

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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Important Notes to Performance Information

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

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

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

Templeton Global Bond VIP Fund

This semiannual report for Templeton Global Bond VIP Fund covers the period ended June 30, 2020.

Class 4 Performance Summary as of June 30, 2020

The Fund's Class 4 Shares posted a -5.35% total return^{*,} for the six-month period ended June 30, 2020.**

^{*}The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/21. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

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

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

Fund Risks

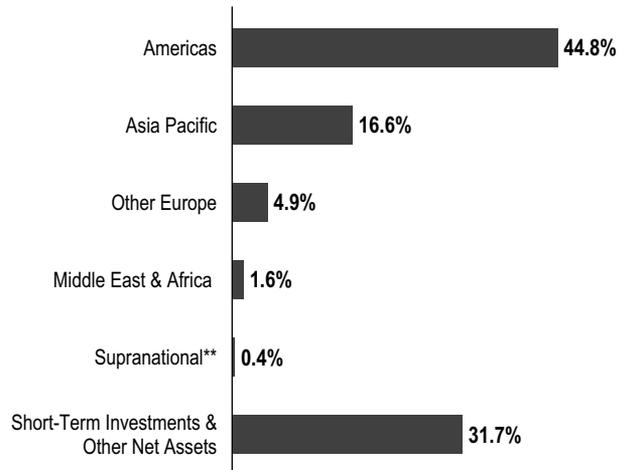
All investments involve risks, including possible loss of principal. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause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

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. For comparison, the J.P. Morgan Global Government Bond Index posted a +4.60% total return

Geographic Composition*

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



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

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

and the FTSE World Government Bond Index posted a +4.08% total return for the same period.¹

Economic and Market Overview

The novel coronavirus (COVID-19) pandemic profoundly impacted economies and global financial markets during the six-month period. Lockdown orders from governments trying to "flatten the curve" (i.e., stem the rate of infection) brought entire countries, regions and continents to an economic standstill in March and April. The speed and pervasiveness of the economic shocks were unprecedented. There is no historical comparison for the magnitude of aggregate demand that was destroyed, nor the magnitude of job losses in such a compressed timescale.

Risk aversion rapidly escalated to crisis levels and deepened throughout March, driving correlations to 1.0 across multiple asset classes as investors shed risk and moved into perceived safe havens. Credit markets experienced substantial price volatility, with the lower-rated credit tiers bearing the brunt of the selloffs. Sovereign bond yields declined in higher-rated countries but rose in more vulnerable ones as volatility escalated. The yield on the 10-year U.S. Treasury (UST) note quickly dropped from 2.00% at the start of the period to a low of 0.54% on March

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

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

9. It finished the six-month period at 0.66%, 134 basis points (bps) lower than where it began. The yield on the 10-year German Bund dropped 27 bps further into negative territory during the period, finishing at -0.46%.

The U.S. Federal Reserve (Fed) responded quickly to the deepening crisis with two emergency rate cuts in March, the second of which dropped the federal funds target rate 100 bps to the zero bound that was used during the 2008 global financial crisis (GFC). The Fed also cut reserve requirements and encouraged financial institutions to borrow directly from the discount window. Growing liquidity strains throughout financial markets prompted the Fed to re-start liquidity programs that had been created during the GFC, such as the Commercial Paper Funding Facility and the Primary Dealer Credit Facility.

On March 23, the Fed took its financial market interventions beyond the scope of the GFC programs by creating corporate lending programs, and announcing its intentions to support lending to small- and medium-sized businesses through the newly created Main Street Business Lending Program. The Fed also pledged to buy unlimited government bonds, abandoning the previous quantitative easing targets it had announced a week earlier on March 15.

The heightened demand for U.S. dollars (USD) around the world also led the Fed to expand its liquidity swaps program with foreign central banks beyond the five banks in its standing facility including the European Central Bank (ECB), Bank of Japan (BOJ), Bank of England, Bank of Canada and Swiss National Bank. The swap program was expanded on March 19 to include the Reserve Bank of Australia, Reserve Bank of New Zealand, Danmarks Nationalbank, Norges Bank, Sveriges Riksbank, Bank of Korea, Monetary Authority of Singapore, Banco de Mexico and Banco Central do Brasil. The program enables a foreign central bank to borrow USD directly from the Fed to lend to its own local institutions, facilitating the flow of the world's reserve currency. The USD notably strengthened from mid-March to mid-May before broadly weakening over the final six weeks of the period.

On the U.S. fiscal side, Congress passed the Coronavirus Aid, Relief, and Economic Security Act on March 26, a USD\$2.2 trillion fiscal relief program designed to provide loans to businesses, income support and unemployment benefits to individuals, and funding for hospitals and public health services. It was the largest economic relief bill in U.S. history and was designed as a stopgap for social distancing policies.

On March 18, ECB President Christine Lagarde unveiled the €750 billion Pandemic Emergency Purchase Programme (PEPP) in an unscheduled mid-week announcement. Lagarde commented that, "there are no limits to our commitment to the euro. We are determined to use the full potential of our tools, within our mandate." PEPP appeared geared to support the more vulnerable states, as the program has unprecedented flexibility to buy a wide range of eligible securities, including Greek and Italian sovereign debt, as well as corporate commercial paper.

In the second quarter of 2020, global financial markets began to rebound from the extreme lows in March, as central banks and governments deployed massive monetary and fiscal measures to respond to the crisis. Regional economies began to incrementally reopen and improving economic data appeared to bolster optimism that the worst of the economic shocks had passed. Credit spreads tightened in many sectors during the second quarter, returning to levels last seen in early March and late February.

However, sharp resurgences in COVID-19 cases in several regions, including the U.S., Latin America and China amongst others, prompted governments to return to shutdown policies in June. Though several economic measures improved in May and June, the stronger figures reflected a rebound from the extreme low points in March and April, and were not trends that could be extrapolated into the upcoming months, in our assessment.

