing 5.1% of net assets.

^fPerpetual security with no stated maturity date.

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

^hSecurity purchased on a when-issued basis. See Note 1(c).

ⁱSee Note 1(e) regarding loan participation notes.

^jSee Note 1(g) regarding senior floating rate interests.

^kA portion or all of the security purchased on a delayed delivery basis. See Note 1(c).

^lA portion or all of the security represents an unsettled loan commitment. The coupon rate is to-be determined (TBD) at the time of settlement and will be based upon a reference index/floor plus a spread.

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

ⁿPrincipal amount is stated in 100 Mexican Peso Units.

^oPrincipal amount of security is adjusted for inflation. See Note 1(i).

^pA portion or all of the security has been segregated as collateral for open swap contracts. At June 30, 2020, the value of this security and/or cash pledged amounted to \$370,353, representing less than 0.1% of net assets.

^qAdjustable 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.

^rThe coupon rate shown represents the rate inclusive of any caps or floors, if applicable, in effect at period end.

^sSecurity purchased on a to-be-announced (TBA) basis. See Note 1(c).

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

^uSee Note 1(d) regarding written options.

Franklin Allocation VIP Fund (continued)

At June 30, 2020, 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) |
|--|-------|---------------------|------------------|-----------------|---|
| Equity Contracts | | | | | |
| S&P 500 E-Mini | Long | 48 | \$ 7,416,480 | 9/18/20 | \$ 56,057 |
| Interest Rate Contracts | | | | | |
| Australian 3 Yr. Bond | Long | 30 | 2,423,137 | 9/15/20 | 642 |
| Australian 10 Yr. Bond | Long | 4 | 410,656 | 9/15/20 | 4,214 |
| Canada 10 Yr. Bond | Long | 32 | 3,625,826 | 9/21/20 | 9,204 |
| CME Ultra Long Term U.S. Treasury Bond | Long | 4 | 872,625 | 9/21/20 | 11,369 |
| Euro-OAT | Long | 19 | 3,578,422 | 9/08/20 | 59,091 |
| U.S. Treasury 2 Yr. Note | Long | 32 | 7,066,500 | 9/30/20 | 1,335 |
| U.S. Treasury 5 Yr. Note | Long | 24 | 3,017,813 | 9/30/20 | 5,657 |
| U.S. Treasury 10 Yr. Note | Short | 10 | 1,391,719 | 9/21/20 | (5,363) |
| U.S. Treasury 10 Yr. Note | Long | 54 | 7,515,281 | 9/21/20 | 24,370 |
| U.S. Treasury 30 Yr. Bond | Long | 7 | 1,249,938 | 9/21/20 | 4,146 |
| Ultra 10 Yr. U.S. Treasury Note | Short | 17 | 2,677,234 | 9/21/20 | (15,806) |
| | | | \$33,829,151 | | \$ 98,859 |
| Total Futures Contracts | | | \$41,245,631 | | \$154,916 |

*As of period end.

At June 30, 2020, the Fund had the following forward exchange contracts outstanding. See Note 1(d).

Forward Exchange Contracts

| Currency | Counterparty ^a | Type | Quantity | Contract Amount* | Settlement Date | Unrealized Appreciation | Unrealized Depreciation |
|---------------------------------------|---------------------------|------|-------------|------------------|-----------------|-------------------------|-------------------------|
| OTC Forward Exchange Contracts | | | | | | | |
| Australian Dollar | JPHQ | Buy | 1,100,000 | 719,644 | 7/02/20 | \$ 39,372 | \$ — |
| Australian Dollar | JPHQ | Sell | 1,100,000 | 758,373 | 7/02/20 | — | (643) |
| Turkish Lira | JPHQ | Buy | 1,380,000 | 200,305 | 7/14/20 | 300 | — |
| Japanese Yen | CITI | Buy | 182,581,700 | 1,700,000 | 7/16/20 | — | (8,679) |
| Japanese Yen | CITI | Sell | 182,581,700 | 1,699,264 | 7/16/20 | 7,943 | — |
| Australian Dollar | JPHQ | Sell | 390,000 | 267,856 | 7/21/20 | — | (1,305) |
| Japanese Yen | JPHQ | Buy | 239,900,000 | 2,216,760 | 7/22/20 | 5,698 | — |
| Japanese Yen | JPHQ | Sell | 134,000,000 | 1,255,829 | 7/22/20 | 14,440 | — |
| Canadian Dollar | JPHQ | Sell | 430,000 | 327,148 | 7/23/20 | 10,370 | — |
| Danish Krone | JPHQ | Buy | 7,518,245 | 1,097,909 | 7/23/20 | 36,088 | — |
| Danish Krone | JPHQ | Sell | 7,518,245 | 1,122,696 | 7/23/20 | — | (11,302) |
| Euro | JPHQ | Sell | 696,577 | 776,366 | 7/23/20 | — | (6,611) |
| Mexican Peso | JPHQ | Buy | 6,950,000 | 360,128 | 7/23/20 | — | (58,641) |
| Mexican Peso | JPHQ | Sell | 6,950,000 | 306,782 | 7/23/20 | 5,296 | — |
| Norwegian Krone | JPHQ | Buy | 6,740,000 | 745,252 | 7/23/20 | — | (44,768) |
| Norwegian Krone | JPHQ | Sell | 6,740,000 | 661,303 | 7/23/20 | — | (39,180) |
| Euro | JPHQ | Buy | 380,000 | 430,742 | 8/05/20 | — | (3,480) |
| Euro | JPHQ | Sell | 380,000 | 427,861 | 8/05/20 | 599 | — |

Franklin Allocation VIP Fund (continued)

Forward Exchange Contracts (continued)

| Currency | Counterparty ^a | Type | Quantity | Contract Amount [*] | Settlement Date | Unrealized Appreciation | Unrealized Depreciation |
|---|---------------------------|------|---------------|------------------------------|-----------------|-------------------------|-------------------------|
| OTC Forward Exchange Contracts (continued) | | | | | | | |
| Australian Dollar | JPHQ | Sell | 1,480,000 | 894,305 | 8/06/20 | \$ — | \$ (127,243) |
| Japanese Yen | JPHQ | Buy | 102,000,000 | 956,669 | 8/13/20 | — | (11,466) |
| Japanese Yen | JPHQ | Sell | 102,000,000 | 950,196 | 8/13/20 | 4,993 | — |
| Singapore Dollar | JPHQ | Buy | 1,400,000 | 104,547,800 JPY | 8/13/20 | 35,917 | — |
| Singapore Dollar | JPHQ | Sell | 3,750,000 | 279,675,187 JPY | 8/13/20 | — | (99,576) |
| Chinese Yuan Renminbi | JPHQ | Buy | 5,095,000 | 730,016 | 8/21/20 | — | (11,470) |
| Chinese Yuan Renminbi | JPHQ | Sell | 5,095,000 | 723,660 | 8/21/20 | 5,114 | — |
| Japanese Yen | JPHQ | Buy | 70,500,000 | 674,444 | 9/14/20 | — | (20,834) |
| Canadian Dollar | JPHQ | Buy | 830,000 | 588,665 | 9/15/20 | 22,849 | — |
| Canadian Dollar | JPHQ | Sell | 1,450,000 | 1,047,083 | 9/15/20 | — | (21,225) |
| Euro | JPHQ | Buy | 350,000 | 397,098 | 9/15/20 | — | (3,207) |
| Euro | JPHQ | Buy | 860,000 | 930,892 | 9/15/20 | 36,952 | — |
| Euro | JPHQ | Sell | 1,504,009 | 1,691,860 | 9/15/20 | — | (753) |
| Norwegian Krone | JPHQ | Buy | 7,680,000 | 760,411 | 9/15/20 | 37,918 | — |
| Norwegian Krone | JPHQ | Sell | 7,680,000 | 752,941 | 9/15/20 | — | (45,388) |
| South Korean Won | JPHQ | Buy | 238,000,000 | 194,603 | 9/16/20 | 3,909 | — |
| South Korean Won | JPHQ | Sell | 467,500,000 | 380,855 | 9/16/20 | — | (9,080) |
| Indonesian Rupiah | JPHQ | Buy | 4,950,000,000 | 339,041 | 12/07/20 | — | (8,328) |
| Total Forward Exchange Contracts | | | | | | \$ 267,758 | \$ (533,179) |
| Net unrealized appreciation (depreciation) | | | | | | | \$ (265,421) |