Unprecedented interventions from the Fed and central banks around the world widened the disconnect between financial markets and real economies during the period. Central bank efforts to bolster liquidity in financial markets have been effective, but they do not replace lost revenues or cure insolvencies; they only deepen the debt burdens. We expected corporate bankruptcies to be the next challenge policymakers will have to face, as business insolvencies appeared likely to worsen with each passing month of stifled economic activity. We saw risks for an upcoming second leg down in financial markets.

Rallies in risk assets during the final months of the period appeared to underappreciate the ongoing economic damage and the risks for successive waves of infections that could further suppress economic activity going forward, in our view. Massive unemployment, deepening economic hardship and growing insolvencies will not be fully remedied by partial reopenings or government interventions alone. The longer that economic activity remains suppressed and the longer that workers go without incomes, the more entrenched the economic damage will become.

On the policy front, the Fed maintained its monetary stance at its April and June meetings, and reaffirmed its commitment to using its “full range of tools to support the U.S. economy.” The updated dot plot survey in June indicated that Fed officials expected rates to remain unchanged through 2022. The Fed also updated its projections for U.S. GDP (gross domestic product) growth to -6.5% for 2020 and +5.0% for 2021. It also projected unemployment to be 9.3% at the end of 2020. Fed Chair Jay Powell commented at the end of June during testimony to the House financial services committee that, “the path forward for the economy is extraordinarily uncertain and will depend in large part on our success in containing the virus.” He also continued to emphasize the importance of fiscal support for workers. Powell also indicated that yield curve control was not in imminent consideration and likely not an appropriate tool for U.S. financial markets. In previous comments, he had also ruled out the potential for negative policy rates.

In Europe, the European Commission proposed a €750 billion financing program in May that would deliver up to €500 billion in grants and €250 billion in loans to member states in need of financial support. The program was still in policy discussions at the end of June. On the monetary side, the ECB increased the size of the PEPP by €600 billion to €1.35 trillion at its June 4 policy meeting. Italian bonds rallied on the news, as did the euro, which appreciated 1.2% against the USD in the month of June. The ECB also updated its growth forecast for the eurozone in 2020 to -8.7%, which would be the largest contraction in the post-war era. In May, Lagarde acknowledged that a recovery to previous GDP levels would take at least two to three years.

In Japan, monetary policy responses to the crisis focused more on ensuring businesses had ample access to capital through various loan programs than on lowering the cost of capital. At its April 27 meeting, the BOJ quadrupled the size of its corporate debt purchases. It also announced that it would remove quantitative easing caps. On the price stability front, deflation returned during the period, despite years of persistent efforts from the BOJ to drive inflation higher. Core inflation dropped to -0.2% year-over-year in April and May. The BOJ offered no indications on whether the return of deflation would alter monetary policy in the months ahead, but it remained a concern that officials continued to monitor. The BOJ kept overnight interest rates at -0.1% and the yield target on the 10-year Japanese government bond at 0.0% throughout the period.

Nearly every country in the world declared some form of fiscal response to the crisis, with most countries pursuing

programs that went beyond the measures they deployed during the GFC. Debt-to-GDP ratios rose significantly in just about every country. On the monetary front, many central banks aggressively cut policy rates during the peaks in financial market volatility in March, but paused on making additional cuts in April, similar to the approaches taken by the Fed and the ECB. Several central banks returned to rate cuts in May and June, with many indicating they intended to respond with additional accommodation as needed. During the period, Brazil cut its policy rate by 225 bps to 2.25%, Mexico by 225 bps to 5.00%, Colombia by 175 bps to 2.50%, India by 115 bps to 4.00%, Indonesia by 75 bps to 4.25%, South Korea by 75 bps to 0.50%, Australia by 50 bps to 0.25%, Norway by 150 bps to 0.00%, Canada by 150 bps to 0.25% and the United Kingdom by 65 bps to 0.10%.

Investment Strategy

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

Manager's Discussion

The fixed income sleeve of the strategy was structured around four key pillars during the reporting period: (1) maintaining high liquidity through elevated cash balances and risk-adjusted position weights; (2) holding long exposures to perceived safe-haven assets such as the Japanese yen, Swiss franc, Norwegian krone and Swedish krona; (3) targeting appropriate risk-adjusted returns in a select subset of emerging markets; and (4) underweighting overvalued developed fixed income markets, notably longer-term USTs. The strategy continued to emphasize select duration exposures in countries that have attractive risk-adjusted yields, resilient economic fundamentals and prudent fiscal and monetary policies. Several emerging markets continued to offer significantly higher yields than those available in the developed markets. The strategy entered the reporting period in a de-risked state as the investment team saw elevated global financial market risks that it believed were significantly underappreciated by markets. While the team was not explicitly anticipating the COVID-19 crisis or the collapse in oil prices in the first quarter of 2020, it was concerned that overvalued risk assets were vulnerable to a geopolitical, economic or financial market shock. The team adjusted the risk-sizing of

various positions and hedged (using currency forwards) a substantial amount of local-currency emerging market beta risk through proxy hedges (net-negative Australian dollar) and direct hedges (Indian rupee, South Korean won, Mexican peso and Brazilian real). The team also continued to broadly avoid credit sectors, which it believed were overvalued leading up to the crisis and increasingly vulnerable to insolvencies as the economic crisis progressed. The strategy also maintained negative duration exposure to longer-term USTs before the COVID-19 crisis erupted in March 2020, as the team believed that inflation pressures, rising deficit spending and surging levels of debt issuance were significantly underpriced in the longer-term range of the U.S. Treasury yield curve. The team unwound its net-negative positioning in longer-term USTs into curve steepening in March. The strategy continued to hold undervalued safe-haven assets that it had previously added in the third quarter of 2019, notably the Japanese yen, Swiss franc, Swedish krona and Norwegian krone. These positions were intended to hedge against global financial market risks associated with rising geopolitical tensions as well as price distortions from ongoing loose monetary policies across the developed world. The strategy also continued to hold a net-negative position in the euro to hedge against broad-based USD strength and unresolved structural risks across Europe, and a net-negative position in the Australian dollar to hedge against broad emerging market risks. During the period, the team used forward currency exchange contracts and currency options to actively manage currencies, and used interest-rate swaps to tactically manage duration exposures.

During the period, the Fund's negative absolute performance was primarily due to currency positions. Interest-rate strategies contributed to absolute results, while sovereign credit exposures had a largely neutral effect. Among currencies, positions in Latin America (the Brazilian real, Mexican peso and Argentine peso) detracted from absolute performance, as did currency positions in northern Europe (Norwegian krone). The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Select duration exposures in Latin America (Mexico and Argentina) and Asia (India) contributed to absolute results, while negative duration exposure to USTs during the first quarter detracted.

On a relative basis, the Fund underperformed its benchmark due to interest-rate strategies, followed by currency positions. Sovereign credit exposures had a largely neutral effect on relative results. Among currencies, overweighted positions in Latin America (the Brazilian real, Mexican peso

and Argentine peso) detracted from relative performance, as did overweighted positions in northern European currencies (the Norwegian krone). Underweighted duration exposure in the U.S. detracted from relative performance, as did select underweighted duration exposures in Europe. However, select overweighted duration exposures in Latin America (Mexico and Argentina) contributed to relative results.

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 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 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	\$950.00	\$3.78	\$1,020.98	\$3.92	0.78%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 182/366 to reflect the one-half year period.

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

Financial Highlights

Templeton Global Bond VIP Fund

	Six Months Ended June 30, 2020 (unaudited)	Year Ended December 31,				
		2019	2018	2017	2016	2015
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	\$16.63	\$17.54	\$17.17	\$16.85	\$16.34	\$18.56
Income from investment operations ^a :						
Net investment income ^b	0.30	0.89	0.88	0.83	0.62	0.52
Net realized and unrealized gains (losses)	(1.11)	(0.54)	(0.51)	(0.46)	(0.10)	(1.22)
Total from investment operations	(0.81)	0.35	0.37	0.37	0.52	(0.70)
Less distributions from:						
Net investment income and net foreign currency gains	(1.35)	(1.26)	—	—	—	(1.43)
Net realized gains	—	—	—	(0.05)	(0.01)	(0.09)
Total distributions	(1.35)	(1.26)	—	(0.05)	(0.01)	(1.52)
Net asset value, end of period	\$14.47	\$16.63	\$17.54	\$17.17	\$16.85	\$16.34
Total return ^c	(4.80)%	1.89%	2.15%	2.15%	3.21%	(4.10)%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates and expense reduction	0.52%	0.53%	0.56%	0.53%	0.53%	0.52%
Expenses net of waiver and payments by affiliates	0.45%	0.44%	0.47%	0.46%	0.48%	0.52% ^e
Expenses net of waiver and payments by affiliates and expense reduction	0.43%	0.42%	0.45%	0.46% ^f	0.48% ^f	0.52% ^{e,f}
Net investment income	3.79%	5.22%	5.09%	4.81%	3.88%	2.99%
Supplemental data						
Net assets, end of period (000's)	\$255,388	\$322,794	\$285,046	\$286,502	\$241,792	\$292,802
Portfolio turnover rate	39.24%	22.58%	18.22%	37.97%	59.00%	51.58%

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

^bBased on average daily shares outstanding.

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

^dRatios are annualized for periods less than one year.

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

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

Templeton Global Bond 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	\$15.91	\$16.83	\$16.51	\$16.25	\$15.80	\$17.99
Income from investment operations ^a :						
Net investment income ^b	0.27	0.82	0.81	0.76	0.56	0.46
Net realized and unrealized gains (losses)	(1.06)	(0.53)	(0.49)	(0.45)	(0.10)	(1.17)
Total from investment operations	(0.79)	0.29	0.32	0.31	0.46	(0.71)
Less distributions from:						
Net investment income and net foreign currency gains	(1.31)	(1.21)	—	—	—	(1.39)
Net realized gains	—	—	—	(0.05)	(0.01)	(0.09)
Total distributions	(1.31)	(1.21)	—	(0.05)	(0.01)	(1.48)
Net asset value, end of period	\$13.81	\$15.91	\$16.83	\$16.51	\$16.25	\$15.80
Total return ^c	(4.99)%	1.63%	1.94%	1.93%	2.94%	(4.30)%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates and expense reduction	0.77%	0.78%	0.81%	0.78%	0.78%	0.77%
Expenses net of waiver and payments by affiliates	0.70%	0.69%	0.72%	0.71%	0.73%	0.77% ^e
Expenses net of waiver and payments by affiliates and expense reduction	0.68%	0.67%	0.70%	0.71% ^f	0.73% ^f	0.77% ^{e,f}
Net investment income	3.54%	4.97%	4.84%	4.56%	3.63%	2.74%
Supplemental data						
Net assets, end of period (000's)	\$2,060,001	\$2,389,610	\$2,544,900	\$2,730,081	\$2,812,535	\$2,971,667
Portfolio turnover rate	39.24%	22.58%	18.22%	37.97%	59.00%	51.58%

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

^bBased on average daily shares outstanding.

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

^dRatios are annualized for periods less than one year.

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

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

Templeton Global Bond 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	\$16.27	\$17.19	\$16.88	\$16.62	\$16.18	\$18.38
Income from investment operations ^a :						
Net investment income ^b	0.27	0.82	0.81	0.76	0.56	0.46
Net realized and unrealized gains (losses)	(1.08)	(0.55)	(0.50)	(0.45)	(0.11)	(1.21)
Total from investment operations	(0.81)	0.27	0.31	0.31	0.45	(0.75)
Less distributions from:						
Net investment income and net foreign currency gains	(1.29)	(1.19)	—	—	—	(1.36)
Net realized gains	—	—	—	(0.05)	(0.01)	(0.09)
Total distributions	(1.29)	(1.19)	—	(0.05)	(0.01)	(1.45)
Net asset value, end of period	\$14.17	\$16.27	\$17.19	\$16.88	\$16.62	\$16.18
Total return ^c	(5.00)%	1.48%	1.84%	1.76%	2.87%	(4.39)%
Ratios to average net assets^d						
Expenses before waiver and payments by affiliates and expense reduction	0.87%	0.88%	0.91%	0.88%	0.88%	0.87%
Expenses net of waiver and payments by affiliates	0.80%	0.79%	0.82%	0.81%	0.83%	0.87% ^e
Expenses net of waiver and payments by affiliates and expense reduction	0.78%	0.77%	0.80%	0.81% ^f	0.83% ^f	0.87% ^{e,f}
Net investment income	3.44%	4.87%	4.74%	4.46%	3.53%	2.64%
Supplemental data						
Net assets, end of period (000's)	\$76,889	\$90,272	\$94,312	\$98,934	\$96,798	\$103,045
Portfolio turnover rate	39.24%	22.58%	18.22%	37.97%	59.00%	51.58%

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

^bBased on average daily shares outstanding.