*In U.S. dollars unless otherwise indicated.

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

At June 30, 2020, the Fund had the following credit default swap contracts outstanding. See Note 1(d).

Credit Default Swap Contracts

| Description | Annual Payment Rate Received (Paid) | Payment Frequency | Counterparty | Maturity Date | Notional Amount ^a | Value | Unamortized Upfront Payments (Receipts) | Unrealized Appreciation (Depreciation) | Rating ^b |
|---|-------------------------------------|-------------------|--------------|---------------|------------------------------|------------|---|--|----------------------|
| OTC Swap Contracts | | | | | | | | | |
| Contracts to Buy Protection^c | | | | | | | | | |
| Single Name | | | | | | | | | |
| Avon Products Inc. | (5.00)% | Quarterly | CITI | 3/20/23 | \$260,000 | \$ (2,426) | \$ (20,577) | \$ 18,151 | |
| Contracts to Sell Protection^{c,d} | | | | | | | | | |
| Single Name | | | | | | | | | |
| Government of Russia | 1.00% | Quarterly | CITI | 12/20/24 | 300,000 | (212) | 2,661 | (2,873) | BBB- |
| Traded Index | | | | | | | | | |
| ^e Citibank Bespoke Phoenix Index, Mezzanine Tranche 5-7% | 2.90% | Quarterly | CITI | 12/20/21 | 250,000 | (46,947) | — | (46,947) | Non-Investment Grade |
| Total Credit Default Swap Contracts | | | | | | \$(49,585) | \$ (17,916) | \$ (31,669) | |

Franklin Allocation VIP Fund (continued)

Credit Default Swap Contracts (continued)

^aFor 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.

^bBased on Standard and Poor's (S&P) Rating for single name swaps. Internal ratings based on mapping into equivalent ratings from external vendors.

^cPerformance 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.

^dThe fund enters contracts to sell protection to create a long credit position.

^eRepresents a custom index comprised of a basket of underlying instruments.

At June 30, 2020, the Fund had the following cross-currency swap contracts outstanding. See Note 1(d).

Cross-Currency Swap Contracts

| Description | Payment Frequency | Counterparty | Maturity Date | Notional Amount | Value/ Unrealized Appreciation (Depreciation) |
|---|-------------------|--------------|---------------|-----------------|---|
| OTC Swap Contracts | | | | | |
| Receive Floating 3-month USD LIBOR + 1.334% | Quarterly | | | 280,000 USD | |
| Pay Floating 3-month EUR LIBOR + 1.12% | Quarterly | CITI | 7/10/21 | 250,000 EUR | \$ 389 |
| Receive Floating 3-month USD LIBOR + 1.305% | Quarterly | | | 387,450 USD | |
| Pay Floating 3-month EUR LIBOR + 1.11% | Quarterly | JPHQ | 8/20/21 | 350,000 EUR | (5,414) |
| Receive Floating 3-month USD LIBOR + 1.23% | Quarterly | | | 277,500 USD | |
| Pay Floating 3-month EUR LIBOR + 1.07% | Quarterly | CITI | 9/17/21 | 250,000 EUR | (3,372) |
| Receive Floating 3-month USD LIBOR + 1.87% | Quarterly | | | 275,000 USD | |
| Pay Floating 3-month EUR LIBOR + 1.70% | Quarterly | CITI | 10/15/21 | 250,000 EUR | (5,078) |
| Receive Floating 3-month USD LIBOR + 1.318% | Quarterly | | | 943,500 USD | |
| Pay Floating 3-month EUR LIBOR + 1.20% | Quarterly | CITI | 12/12/21 | 850,000 EUR | (12,185) |
| Total Cross Currency Swap Contracts | | | | | <u>\$(25,660)</u> |

At June 30, 2020, the Fund had the following inflation index swap contracts outstanding. See Note 1(d).

Inflation Index Swap Contracts

| Description | Payment Frequency | Maturity Date | Notional Amount | Value/ Unrealized Appreciation (Depreciation) |
|---|-------------------|---------------|-----------------|---|
| Centrally Cleared Swap Contracts | | | | |
| Receive Floating | At maturity | | | |
| Pay Fixed 1.913% | At maturity | 1/14/29 | \$ 700,000 | \$ (36,368) |
| Receive variable change in USA-CPI-U | At maturity | | | |
| Pay Fixed 1.943% | At maturity | 1/15/29 | 2,500,000 | (137,239) |
| Total Inflation Index Swap Contracts | | | | <u>\$(173,607)</u> |

See Note 8 regarding other derivative information.

See Abbreviations on page FFA-61.

Statement of Assets and Liabilities

June 30, 2020 (unaudited)

| | Franklin Allocation VIP Fund |
|---|---|
| Assets: | |
| Investments in securities: | |
| Cost - Unaffiliated issuers | \$658,070,208 |
| Cost - Non-controlled affiliates (Note 3e) | 66,758,532 |
| Value - Unaffiliated issuers | \$698,396,435 |
| Value - Non-controlled affiliates (Note 3e) | 60,517,496 |
| Cash | 23,930 |
| Foreign currency, at value (cost \$2,900,859) | 2,893,378 |
| Receivables: | |
| Investment securities sold | 3,508,337 |
| Capital shares sold | 88,619 |
| Dividends and interest | 2,335,622 |
| Deposits with brokers for: | |
| OTC derivative contracts | 73,606 |
| Futures contracts | 927,821 |
| Centrally cleared swap contracts | 210,325 |
| Variation margin on centrally cleared swap contracts | 5,416 |
| OTC swap contracts (upfront payments \$3,122) | 2,661 |
| Unrealized appreciation on OTC forward exchange contracts | 267,758 |
| Unrealized appreciation on OTC swap contracts | 18,540 |
| Other assets | 1,947 |
| Total assets | 769,271,891 |
| Liabilities: | |
| Payables: | |
| Investment securities purchased | 16,278,660 |
| Capital shares redeemed | 275,245 |
| Management fees | 274,484 |
| Distribution fees | 184,060 |
| Trustees' fees and expenses | 314 |
| Variation margin on futures contracts | 109,597 |
| OTC swap contracts (upfront receipts \$26,254) | 20,577 |
| Options written, at value (premiums received \$4,426) | 2,898 |
| Unrealized depreciation on OTC forward exchange contracts | 533,179 |
| Unrealized depreciation on OTC swap contracts | 75,869 |
| Deferred tax | 216 |
| Accrued expenses and other liabilities | 105,512 |
| Total liabilities | 17,860,611 |
| Net assets, at value | \$751,411,280 |
| Net assets consist of: | |
| Paid-in capital | \$725,212,750 |
| Total distributable earnings (losses) | 26,198,530 |
| Net assets, at value | \$751,411,280 |