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

^dRatios are annualized for periods less than one year.

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

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

Statement of Investments, June 30, 2020 (unaudited)

Templeton Global Bond VIP Fund

	Principal Amount*		Value
Foreign Government and Agency Securities 47.8%			
Argentina 1.9%			
^{a,b} Argentina Treasury Bond BONCER,			
Index Linked, 1.20%, 3/18/22	1,476,595,148	ARS \$	13,968,764
Index Linked, 1.40%, 3/25/23	892,881,163	ARS	7,555,529
Index Linked, 1.50%, 3/25/24	892,881,166	ARS	7,054,517
^a Argentine Bonos del Tesoro,			
18.20%, 10/03/21	820,823,000	ARS	5,964,086
16.00%, 10/17/23	844,288,000	ARS	4,236,420
senior note, 15.50%, 10/17/26	1,668,306,000	ARS	5,998,914
^{a,c} Government of Argentina, FRN, 26.415%, (ARS Badlar + 2.00%), 4/03/22	24,036,000	ARS	217,324
			<u>44,995,554</u>
Brazil 6.9%			
Letra Tesouro Nacional,			
Strip, 7/01/20	719,675 ^d	BRL	132,360,143
Strip, 4/01/21	25,610 ^d	BRL	4,635,595
Strip, 7/01/21	34,210 ^d	BRL	6,147,342
Nota do Tesouro Nacional, 10.00%, 1/01/21	117,516 ^d	BRL	22,438,395
			<u>165,581,475</u>
Colombia 1.6%			
Government of Colombia,			
senior bond, 7.75%, 4/14/21	2,386,000,000	COP	652,155
senior bond, 4.375%, 3/21/23	362,000,000	COP	96,872
senior bond, 9.85%, 6/28/27	576,000,000	COP	193,733
Titulos de Tesoreria,			
senior bond, B, 11.00%, 7/24/20	9,167,000,000	COP	2,451,055
senior bond, B, 7.00%, 5/04/22	10,237,000,000	COP	2,913,236
senior bond, B, 10.00%, 7/24/24	40,977,000,000	COP	13,432,810
senior bond, B, 7.50%, 8/26/26	35,134,200,000	COP	10,655,342
senior bond, B, 6.00%, 4/28/28	29,113,600,000	COP	7,889,794
			<u>38,284,997</u>
Ghana 1.6%			
Government of Ghana,			
24.75%, 3/01/21	690,000	GHS	125,135
16.25%, 5/17/21	7,250,000	GHS	1,245,419
24.50%, 6/21/21	80,000	GHS	14,686
24.75%, 7/19/21	1,190,000	GHS	219,100
18.75%, 1/24/22	26,840,000	GHS	4,704,739
17.60%, 11/28/22	370,000	GHS	63,366
19.75%, 3/25/24	26,840,000	GHS	4,730,705
19.00%, 11/02/26	80,510,000	GHS	12,903,808
senior bond, 19.75%, 3/15/32	80,510,000	GHS	13,008,949
senior note, 18.25%, 9/21/20	480,000	GHS	83,850
senior note, 16.50%, 3/22/21	1,730,000	GHS	298,706
			<u>37,398,463</u>

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
India 2.8%			
Government of India,			
senior bond, 8.20%, 2/15/22	500,000,000	INR \$	7,030,227
senior bond, 8.35%, 5/14/22	212,700,000	INR	2,981,170
senior note, 8.79%, 11/08/21	653,000,000	INR	9,171,674
senior note, 8.15%, 6/11/22	1,621,000,000	INR	22,990,586
senior note, 6.84%, 12/19/22	98,000,000	INR	1,376,372
senior note, 7.16%, 5/20/23	133,700,000	INR	1,894,284
senior note, 8.83%, 11/25/23	1,468,100,000	INR	21,780,740
			<u>67,225,053</u>
Indonesia 4.2%			
Government of Indonesia,			
senior bond, FR34, 12.80%, 6/15/21	324,406,000,000	IDR	24,453,919
senior bond, FR35, 12.90%, 6/15/22	71,229,000,000	IDR	5,664,842
senior bond, FR39, 11.75%, 8/15/23	5,491,000,000	IDR	445,598
senior bond, FR40, 11.00%, 9/15/25	46,856,000,000	IDR	3,898,368
senior bond, FR43, 10.25%, 7/15/22	147,832,000,000	IDR	11,280,040
senior bond, FR44, 10.00%, 9/15/24	4,454,000,000	IDR	353,070
senior bond, FR46, 9.50%, 7/15/23	226,780,000,000	IDR	17,380,374
senior bond, FR61, 7.00%, 5/15/22	244,849,000,000	IDR	17,597,175
senior bond, FR63, 5.625%, 5/15/23	258,951,000,000	IDR	17,962,162
senior bond, FR70, 8.375%, 3/15/24	32,315,000,000	IDR	2,415,407
			<u>101,450,955</u>
Mexico 13.7%			
Government of Mexico,			
senior bond, M, 6.50%, 6/10/21	18,568,200 ^e	MXN	82,125,630
senior bond, M, 6.50%, 6/09/22	21,479,940 ^e	MXN	96,690,517
senior bond, M, 6.75%, 3/09/23	2,291,440 ^e	MXN	10,491,439
senior bond, M, 8.00%, 12/07/23	8,364,900 ^e	MXN	40,141,108
senior note, M, 7.25%, 12/09/21	21,545,600 ^e	MXN	97,115,742
^f Mexican Udibonos, Index Linked, 2.50%, 12/10/20	392,943 ^g	MXN	1,722,665
			<u>328,287,101</u>
Norway 4.9%			
^{h,j} Government of Norway,			
144A, Reg S, 3.75%, 5/25/21	335,990,000	NOK	36,067,133
144A, Reg S, 2.00%, 5/24/23	315,007,000	NOK	34,443,753
144A, Reg S, 3.00%, 3/14/24	265,052,000	NOK	30,365,034
144A, Reg S, 1.75%, 3/13/25	89,312,000	NOK	9,912,855
144A, Reg S, 1.50%, 2/19/26	52,969,000	NOK	5,854,514
			<u>116,643,289</u>
South Korea 9.8%			
Korea Treasury Bond,			
senior note, 3.00%, 3/10/23	3,919,000,000	KRW	3,452,698
senior note, 2.25%, 9/10/23	88,312,000,000	KRW	76,685,619
senior note, 1.875%, 3/10/24	33,811,000,000	KRW	29,095,346
senior note, 1.375%, 9/10/24	75,881,910,000	KRW	64,103,846

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
South Korea (continued)			
Korea Treasury Bond, (continued)			
senior note, 3.00%, 9/10/24	18,500,000,000	KRW \$	16,655,382
senior note, 1.375%, 12/10/29	53,382,000,000	KRW	44,517,796
			<u>234,510,687</u>
^j Supranational 0.4%			
Inter-American Development Bank, senior bond, 7.50%, 12/05/24	200,000,000	MXN	<u>9,382,165</u>
Total Foreign Government and Agency Securities (Cost \$1,438,265,663)			<u>1,143,759,739</u>
U.S. Government and Agency Securities 20.3%			
United States 20.3%			
U.S. Treasury Note,			
1.125%, 9/30/21	3,497,000		3,538,392
1.50%, 9/30/21	15,768,000		16,030,389
2.125%, 12/31/21	3,953,000		4,069,042
1.50%, 10/31/24	64,160,000		67,642,434
1.50%, 11/30/24	50,420,000		53,199,009
1.75%, 12/31/24	22,672,000		24,192,618
2.00%, 2/15/25	49,140,000		53,069,281
2.125%, 5/15/25	58,760,000		63,994,460
2.875%, 5/31/25	76,680,000		86,356,357
2.625%, 12/31/25	44,803,000		50,361,372
1.625%, 2/15/26	24,220,000		25,916,819
2.125%, 5/31/26	11,063,000		12,185,722
1.625%, 10/31/26	24,220,000		<u>26,023,255</u>
Total U.S. Government and Agency Securities (Cost \$465,062,407)			<u>486,579,150</u>
	Number of Contracts	Notional Amount#	
Options Purchased 1.5%			
Calls - Over-the-Counter			
Currency Options 1.1%			
AUD/JPY, Counterparty CITI, September Strike Price 79.45 JPY, Expires 9/11/20	1	19,760,000 AUD	38,694
AUD/JPY, Counterparty CITI, October Strike Price 77.95 JPY, Expires 10/22/20	1	39,519,000 AUD	252,366
AUD/JPY, Counterparty CITI, October Strike Price 79.00 JPY, Expires 10/29/20	1	16,302,000 AUD	75,702
AUD/JPY, Counterparty CITI, November Strike Price 84.33 JPY, Expires 11/12/20	1	8,878,000 AUD	7,663
AUD/JPY, Counterparty CITI, December Strike Price 82.15 JPY, Expires 12/21/20	1	35,514,000 AUD	86,477
AUD/JPY, Counterparty CITI, January Strike Price 79.00 JPY, Expires 1/22/21	1	26,674,000 AUD	212,247
AUD/JPY, Counterparty CITI, April Strike Price 72.90 JPY, Expires 4/29/21	1	15,018,000 AUD	563,529
AUD/JPY, Counterparty CITI, April Strike Price 81.00 JPY, Expires 4/29/21	1	19,266,000 AUD	125,770