Statement of Assets and Liabilities (continued)

June 30, 2020 (unaudited)

| | Franklin Allocation VIP Fund |
|--|---|
| Class 1: | |
| Net assets, at value | \$ 804,498 |
| Shares outstanding | 166,322 |
| Net asset value and maximum offering price per share | \$4.84 |
| Class 2: | |
| Net assets, at value | \$371,639,070 |
| Shares outstanding | 77,524,145 |
| Net asset value and maximum offering price per share | \$4.79 |
| Class 4: | |
| Net assets, at value | \$378,967,712 |
| Shares outstanding | 76,372,625 |
| Net asset value and maximum offering price per share | \$4.96 |

Statement of Operations

for the six months ended June 30, 2020 (unaudited)

| | Franklin Allocation VIP Fund |
|--|---|
| Investment income: | |
| Dividends:(net of foreign taxes)* | |
| Unaffiliated issuers | \$ 4,260,934 |
| Non-controlled affiliates (Note 3e) | 2,531,672 |
| Interest:(net of foreign taxes)~ | |
| Unaffiliated issuers | 3,816,079 |
| Total investment income | <u>10,608,685</u> |
| Expenses: | |
| Management fees (Note 3a) | 2,038,845 |
| Distribution fees: (Note 3c) | |
| Class 2 | 462,107 |
| Class 4 | 654,011 |
| Custodian fees (Note 4) | 20,927 |
| Reports to shareholders | 42,652 |
| Professional fees | 39,957 |
| Trustees' fees and expenses | 2,438 |
| Other | 44,986 |
| Total expenses | 3,305,923 |
| Expense reductions (Note 4) | (14,316) |
| Expenses waived/paid by affiliates (Note 3e and 3f) | (180,568) |
| Net expenses | <u>3,111,039</u> |
| Net investment income | <u>7,497,646</u> |
| Realized and unrealized gains (losses): | |
| Net realized gain (loss) from: | |
| Investments: | |
| Unaffiliated issuers | (14,133,947) |
| Non-controlled affiliates (Note 3e) | (1,061,746) |
| Written options | 68,032 |
| Realized gain distributions from REITs | 4,867 |
| Foreign currency transactions | 213,395 |
| Forward exchange contracts | (22,661) |
| Futures contracts | 1,639,105 |
| Swap contracts | (857,729) |
| Net realized gain (loss) | <u>(14,150,684)</u> |
| Net change in unrealized appreciation (depreciation) on: | |
| Investments: | |
| Unaffiliated issuers | (2,867,896) |
| Non-controlled affiliates (Note 3e) | (3,493,563) |
| Translation of other assets and liabilities denominated in foreign currencies | (20,849) |
| Forward exchange contracts | (199,386) |
| Written options | 1,528 |
| Futures contracts | 365,252 |
| Swap contracts | (149,866) |
| Change in deferred taxes on unrealized appreciation | <u>16</u> |

Statement of Operations (continued)
 for the six months ended June 30, 2020 (unaudited)

| | Franklin Allocation VIP Fund |
|---|---|
| Net change in unrealized appreciation (depreciation) | \$ (6,364,764) |
| Net realized and unrealized gain (loss) | (20,515,448) |
| Net increase (decrease) in net assets resulting from operations | <u>\$(13,017,802)</u> |

| | |
|--|------------|
| *Foreign taxes withheld on dividends | \$ 147,015 |
| ~Foreign taxes withheld on interest | \$ 2,318 |

Statements of Changes in Net Assets

| | Franklin Allocation VIP Fund | |
|---|---|---------------------------------|
| | Six Months Ended June 30, 2020 (unaudited) | Year Ended December 31, 2019 |
| Increase (decrease) in net assets: | | |
| Operations: | | |
| Net investment income | \$ 7,497,646 | \$ 10,197,177 |
| Net realized gain (loss) | (14,150,684) | 239,840,198 |
| Net change in unrealized appreciation (depreciation) | (6,364,764) | (103,898,058) |
| Net increase (decrease) in net assets resulting from operations | (13,017,802) | 146,139,317 |
| Distributions to shareholders: | | |
| Class 1 | (227,035) | (114,944) |
| Class 2 | (106,811,345) | (41,503,915) |
| Class 4 | (104,689,180) | (39,405,922) |
| Total distributions to shareholders | (211,727,560) | (81,024,781) |
| Capital share transactions: (Note 2) | | |
| Class 1 | 202,051 | (205,346) |
| Class 2 | 82,030,559 | (18,907,288) |
| Class 4 | 83,349,005 | (20,095,745) |
| Total capital share transactions | 165,581,615 | (39,208,379) |
| Net increase (decrease) in net assets | (59,163,747) | 25,906,157 |
| Net assets: | | |
| Beginning of period | 810,575,027 | 784,668,870 |
| End of period | \$ 751,411,280 | \$ 810,575,027 |

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. 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 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

Franklin Allocation VIP Fund (continued)

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, 2020, 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. 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 significant 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 When-Issued or Delayed Delivery and TBA Basis

The Fund purchases securities on a when-issued or 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 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

Franklin Allocation VIP Fund (continued)

1. Organization and Significant Accounting

Policies (continued)

d. Derivative Financial Instruments (continued)

Statement of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

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

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of the agreement. Generally, collateral is determined at the close of Fund business each day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the

counterparty the next business day, or within a few business days. Collateral pledged and/or received by the Fund for OTC derivatives, if any, is held in segregated accounts with the Fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives. To the extent that the amounts due to the Fund from its counterparties are not subject to collateralization or are not fully collateralized, the Fund bears the risk of loss from counterparty non-performance.

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.

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

Franklin Allocation VIP Fund (continued)

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 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 Statement of Operations.

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

The Fund 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.

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

Franklin Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

e. Loan Participation Notes (continued)

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. 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.

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. On

July 27, 2017, the United Kingdom's Financial Conduct Authority announced its intention to cease sustaining LIBOR after 2021. There remains uncertainty regarding the future utilization of LIBOR and the nature of any replacement rate. As such, the potential effect of a transition away from LIBOR on the Fund or the Fund's investments that use or may use a floating rate based on LIBOR cannot yet be determined.

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.

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, 2020, 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

Franklin Allocation VIP Fund (continued)

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.

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

2. Shares of Beneficial Interest

At June 30, 2020, 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, 2020 | | Year Ended December 31, | |
|--|-----------------------------------|------------|-------------------------|--------------|
| | Shares | Amount | Shares | Amount |
| Class 1 Shares: | | | | |
| Shares sold | 3,998 | \$ 25,836 | 12,786 | \$ 87,589 |
| Shares issued in reinvestment of distributions | 47,596 | 227,035 | 18,101 | 114,944 |
| Shares redeemed | (7,955) | (50,820) | (62,639) | (407,879) |
| Net increase (decrease) | 43,639 | \$ 202,051 | (31,752) | \$ (205,346) |

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.