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount#	Value
Options Purchased (continued)			
Calls - Over-the-Counter (continued)			
Currency Options (continued)			
AUD/JPY, Counterparty CITI, June Strike Price 81.00 JPY, Expires 6/21/21 . . .	1	29,640,000 AUD \$	237,648
AUD/USD, Counterparty HSBK, January Strike Price \$0.71, Expires 1/22/21 . .	1	7,904,000 AUD	121,019
AUD/USD, Counterparty HSBK, February Strike Price \$0.75, Expires 2/08/21. .	1	15,808,000 AUD	78,589
AUD/USD, Counterparty HSBK, February Strike Price \$0.74, Expires 2/10/21. .	1	18,969,000 AUD	111,306
AUD/USD, Counterparty MSCO, October Strike Price \$0.75, Expires 10/28/20 .	1	7,904,000 AUD	12,838
AUD/USD, Counterparty MSCO, May Strike Price \$0.77, Expires 5/12/21	1	21,309,000 AUD	94,880
USD/JPY, Counterparty CITI, September Strike Price 112.24 JPY, Expires 9/22/20	1	38,210,000	48,909
USD/JPY, Counterparty CITI, February Strike Price 115.00 JPY, Expires 2/24/21	1	98,607,000	261,309
USD/MXN, Counterparty CITI, July Strike Price 21.03 MXN, Expires 7/30/20 . .	1	12,204,000	1,096,297
USD/MXN, Counterparty CITI, September Strike Price 21.94 MXN, Expires 9/03/20	1	3,050,000	187,846
USD/MXN, Counterparty CITI, September Strike Price 23.21 MXN, Expires 9/03/20	1	6,941,000	203,836
USD/MXN, Counterparty CITI, September Strike Price 23.34 MXN, Expires 9/03/20	1	4,083,000	107,534
USD/MXN, Counterparty CITI, September Strike Price 31.04 MXN, Expires 9/03/20	1	11,917,000	7,734
USD/MXN, Counterparty CITI, September Strike Price 21.91 MXN, Expires 9/08/20	1	21,237,000	1,351,289
USD/MXN, Counterparty CITI, September Strike Price 27.34 MXN, Expires 9/24/20	1	37,848,000	158,394
USD/MXN, Counterparty CITI, November Strike Price 26.72 MXN, Expires 11/09/20	1	34,941,000	368,313
USD/MXN, Counterparty CITI, December Strike Price 23.97 MXN, Expires 12/07/20	1	26,279,000	912,249
USD/MXN, Counterparty CITI, February Strike Price 25.49 MXN, Expires 2/11/21	1	49,104,000	1,351,244
USD/MXN, Counterparty CITI, March Strike Price 24.62 MXN, Expires 3/24/21	1	22,167,000	897,564
USD/MXN, Counterparty CITI, April Strike Price 23.75 MXN, Expires 4/09/21. .	1	11,742,000	649,943
USD/MXN, Counterparty CITI, April Strike Price 25.48 MXN, Expires 4/09/21. .	1	22,442,000	751,964
USD/MXN, Counterparty CITI, April Strike Price 27.45 MXN, Expires 4/28/21. .	1	69,992,000	1,538,634
USD/MXN, Counterparty CITI, June Strike Price 26.09 MXN, Expires 6/18/21. .	1	23,833,000	831,295
USD/MXN, Counterparty CITI, June Strike Price 24.81 MXN, Expires 6/30/21. .	1	35,754,000	1,857,134
USD/MXN, Counterparty CITI, December Strike Price 29.73 MXN, Expires 12/07/21	1	31,535,000	880,552
USD/MXN, Counterparty GSCO, July Strike Price 20.00 MXN, Expires 7/31/20.	1	11,665,000	1,560,649
USD/MXN, Counterparty GSCO, July Strike Price 24.18 MXN, Expires 7/31/20.	1	11,665,000	96,330
USD/MXN, Counterparty GSCO, March Strike Price 20.62 MXN, Expires 3/03/21	1	7,624,000	1,029,263
USD/MXN, Counterparty GSCO, June Strike Price 22.83 MXN, Expires 6/09/21	1	7,291,000	589,543
USD/MXN, Counterparty JPHQ, July Strike Price 20.90 MXN, Expires 7/27/20 .	1	12,571,000	1,187,809
USD/MXN, Counterparty JPHQ, September Strike Price 23.25 MXN, Expires 9/22/20	1	16,908,000	539,686
USD/MXN, Counterparty JPHQ, December Strike Price 22.30 MXN, Expires 12/04/20	1	25,925,000	1,763,263

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount#		Value
Options Purchased (continued)				
Calls - Over-the-Counter (continued)				
Currency Options (continued)				
USD/MXN, Counterparty JPHQ, December Strike Price 23.25 MXN, Expires 12/23/20	1	19,020,000	\$	935,366
USD/MXN, Counterparty MSCO, September Strike Price 22.82 MXN, Expires 9/02/20	1	24,211,000		876,172
USD/MXN, Counterparty MSCO, September Strike Price 25.02 MXN, Expires 9/02/20	1	8,051,000		72,829
USD/MXN, Counterparty MSCO, March Strike Price 28.75 MXN, Expires 3/30/21	1	49,338,000		711,553
				24,843,231
Puts - Over-the-Counter				
Currency Options 0.4%				
AUD/JPY, Counterparty CITI, October Strike Price 67.10 JPY, Expires 10/29/20	1	43,471,000	AUD	222,503
AUD/JPY, Counterparty CITI, November Strike Price 66.78 JPY, Expires 11/12/20	1	4,439,000	AUD	24,534
AUD/JPY, Counterparty CITI, November Strike Price 69.18 JPY, Expires 11/12/20	1	2,664,000	AUD	22,227
AUD/JPY, Counterparty CITI, December Strike Price 65.85 JPY, Expires 12/21/20	1	17,757,000	AUD	113,604
AUD/JPY, Counterparty CITI, March Strike Price 68.50 JPY, Expires 3/24/21	1	17,783,000	AUD	242,657
AUD/JPY, Counterparty CITI, April Strike Price 71.00 JPY, Expires 4/29/21	1	51,376,000	AUD	1,075,146
AUD/JPY, Counterparty CITI, June Strike Price 58.95 JPY, Expires 6/21/21	1	39,520,000	AUD	261,235
AUD/JPY, Counterparty CITI, June Strike Price 71.44 JPY, Expires 6/21/21	1	39,520,000	AUD	981,077
AUD/JPY, Counterparty CITI, June Strike Price 69.20 JPY, Expires 6/24/21	1	31,616,000	AUD	615,271
AUD/USD, Counterparty HSBK, October Strike Price \$0.63, Expires 10/27/20	1	15,808,000	AUD	53,043
AUD/USD, Counterparty HSBK, January Strike Price \$0.61, Expires 1/22/21	1	24,503,000	AUD	123,743
AUD/USD, Counterparty HSBK, February Strike Price \$0.65, Expires 2/08/21	1	31,616,000	AUD	379,756
AUD/USD, Counterparty HSBK, February Strike Price \$0.65, Expires 2/10/21	1	37,939,000	AUD	404,658
AUD/USD, Counterparty HSBK, March Strike Price \$0.64, Expires 3/22/21	1	20,946,000	AUD	226,055
AUD/USD, Counterparty MSCO, October Strike Price \$0.67, Expires 10/28/20	1	15,808,000	AUD	157,145
AUD/USD, Counterparty MSCO, November Strike Price \$0.65, Expires 11/19/20	1	33,541,000	AUD	235,136
AUD/USD, Counterparty MSCO, December Strike Price \$0.65, Expires 12/18/20	1	28,653,000	AUD	269,058
USD/JPY, Counterparty CITI, September Strike Price 100.70 JPY, Expires 9/16/20	1	69,025,000		78,896
USD/JPY, Counterparty CITI, September Strike Price 106.75 JPY, Expires 9/22/20	1	76,420,000		630,771
USD/JPY, Counterparty CITI, October Strike Price 103.60 JPY, Expires 10/29/20	1	49,304,000		251,450
USD/JPY, Counterparty CITI, February Strike Price 105.70 JPY, Expires 2/24/21	1	49,303,000		869,951
USD/MXN, Counterparty CITI, September Strike Price 19.11 MXN, Expires 9/03/20	1	23,836,000		4,147
USD/MXN, Counterparty CITI, September Strike Price 21.33 MXN, Expires 9/03/20	1	35,756,000		125,361
USD/MXN, Counterparty CITI, September Strike Price 20.85 MXN, Expires 9/17/20	1	43,738,000		99,242

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount#	Value
Options Purchased (continued)			
Puts - Over-the-Counter (continued)			
Currency Options (continued)			
USD/MXN, Counterparty CITI, November Strike Price 22.45 MXN, Expires 11/09/20	1	17,471,000	\$ 352,093
USD/MXN, Counterparty CITI, February Strike Price 20.88 MXN, Expires 2/11/21	1	24,552,000	179,328
USD/MXN, Counterparty CITI, March Strike Price 20.66 MXN, Expires 3/24/21	1	10,516,000	72,287
USD/MXN, Counterparty CITI, April Strike Price 21.20 MXN, Expires 4/09/21 . .	1	24,495,000	272,139
USD/MXN, Counterparty GSCO, July Strike Price 20.83 MXN, Expires 7/31/20.	1	23,330,000	15,164
USD/MXN, Counterparty GSCO, July Strike Price 22.03 MXN, Expires 7/31/20.	1	10,459,000	54,565
USD/MXN, Counterparty GSCO, August Strike Price 22.45 MXN, Expires 8/31/20	1	8,163,000	113,433
USD/MXN, Counterparty GSCO, August Strike Price 20.30 MXN, Expires 8/31/20	1	8,730,000	6,713
USD/MXN, Counterparty GSCO, September Strike Price 23.73 MXN, Expires 9/30/20	1	23,330,000	1,012,755
USD/MXN, Counterparty GSCO, March Strike Price 18.65 MXN, Expires 3/03/21	1	7,624,000	8,325
USD/MXN, Counterparty GSCO, June Strike Price 22.83 MXN, Expires 6/09/21	1	7,291,000	254,711
USD/MXN, Counterparty MSCO, September Strike Price 20.11 MXN, Expires 9/02/20	1	24,211,000	15,447
USD/MXN, Counterparty MSCO, September Strike Price 20.64 MXN, Expires 9/10/20	1	14,301,000	22,495
USD/MXN, Counterparty MSCO, September Strike Price 20.13 MXN, Expires 9/22/20	1	25,142,000	24,061
USD/MXN, Counterparty MSCO, September Strike Price 22.46 MXN, Expires 9/22/20	1	7,678,000	124,645
			<u>9,994,827</u>
Total Options Purchased (Cost \$41,855,242)			<u>34,838,058</u>
Total Investments before Short Term Investments (Cost \$1,945,183,312)			<u>1,665,176,947</u>
		<u>Principal Amount*</u>	
Short Term Investments 30.8%			
Foreign Government and Agency Securities 7.4%			
Argentina 0.3%			
^{a,b} Argentina Treasury Bond BONCER, Index Linked, 1.10%, 4/17/21		279,926,000	ARS 2,724,843
^{a,b} Letras de la Nacion Argentina con Ajuste por CER, Index Linked, 0.00%, 12/04/20		345,512,200	ARS <u>3,401,141</u>
			<u>6,125,984</u>
Brazil 1.3%			
Letra Tesouro Nacional, Strip, 10/01/20		166,070 ^d	BRL <u>30,385,330</u>