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 Allocation VIP Fund (continued)

2. Shares of Beneficial Interest (continued)

| | Six Months Ended June 30, 2020 | | Year Ended December 31, | |
|--|-----------------------------------|---------------|-------------------------|----------------|
| | Shares | Amount | Shares | Amount |
| Class 2 Shares: | | | | |
| Shares sold | 1,929,143 | \$ 12,305,662 | 2,057,930 | \$ 13,832,099 |
| Shares issued in reinvestment of distributions | 22,581,680 | 106,811,345 | 6,577,483 | 41,503,915 |
| Shares redeemed | (6,182,367) | (37,086,448) | (11,168,839) | (74,243,302) |
| Net increase (decrease) | 18,328,456 | \$ 82,030,559 | (2,533,426) | \$(18,907,288) |
| Class 4 Shares: | | | | |
| Shares sold | 999,707 | \$ 6,553,397 | 973,482 | \$ 6,631,528 |
| Shares issued in reinvestment of distributions | 21,365,139 | 104,689,180 | 6,099,988 | 39,405,922 |
| Shares redeemed | (4,318,741) | (27,893,572) | (9,669,394) | (66,133,195) |
| Net increase (decrease) | 18,046,105 | \$ 83,349,005 | (2,595,924) | \$(20,095,745) |

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

a. Management Fees

The Fund pays an investment management fee to Advisers 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 the 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.

Franklin Allocation VIP Fund (continued)

c. Distribution Fees

The Board has adopted distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% 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 for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2020, the Fund held investments in affiliated management investment companies as follows:

| | Value at Beginning of Period | Purchases | Sales | Realized Gain (Loss) | Net Change in Unrealized Appreciation (Depreciation) | Value at End of Period | Number of Shares Held at End of Period | Dividend Income |
|--|------------------------------------|----------------------|-------------------------|-------------------------|---|------------------------------|---|--------------------|
| Non-Controlled Affiliates | | | | | | | | |
| Franklin LibertyQ U.S. Equity ETF | \$ — | \$ 4,446,394 | \$ (4,056,817) | \$ (389,577) | \$ — | \$ — ^a | — | \$ 10,093 |
| Institutional Fiduciary Trust Money Market Portfolio, 0.00% | 21,473,752 | 153,839,221 | (143,492,388) | — | — | 31,820,585 | 31,820,585 | 72,098 |
| Templeton Global Bond VIP Fund, Class 1 | 33,013,162 | 4,449,481 | (4,600,000) | (672,169) | (3,493,563) | 28,696,911 | 1,981,831 | 2,449,481 |
| Total Affiliated Securities | \$54,486,914 | \$162,735,096 | \$ (152,149,205) | \$ (1,061,746) | \$ (3,493,563) | \$60,517,496 | | \$2,531,672 |

^aAs of June 30, 2020, 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 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, 2021. 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, 2020, the custodian fees were reduced as noted in the Statement of Operations.

Franklin Allocation VIP Fund (continued)

5. Income Taxes

At June 30, 2020, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

| | |
|--|----------------------|
| Cost of investments | <u>\$725,772,409</u> |
| Unrealized appreciation | \$ 68,781,770 |
| Unrealized depreciation | <u>(36,002,107)</u> |
| Net unrealized appreciation (depreciation) | <u>\$ 32,779,663</u> |

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

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2020, aggregated \$365,133,226 and \$412,343,542, 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, 2020, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

| Derivative Contracts Not Accounted for as Hedging Instruments | Asset Derivatives | | Liability Derivatives | |
|---|---|------------------------|---|------------------------|
| | Statement of Assets and Liabilities Location | Fair Value | Statement of Assets and Liabilities Location | Fair Value |
| Interest rate contracts | Variation margin on futures contracts | \$120,028 ^a | Variation margin on futures contracts | \$ 21,169 ^a |
| | Unrealized appreciation on OTC swap contracts | 389 | Unrealized depreciation on OTC swap contracts | 26,049 |
| Foreign exchange contracts | Unrealized appreciation on OTC forward exchange contracts | 267,758 | Unrealized depreciation on OTC forward exchange contracts | 533,179 |
| Credit contracts | OTC swap contracts (upfront payments) | 2,661 | OTC swap contracts (upfront receipts) | 20,577 |
| | Unrealized appreciation on OTC swap contracts | 18,151 | Unrealized depreciation on OTC swap contracts | 49,820 |
| Equity contracts | Investments in securities, at value | — | Options written, at value | 2,898 |
| | Variation margin on futures contracts | 56,057 ^a | Variation margin on futures contracts | — |

Franklin Allocation VIP Fund (continued)

| Derivative Contracts Not Accounted for as Hedging Instruments | Asset Derivatives | | Liability Derivatives | |
|---|---|------------|---|------------------------|
| | Statement of Assets and Liabilities Location | Fair Value | Statement of Assets and Liabilities Location | Fair Value |
| Inflation contracts | Variation margin on centrally cleared swap contracts | \$ — | Variation margin on centrally cleared swap contracts | \$173,607 ^a |
| Totals | | \$465,044 | | \$827,299 |

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

For the period ended June 30, 2020, the effect of derivative contracts in the Statement of Operations was as follows:

| Derivative Contracts Not Accounted for as Hedging Instruments | Statement of Operations Location | Net Realized Gain (Loss) for the Period | Statement of Operations Location | Net Change in Unrealized Appreciation (Depreciation) for the Period |
|---|-------------------------------------|---|---|---|
| | Net realized gain (loss) from: | | Net change in unrealized appreciation (depreciation) on: | |
| Interest rate contracts | Investments | \$ (149,096) | Investments | \$ — |
| | Written options | 59,737 | Written options | — |
| | Futures contracts | 1,307,952 | Futures contracts | 355,917 |
| | Swap contracts | (53,983) | Swap contracts | 65,600 |
| Foreign exchange contracts . . . | Investments | 27,482 | Investments | — |
| | Forward exchange contracts | (22,661) | Forward exchange contracts | (199,386) |
| Credit contracts | Written options | 6,663 | Written options | — |
| | Swap contracts | (599,207) | Swap contracts | (18,080) |
| Equity contracts | Written options | 1,632 | Written options | 1,528 |
| | Futures contracts | 331,153 | Futures contracts | 9,335 |
| Inflation contracts | Swap contracts | (204,539) | Swap contracts | (197,386) |
| Totals | | \$ 705,133 | | \$ 17,528 |

For the period ended June 30, 2020, the average month end notional amount of futures contracts, swap contracts and options, and the average month end contract value for forward exchange contracts were as follows:

| | | |
|--------------------------------------|--------------|--------|
| Futures contracts | \$53,406,412 | |
| Swap contracts | \$16,007,098 | |
| Forward exchange contracts | \$21,986,085 | |
| Options | 2,657,429 | shares |

Franklin Allocation VIP Fund (continued)

8. Other Derivative Information (continued)

At June 30, 2020, OTC derivative assets and liabilities are as follows:

| | Gross Amounts of Assets and Liabilities Presented in the Statement of Assets and Liabilities | |
|--------------------------------------|---|--------------------------------|
| | Assets^a | Liabilities^a |
| Derivatives | | |
| Forward exchange contracts | \$267,758 | \$533,179 |
| Swap contracts | 21,201 | 96,446 |
| Total | \$288,959 | \$629,625 |

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

At June 30, 2020, OTC derivative assets, which may be offset against OTC derivative liabilities and collateral received from the counterparty, are as follows:

| | Gross Amounts of Assets Presented in the Statement of Assets and Liabilities | Amounts Not Offset in the Statement of Assets and Liabilities | | | Net Amount (Not less than zero) |
|---------------------|---|--|--|---|--|
| | | Financial Instruments Available for Offset | Financial Instruments Collateral Received^a | Cash Collateral Received | |
| Counterparty | | | | | |
| CITI | \$ 29,144 | \$ (29,144) | \$ — | \$ — | \$ — |
| JPHQ | 259,815 | (259,815) | — | — | — |
| Total | \$288,959 | \$(288,959) | \$ — | \$ — | \$ — |

At June 30, 2020, OTC derivative liabilities, which may be offset against OTC derivative assets and collateral pledged to the counterparty, are as follows:

| | Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities | Amounts Not Offset in the Statement of Assets and Liabilities | | | Net Amount (Not less than zero) |
|---------------------|--|--|---|--|--|
| | | Financial Instruments Available for Offset | Financial Instruments Collateral Pledged^{a,b} | Cash Collateral Pledged^a | |
| Counterparty | | | | | |
| CITI | \$ 99,711 | \$ (29,144) | \$ — | \$(70,567) | \$ — |
| JPHQ | 529,914 | (259,815) | (270,099) | — | — |
| Total | \$629,625 | \$(288,959) | \$(270,099) | \$(70,567) | \$ — |

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

^bSee the accompanying Statement of Investments for securities pledged as collateral for derivatives.

See Note 1(d) regarding derivative financial instruments.

Franklin Allocation VIP Fund (continued)

See Abbreviations on page FFA-61.

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 billion (Global Credit Facility) which matures on February 5, 2021. 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, 2020, 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.

Franklin Allocation VIP Fund (continued)

10. Fair Value Measurements (continued)

A summary of inputs used as of June 30, 2020, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|----------------|---------|----------------|
| Assets: | | | | |
| Investments in Securities: ^a | | | | |
| Equity Investments: ^b | | | | |
| Automobiles & Components | \$ 1,442,221 | \$ 3,688,986 | \$ — | \$ 5,131,207 |
| Banks | 629,440 | 8,609,807 | — | 9,239,247 |
| Capital Goods | 33,917,815 | 10,576,577 | — | 44,494,392 |
| Commercial & Professional Services | 7,818,640 | 4,072,329 | — | 11,890,969 |
| Consumer Durables & Apparel | 7,532,184 | 3,616,031 | — | 11,148,215 |
| Diversified Financials | 37,246,911 | 8,067,189 | — | 45,314,100 |
| Energy | 4,935,763 | 4,833,765 | — | 9,769,528 |
| Food & Staples Retailing | 6,642,731 | 3,219,813 | — | 9,862,544 |
| Food, Beverage & Tobacco | 15,098,895 | 2,822,092 | — | 17,920,987 |
| Health Care Equipment & Services | 21,383,180 | 4,592,001 | — | 25,975,181 |
| Household & Personal Products | 8,808,602 | 738,944 | — | 9,547,546 |
| Insurance | 1,130,718 | 2,654,917 | — | 3,785,635 |
| Materials | 14,369,748 | 10,386,275 | — | 24,756,023 |
| Media & Entertainment | 11,449,799 | 4,540,598 | — | 15,990,397 |
| Pharmaceuticals, Biotechnology & Life Sciences | 29,748,526 | 14,738,005 | — | 44,486,531 |
| Real Estate | 7,395,298 | 3,546,112 | — | 10,941,410 |
| Retailing | 24,318,806 | 3,858,183 | — | 28,176,989 |
| Semiconductors & Semiconductor Equipment | 19,427,855 | 3,756,828 | — | 23,184,683 |
| Software & Services | 50,715,638 | 6,853,662 | — | 57,569,300 |
| Technology Hardware & Equipment | 14,604,354 | 2,247,795 | — | 16,852,149 |
| Telecommunication Services | 2,564,611 | 4,519,736 | — | 7,084,347 |
| Transportation | 11,160,580 | 2,798,976 | — | 13,959,556 |
| Utilities | 10,972,639 | 2,525,521 | — | 13,498,160 |
| All Other Equity Investments | 7,798,367 | — | — | 7,798,367 |
| Corporate Bonds | — | 109,181,935 | — | 109,181,935 |
| Senior Floating Rate Interests | — | 2,126,855 | — | 2,126,855 |
| Foreign Government and Agency Securities | — | 6,662,148 | — | 6,662,148 |
| U.S. Government and Agency Securities | — | 40,753,755 | — | 40,753,755 |
| Asset-Backed Securities and Commercial Mortgage-Backed Securities | — | 22,732,916 | — | 22,732,916 |
| Mortgage-Backed Securities | — | 70,820,515 | — | 70,820,515 |
| Municipal Bonds | — | 6,437,759 | — | 6,437,759 |
| Short Term Investments | 31,820,585 | — | — | 31,820,585 |
| Total Investments in Securities | \$ 382,933,906 | \$ 375,980,025 | \$ — | \$ 758,913,931 |
| Other Financial Instruments: | | | | |
| Futures Contracts | \$ 176,085 | \$ — | \$ — | \$ 176,085 |
| Forward Exchange Contracts | — | 267,758 | — | 267,758 |
| Swap Contracts | — | 18,540 | — | 18,540 |
| Total Other Financial Instruments | \$ 176,085 | \$ 286,298 | \$ — | \$ 462,383 |

Franklin Allocation VIP Fund (continued)

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------|------------|---------|------------|
| Liabilities: | | | | |
| Other Financial Instruments: | | | | |
| Options Written | \$ 2,898 | \$ — | \$ — | \$ 2,898 |
| Futures Contracts | 21,169 | — | — | 21,169 |
| Forward Exchange Contracts | — | 533,179 | — | 533,179 |
| Swap Contracts | — | 249,476 | — | 249,476 |
| Total Other Financial Instruments | \$ 24,067 | \$ 782,655 | \$ — | \$ 806,722 |

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

^bIncludes common stocks and management investment companies as well as other equity 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. The amendments in the ASU provides optional temporary 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. The ASU is effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2022. Management is currently evaluating the impact, if any, of applying this ASU.

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 | Currency | Selected Portfolio |
|-----------------------------------|---------------------------------|--|
| CITI Citigroup, Inc. | COP Colombian Peso | ADR American Depositary Receipt |
| JPHQ JP Morgan Chase & Co. | CNY Chinese Yuan | CLO Collateralized Loan Obligations |
| | DOP Dominican Peso | FFCB Federal Farm Credit Bank |
| | DKK Danish Krone | FRN Floating Rate Note |
| | EUR Euro | GO General Obligation |
| | JPY Japanese Yen | LIBOR London InterBank Offered Rate |
| | MXN Mexican Peso | SF Single Family |
| | USD United States Dollar | USD United School District |
| | UYU Uruguayan Peso | UHSD Unified/Union High School District |
| | ZAR South African Rand | |

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Index Descriptions

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

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

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

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

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

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

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

Bloomberg Barclays U.S. Corporate Investment Grade Index is a broad-based benchmark that measures the investment-grade, fixed-rate, taxable corporate bond market.

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

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

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

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

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

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

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds Classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocation of assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the six-month period ended 6/30/20, there were 37 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the six-month period ended 6/30/20, there were 26 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

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

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

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

MSCI Europe Index is a free float-adjusted market capitalization-weighted index designed to measure the equity market performance of developed markets in Europe.

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

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

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

MSCI World 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. Net Returns (NR) include income net of tax withholding when dividends are paid.

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

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

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

Russell 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 values.

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

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

Russell 3000® Index is market capitalization weighted and represents the majority of the U.S. market's total 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 values.

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 values.

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

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

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

Shareholder Information

Board Approval of Investment Management Agreements

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

Franklin 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 7, 2020 (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 management agreement between Templeton Investment Counsel, LLC (TICL) and the Trust, on behalf of Templeton Foreign VIP Fund; and (viii) 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, 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 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 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 continued introduction of new funds, reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Funds by the FT organization. The Board specifically noted FT's commitment to enhancing services and controlling costs, as reflected in its plan to outsource certain administrative functions, and growth opportunities, as evidenced by its

upcoming acquisition of the Legg Mason companies. The Board acknowledged the change in leadership at FRI and the opportunity to hear from Jennifer Johnson, President and Chief Executive Officer of FRI, about goals she has for the company that will benefit the 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, 2020. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also considered the performance returns for the Franklin Income VIP Fund and Franklin VolSmart Allocation VIP Fund in comparison to the performance returns of a customized peer group (Performance Customized Peer Group) selected by the Manager. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

Franklin Allocation VIP Fund - The Performance Universe for this Fund included the Fund and all mixed-asset target allocation growth funds underlying variable insurance products (VIPs). The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median and in the first quintile (best) of its Performance Universe. The Board also noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Performance Universe was not directly comparable to the Fund as the Performance Universe includes funds with equity exposures between 60%-80% and the Fund maintains a strategic asset allocation of 60% equities. Management further explained that the Fund's strategic allocation has served as a headwind for peer-relative returns since the Fund's repositioning on May 1, 2019 to a direct investment fund with

an actively managed dynamic allocation strategy. The Board noted management's explanations and determined that, in light of the recent strategy changes, additional time will be needed to evaluate the effectiveness of management's actions. 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 monitored.

Franklin Flex Cap Growth VIP Fund - The Performance Universe for this Fund included the Fund and all large-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the three-year period was above the median of its Performance Universe, but for the one-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that during the one-year period, Information Technology and Industrials were the two largest sectors of underperformance for the Fund. Management further explained that the Fund's cash position was also a detractor from the Fund's performance. The Board noted management's steps to address the underperformance of the Fund. 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 monitored. In doing so, the Board noted that, while below median, the Fund's annualized total return for the one-, five- and 10-year periods was 23.48%, 12.99% and 12.87%, respectively.

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 Income VIP Fund - The Performance Universe for the Fund included the Fund and all mixed-asset target allocation moderate funds underlying VIPs. The Performance Customized Peer Group for the Fund consisted of funds sorted by trailing 12-month yield and set to be top quartile (highest yield). The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the medians and in the first quintile (best) of its Performance Universe and Performance Customized Peer Group. The Board also noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the medians of its Performance Universe and

Performance Customized Peer Group. Given the Fund's income-oriented investment objective, the Board concluded that the Fund's performance was satisfactory.

Franklin Strategic Income VIP Fund - The Performance Universe for the Fund included the Fund and all multi-sector income funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median and in the first quintile (best) of its Performance Universe. The Board also noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's relative underperformance was due, in part, to a shorter duration profile of its portfolio holdings and a reduced exposure to credit risk. The Board also noted management's continued enhancements to the Fund's investment process, which includes a greater role for macroeconomics and incorporates more quantitative techniques to assist with portfolio construction. Given the Fund's income-oriented investment objective and the considerations noted above, the Board concluded that the Fund's performance was satisfactory.

Franklin Large Cap Growth VIP Fund - The Performance Universe for the Fund included the Fund and all multi-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the 10-year period was below the median of its Performance Universe, but 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.

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 10-year periods was above the median and in the first quintile (best) of its Performance Universe, but for the three-year period was slightly below the median of its Performance Universe and for the five-year period was equal to the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

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 then explained that, over the one-year period, the Fund's non-equity investments and stock selection weighed on the Fund's relative performance. Management also explained that approximately 15% of the Fund's portfolio was in non-equity investments which relatively underperformed the robust 2019 equity market performance. Management further explained that the Fund's cash position also weighed on relative performance. Management then discussed with the Board the actions that continue to be taken in an effort to address the sources of the Fund's underperformance, including enhancements to the Fund's investment process, particularly with respect to portfolio and quantitative analytics. 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 monitored.

Franklin Small-Mid Cap Growth VIP Fund - The Performance Universe for the Fund included the Fund and all mid-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's positioning in the energy, healthcare, consumer, materials, industrial and information technology sectors was a primary detractor from relative performance over the one-, three- and five-year periods. Management further explained that, during the one-, three- and five-year periods, the Fund had more exposure to smaller cap stocks in comparison to its peers, noting that these stocks meaningfully underperformed during the requisite periods. 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 consolidating the Fund into fewer positions which have demonstrated certain attributes and working closely with the Investment Risk Management Group to limit the amount of risk in the Fund's portfolio and minimize permanent loss of capital. 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 monitored. In doing so, the Board noted that, while below median, the Fund's annualized total return for the one-,

three-, five- and 10-year periods was 20.96%, 14.29%, 9.99% and 12.87%, respectively.

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 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 12.02% and only slightly below the Performance Universe median of 13.11%. The Board concluded that the Fund's performance was acceptable.

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 20.55% and only slightly below the Performance Universe median of 20.92%. The Board concluded that the Fund's performance was acceptable.

Franklin Small Cap Value VIP Fund and Templeton Developing Markets VIP Fund - The Performance Universe for the Franklin Small Cap Value VIP Fund included the Fund and all small-cap value 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 Performance Universe. The Board concluded that each Fund's performance was satisfactory.

Franklin U.S. Government Securities VIP Fund - The Performance Universe for the Fund included the Fund and all intermediate US government funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median and in the first quintile (best) of its Performance Universe. The Board also noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. Given the Fund's income-oriented investment objective and conservative policy of investing a significant to substantial amount in

Ginnie Mae obligations, the Board concluded that the Fund's performance was satisfactory.

Franklin VolSmart Allocation VIP Fund - The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying VIPs. The Performance Customized Peer Group for the Fund consisted of the Fund and all retail and institutional mixed-asset target allocation moderate funds. The Fund has been in operation for less than 10 years. The Board noted that the Fund's annualized total return for the three- and five-year periods was below the medians of its Performance Universe and Performance Customized Peer Group, but for the one-year period was above the medians of its Performance Universe and Performance Customized Peer Group. The Board further noted that the Fund's annualized total return for the three-year period was only 0.02% below the median of its Performance Universe and that the Fund's annualized total return for the one-year period was 13.90% and in the second quintile 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, even though the Fund's peer group is comprised of multi-cap value funds, 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 over the one-, three- and five-year periods, the Fund's performance was also negatively impacted by stock selection among overweight health care holdings and underweight industrials and consumer discretionary stocks. 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 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 monitored.

Templeton Global Bond VIP Fund - The Performance Universe for the Fund included the Fund and all global income funds underlying VIPs. The Board noted that the

Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board also 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 during the one-, three- and five- year periods, management largely positioned the Fund's strategies for rising rates by maintaining low portfolio duration and aiming at a negative correlation with US Treasury returns. Management further explained that the interest-rate strategies detracted from the Fund's relative return, while currency positions contributed to the return. Management then discussed with the Board the portfolio manager's outlook going forward and expectation that the risk management strategies that had weighted on return would be valuable in a diversifying portfolio going forward. 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 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 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 higher exposure to value stocks, which have experienced a period of historic underperformance, and underweight position in US stocks, as compared to peers contributed to the Fund's relative underperformance. Management also explained that weightings in particular sectors (such as information technology, communications services, cyclical energy and financials) and overall stock selection contributed to the Fund's relative underperformance. 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 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 monitored.

Comparative Fees and Expenses

The Board reviewed and considered information regarding each Fund's actual total expense ratio and its various components, including, as applicable, management fees;

transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by 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 Flex Cap Growth VIP Fund, Templeton Foreign VIP Fund and Templeton Growth VIP Fund - The Expense Group for the Franklin Flex Cap Growth VIP Fund included the Fund and 11 other large-cap growth funds underlying VIPs. The Expense Group for the Templeton Foreign VIP Fund included the Fund, eight other international multi-cap value funds underlying VIPs and three international large-cap value funds underlying VIPs. The Expense Group for the Templeton Growth VIP Fund included the Fund, two other global multi-cap value funds underlying VIPs, two global multi-cap core funds underlying VIPs and five global multi-cap growth funds underlying VIPs. The Board noted that the Management Rates for these Funds were above the medians of their respective Expense Groups, but their actual total expense ratios were below the medians of their respective Expense Groups. 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 the Management Rate for the Templeton Growth VIP Fund was approximately nine basis points above the median of its Expense Group. The Board concluded that the Management Rates charged to these Funds are reasonable. In doing so, the Board noted that the

Franklin Flex Cap Growth Fund's actual total expense ratio reflected a fee waiver from management.

Franklin Mutual Shares VIP Fund - The Expense Group for the Fund included the Fund and 10 other multi-cap value funds underlying VIPs. The Board noted that the Management Rate for the Fund was approximately 7.5 basis points above the median of its Expense Group, but its actual total expense ratio was equal to the median of its Expense Group. The Board further noted management's explanation that the portfolio management team makes investments in distressed securities and merger arbitrage situations that are specialized in nature and therefore require additional expertise and resources, whereas the Fund's Expense Group generally does not make such investments. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin Strategic Income VIP Fund and Templeton Developing Markets VIP Fund - The Expense Group for the Franklin Strategic Income VIP Fund included the Fund and 10 other multi-sector income funds underlying VIPs. The Expense Group for the Templeton Developing Markets VIP Fund included the Fund and 13 other emerging markets funds underlying VIPs. The Board noted that the Management Rates for the Funds were equal to the medians of their respective Expense Groups, and their actual total expense ratios were below the medians of their respective Expense Groups. The Board concluded that the Management Rate charged to each Fund is reasonable.

Franklin Small-Mid Cap Growth VIP Fund - The Expense Group for the Franklin Small-Mid Cap Growth VIP Fund included the Fund and 12 other mid-cap growth funds underlying VIPs. The Board noted that the Management Rate for the Fund was below the median of its Expense Group, and the actual total expense ratio for the Fund was equal to the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin Allocation VIP Fund, Franklin Global Real Estate VIP Fund, Franklin Large Cap Growth VIP Fund and Franklin Mutual Global Discovery VIP Fund - The Expense Group for the Franklin Allocation VIP Fund included the Fund and 10 other mixed-asset target allocation growth affiliated funds of funds underlying VIPs. The Expense Group for the Franklin Global Real Estate VIP Fund included the Fund and seven other global real estate funds underlying VIPs. The Expense Group for the Franklin Large Cap Growth VIP Fund included the Fund and 11 other multi-cap growth funds underlying

VIPs. The Expense Group for the Franklin Mutual Global Discovery VIP Fund included the Fund, two other global multi-cap value funds underlying VIPs, two global multi-cap core funds underlying VIPs and five global multi-cap growth funds underlying VIPs. The Board noted that the Management Rates and actual total expense ratios for these Funds were above the medians of their respective Expense Groups. With respect to the Franklin Allocation VIP Fund, the Board discussed with management the reasons for the increase in the contractual management fee over the past year. Management reminded the Board that prior to May 1, 2019, the Fund was a static allocation fund of funds and did not have an investment manager or pay direct investment management fees, and that effective May 1, 2019, the Fund began investing directly in securities, entered into the Management Agreement with FAI and began paying the contractual management fee. Management also explained that Broadridge did not account for the change in the Fund's structure and continued to use a peer group of funds of funds to compare expenses. With respect to the Franklin Mutual Global Discovery VIP Fund, the Board noted management's explanation that the portfolio management team makes investments in distressed securities and merger arbitrage situations that are specialized in nature and therefore require additional expertise and resources, whereas the Fund's Expense Group generally does not make such investments. The Board also noted that the Fund's actual total expense ratio was only slightly above (less than 5 basis points) the median of the Fund's Expense Group. With respect to the Franklin Global Real Estate VIP Fund, the Board noted management's explanation that the portfolio managers' rigorous fundamental analysis and active risk controls elevate management costs. The Board also noted that the Fund's actual total expense ratio reflected a fee waiver from management. With respect to the Franklin Large Cap Growth VIP Fund, the Board noted that the Fund's Management Rate and actual total expense ratio were only slightly above (approximately 2 basis points or less) the medians of the Fund's Expense Group. The Board concluded that the Management Rates charged to these Funds are 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 Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small Cap Value VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Global Bond VIP Fund – The Expense Group for the Franklin Growth and Income VIP

Fund included the Fund and 10 other equity income funds underlying VIPs. The Expense Group for the Franklin Income VIP Fund included the Fund and nine other mixed-asset target allocation moderate funds underlying VIPs. The Expense Group for Franklin Rising Dividends VIP Fund included the Fund and 11 other large-cap core funds underlying VIPs. The Expense Group for the Franklin Small Cap Value VIP Fund included the Fund and eight other small-cap value funds underlying VIPs. The Expense Group for the Franklin U.S. Government Securities VIP Fund included the Fund, three other intermediate US government funds underlying VIPs and eight inflation-protected bond funds underlying VIPs. The Expense Group for the Templeton Global Bond VIP Fund included the Fund and 10 other global income funds underlying VIPs. The Board noted that the Management Rates and actual total expense ratios for these Funds were below the medians of their respective Expense Groups. The Board concluded that the Management Rates charged to these Funds are reasonable. The Board also noted that the Franklin Growth and Income VIP Fund's actual total expense ratio reflected a fee waiver from management.

Franklin VolSmart Allocation VIP Fund – The Expense Group for this Fund included the Fund, three other flexible portfolio funds underlying VIPs and one mixed-asset target allocation growth fund underlying VIP. The Board noted the small size of the Expense Group. The Board also noted that the Management Rate for the Fund was below the median of its Expense Group and its actual total expense ratio was above the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable. In doing so, the Board noted that the Fund's actual total expense ratio reflected a fee waiver from management.

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, 2019, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the

Funds' profitability report presentations from prior years. Additionally, PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, was engaged to 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 the initiative currently underway to outsource certain operations, which effort would require 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, notably in the area of cybersecurity protections.

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 Income 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 and Templeton Growth VIP Fund, these Funds are not expected to experience additional economies of scale in the foreseeable future.

Conclusion

Based on its review, consideration and evaluation of all factors it believed relevant, including the above-described factors and conclusions, the Board unanimously approved the continuation of each Management Agreement for an additional one-year period.

Board Approval of Investment Management Agreements

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

Templeton Developing Markets VIP Fund (Fund)

At a meeting held on May 13, 2020 (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 a new investment sub-advisory agreement between Templeton Asset Management Ltd. (Manager), the Fund's investment manager, and Franklin Templeton Investment Management Limited (Sub-Adviser),

on behalf of the Fund (Sub-Advisory Agreement) for an initial two-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the Sub-Advisory Agreement.

The Board reviewed and considered information provided by the Manager at the Meeting with respect to the Sub-Advisory Agreement. The Board also reviewed and considered the factors it deemed relevant in approving the Sub-Advisory Agreement, including, but not limited to: (i) the nature, extent, and quality of the services to be provided by the Sub-Adviser; and (ii) the costs of the services to be provided by the Sub-Adviser. The Board further reviewed and considered information provided by management showing the expected impact of hiring the Sub-Adviser on the Manager's profitability consistent with the Order (as defined below). The Board also considered that management proposed that the Board approve the Sub-Advisory Agreement in order to facilitate certain portfolio management team enhancements. The Board reviewed and further considered the form of Sub-Advisory Agreement and the terms of the Sub-Advisory Agreement which were discussed at the Meeting, noting that the terms and conditions of the Sub-Advisory Agreement were substantially identical to the terms and conditions of sub-advisory agreements for other Franklin Templeton (FT) mutual funds.

In approving the Sub-Advisory Agreement, the Board, including a majority of the Independent Trustees, determined that the hiring of the Sub-Adviser is in the best interests of the Fund and its shareholders and does not involve a conflict of interest from which the Manager or Sub-Adviser derives an inappropriate advantage. The Board also determined that the terms of the Sub-Advisory Agreement are fair and reasonable and that the approval of such Sub-Advisory Agreement is in the interests of the 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 to be provided by the Sub-Adviser and currently being provided by the Manager and its affiliates to the Fund and its shareholders. In doing so, the Board noted that the Fund employs a "manager of managers" structure pursuant to an exemptive order (Order) granted to the Manager by the U.S. Securities and Exchange Commission, whereby the

Manager and the Fund may, without shareholder approval, enter into sub-advisory agreements with sub-advisers that are indirect or direct wholly owned subsidiaries of Franklin Resources, Inc. (FRI). In particular, with respect to the Sub-Adviser, the Board took into account that the Sub-Advisory Agreement would not affect how the Fund is managed or the Fund's investment goal, principal investment strategies or principal risks associated with an investment in the Fund. The Board reviewed and considered information regarding the nature, quality and extent of investment subadvisory services to be provided by the Sub-Adviser to the Fund and its shareholders under the Sub-Advisory Agreement; the Sub-Adviser's experience as manager of other funds and accounts, including those within the FT organization; the personnel, operations, financial condition, and investment management capabilities, methodologies and resources of the Sub-Adviser and the Sub-Adviser's capabilities, as demonstrated by, among other things, its policies and procedures designed to prevent violations of the federal securities laws, which had previously been approved by the Board in connection with its oversight of other funds in the FT organization.

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 FRI, the parent of the Manager and Sub-Adviser, and its commitment to the mutual fund business as evidenced by its continued introduction of new funds, reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Fund by the FT organization. The Board specifically noted FT's commitment to enhancing services and controlling costs, as reflected in its plan to outsource certain administrative functions, and growth opportunities, as evidenced by its upcoming acquisition of the Legg Mason companies. The Board acknowledged the change in leadership at FRI and the opportunity to hear from Jennifer Johnson, President and Chief Executive Officer of FRI, about goals she has for the company that will benefit the Fund.

Following consideration of such information, the Board was satisfied with the nature, extent and quality of services to be provided by the Sub-Adviser and its affiliates to the Fund and its shareholders.

Fund Performance

The Board noted its review and consideration of the performance results of the Fund in connection with the April

2020 annual contract renewal (Annual Contract Renewal) of the Fund's investment management agreement. The Board recalled its conclusion at that time that the Fund's performance was satisfactory. The Board also noted the proposed portfolio management team enhancements for the Fund, and determined that, in light of these changes, additional time will be needed to evaluate the effectiveness of management's actions.

Comparative Fees and Expenses

The Board reviewed and considered information regarding the investment subadvisory fee to be charged by the Sub-Adviser. The Board noted that the addition of the Sub-Adviser will have no impact on the amount of management fees that are currently paid by the Fund as the Sub-Adviser will be paid by the Manager out of the management fee that the Manager receives from the Fund. The Board further noted that the allocation of the fee between the Manager and the Sub-Adviser reflected the services to be provided by each. The Board concluded that the proposed investment subadvisory fee is reasonable.

Management Profitability and Economies of Scale

The Board noted that it reviewed and considered information showing the expected impact of retaining the Sub-Adviser on the profitability of the Manager consistent with the conditions of the Order. The Board determined that its conclusions regarding profitability and economies of scale reached in connection with the Annual Contract Renewal of the investment management agreement with the Manager had not changed as a result of the proposal to approve the Sub-Advisory Agreement.

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 Sub-Advisory Agreement for an initial two-year period.

Liquidity Risk Management Program

The Funds have 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 program is designed to assess and manage each Fund's liquidity risk, taking into consideration the Fund's investment strategy and the liquidity of its portfolio investments during 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. The Funds' Board of Trustees approved the appointment of the Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") as the 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 and Product Management groups.

The LRMP Administrator Annual Report was presented to the Fund(s) Board of Trustees at their meetings in May 2020. The report covered the adequacy and effectiveness of the program during the period December 1, 2018 to December 31, 2019 (the "covered period"). The 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. In addition, the LRMP Administrator presented the Fund Board of Trustees an update on liquidity during the first quarter of 2020 in relation to the COVID-19 pandemic.

During the reporting period, the Fund maintained a high level of liquid assets that are defined under the Liquidity Rule as "Highly Liquid Investments." As a result, the Fund was designated a "Primarily Highly Liquid Fund" as defined under the Liquidity Rule and has not adopted a "Highly Liquid Investment Minimum." A Highly Liquid Investment is 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.

There can be no assurance that the program will achieve its objectives in the future. Please refer to your Fund's prospectus for more information regarding the Fund's exposure to liquidity risk and other principal risks to which an investment in the Fund may be subject.

Proxy Voting Policies and Procedures

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

Quarterly Statement of Investments

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

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

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

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



Semiannual Report
Franklin Templeton Variable Insurance Products Trust

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

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Templeton Distributors,
Inc.