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Short Term Investments (continued)			
Foreign Government and Agency Securities (continued)			
Japan 5.2%			
^k Japan Treasury Discount Bill,			
7/06/20	5,427,000,000	JPY \$	50,262,439
7/10/20 - 10/12/20	7,969,900,000	JPY	73,833,146
			<u>124,095,585</u>
Mexico 0.5%			
^k Mexico Treasury Bill, 7/16/20 - 10/22/20	28,120,440 ^l	MXN	12,128,917
Norway 0.1%			
^{h,i,k} Norway Treasury Bill, 144A, Reg S, 9/16/20	28,866,000	NOK	2,997,979
Total Foreign Government and Agency Securities (Cost \$177,699,512)			<u>175,733,795</u>
U.S. Government and Agency Securities 10.1%			
United States 10.1%			
^k U.S. Treasury Bill,			
7/16/20	64,460,000		64,457,213
8/06/20	113,820,000		113,806,626
9/10/20	64,460,000		64,444,427
Total U.S. Government and Agency Securities (Cost \$242,709,226)			<u>242,708,266</u>
Total Investments before Money Market Funds (Cost \$2,365,592,050)			<u>2,083,619,008</u>
		Shares	
Money Market Funds (Cost \$318,975,444) 13.3%			
United States 13.3%			
^{m,n} Institutional Fiduciary Trust Money Market Portfolio, 0.00%	318,975,444		<u>318,975,444</u>
Total Investments (Cost \$2,684,567,494) 100.4%			2,402,594,452
Options Written (1.3)%			(30,318,364)
Other Assets, less Liabilities 0.9%			<u>20,001,366</u>
Net Assets 100.0%			<u>\$2,392,277,454</u>
	Number of Contracts	Notional Amount#	
° Options Written (1.3)%			
Calls - Over-the-Counter			
Currency Options (0.8)%			
AUD/JPY, Counterparty CITI, September Strike Price 75.80 JPY, Expires 9/11/20	1	19,760,000	AUD (194,617)
AUD/JPY, Counterparty CITI, October Strike Price 71.60 JPY, Expires 10/29/20	1	32,603,000	AUD (1,231,052)
AUD/JPY, Counterparty CITI, December Strike Price 75.70 JPY, Expires 12/21/20	1	35,514,000	AUD (620,213)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount#	Value
^o Options Written (continued)			
Calls - Over-the-Counter (continued)			
Currency Options (continued)			
AUD/JPY, Counterparty CITI, January Strike Price 76.00 JPY, Expires 1/22/21	1	26,674,000 AUD	\$ (473,323)
AUD/JPY, Counterparty CITI, January Strike Price 76.95 JPY, Expires 1/22/21	1	31,616,000 AUD	(442,475)
AUD/JPY, Counterparty CITI, April Strike Price 71.75 JPY, Expires 4/29/21	1	38,532,000 AUD	(1,722,736)
AUD/JPY, Counterparty CITI, June Strike Price 78.00 JPY, Expires 6/21/21	1	29,640,000 AUD	(465,826)
AUD/USD, Counterparty HSBK, October Strike Price \$0.67, Expires 10/27/20	1	23,712,000 AUD	(760,734)
AUD/USD, Counterparty HSBK, November Strike Price \$0.71, Expires 11/05/20	1	11,838,000 AUD	(98,566)
AUD/USD, Counterparty HSBK, January Strike Price \$0.67, Expires 1/22/21	1	24,503,000 AUD	(823,222)
AUD/USD, Counterparty HSBK, February Strike Price \$0.69, Expires 2/08/21	1	15,808,000 AUD	(362,577)
AUD/USD, Counterparty HSBK, February Strike Price \$0.69, Expires 2/10/21	1	18,969,000 AUD	(496,831)
AUD/USD, Counterparty HSBK, May Strike Price \$0.78, Expires 5/05/21	1	19,730,000 AUD	(68,817)
AUD/USD, Counterparty MSCO, August Strike Price \$0.69, Expires 8/12/20	1	14,674,000 AUD	(121,400)
AUD/USD, Counterparty MSCO, August Strike Price \$0.70, Expires 8/12/20	1	10,236,000 AUD	(82,310)
AUD/USD, Counterparty MSCO, October Strike Price \$0.72, Expires 10/28/20	1	7,904,000 AUD	(45,577)
AUD/USD, Counterparty MSCO, May Strike Price \$0.74, Expires 5/12/21	1	42,617,000 AUD	(390,126)
USD/JPY, Counterparty CITI, September Strike Price 107.50 JPY, Expires 9/16/20	1	39,442,000	(529,351)
USD/JPY, Counterparty CITI, September Strike Price 108.77 JPY, Expires 9/22/20	1	76,420,000	(602,495)
USD/JPY, Counterparty CITI, February Strike Price 110.50 JPY, Expires 2/24/21	1	98,607,000	(1,020,583)
USD/MXN, Counterparty CITI, November Strike Price 31.74 MXN, Expires 11/09/20	1	17,471,000	(47,224)
USD/MXN, Counterparty CITI, December Strike Price 23.46 MXN, Expires 12/07/20	1	8,760,000	(373,623)
USD/MXN, Counterparty CITI, December Strike Price 25.43 MXN, Expires 12/07/20	1	8,760,000	(174,359)
USD/MXN, Counterparty CITI, February Strike Price 29.11 MXN, Expires 2/11/21	1	36,827,000	(398,137)
USD/MXN, Counterparty CITI, March Strike Price 25.87 MXN, Expires 3/24/21	1	17,883,000	(505,821)
USD/MXN, Counterparty CITI, March Strike Price 31.07 MXN, Expires 3/24/21	1	8,867,000	(77,125)
USD/MXN, Counterparty CITI, April Strike Price 27.24 MXN, Expires 4/09/21	1	22,442,000	(480,393)
USD/MXN, Counterparty CITI, June Strike Price 28.24 MXN, Expires 6/18/21	1	23,833,000	(522,086)
USD/MXN, Counterparty CITI, June Strike Price 28.40 MXN, Expires 6/30/21	1	23,836,000	(547,990)
USD/MXN, Counterparty CITI, December Strike Price 27.93 MXN, Expires 12/07/21	1	10,512,000	(394,105)
USD/MXN, Counterparty GSCO, July Strike Price 22.03 MXN, Expires 7/31/20	1	10,459,000	(534,675)
USD/MXN, Counterparty GSCO, July Strike Price 22.94 MXN, Expires 7/31/20	1	11,665,000	(291,613)
USD/MXN, Counterparty GSCO, July Strike Price 23.32 MXN, Expires 7/31/20	1	11,665,000	(209,585)
USD/MXN, Counterparty GSCO, August Strike Price 22.45 MXN, Expires 8/31/20	1	8,163,000	(368,037)
USD/MXN, Counterparty GSCO, August Strike Price 24.62 MXN, Expires 8/31/20	1	8,730,000	(96,702)
USD/MXN, Counterparty GSCO, June Strike Price 30.36 MXN, Expires 6/09/21	1	7,291,000	(104,524)
USD/MXN, Counterparty JPHQ, July Strike Price 22.30 MXN, Expires 7/27/20	1	12,571,000	(508,660)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount#	Value
Options Written (continued)			
Calls - Over-the-Counter (continued)			
Currency Options (continued)			
USD/MXN, Counterparty JPHQ, September Strike Price 24.90 MXN, Expires 9/22/20	1	8,454,000	\$ (107,873)
USD/MXN, Counterparty MSCO, September Strike Price 23.31 MXN, Expires 9/02/20	1	24,211,000	(640,526)
USD/MXN, Counterparty MSCO, September Strike Price 22.46 MXN, Expires 9/10/20	1	4,767,000	(225,803)
USD/MXN, Counterparty MSCO, September Strike Price 22.46 MXN, Expires 9/22/20	1	7,678,000	(380,645)
USD/MXN, Counterparty MSCO, March Strike Price 34.23 MXN, Expires 3/30/21	1	32,892,000	(178,242)
			<u>(17,720,579)</u>
Puts - Over-the-Counter			
Currency Options (0.5)%			
AUD/JPY, Counterparty CITI, October Strike Price 62.80 JPY, Expires 10/29/20	1	21,735,000	AUD (53,375)
AUD/JPY, Counterparty CITI, April Strike Price 66.00 JPY, Expires 4/29/21	1	25,688,000	AUD (297,970)
AUD/JPY, Counterparty CITI, April Strike Price 72.90 JPY, Expires 4/29/21	1	15,018,000	AUD (397,451)
AUD/JPY, Counterparty CITI, June Strike Price 64.86 JPY, Expires 6/21/21	1	59,280,000	AUD (716,256)
AUD/USD, Counterparty HSBK, January Strike Price \$0.52, Expires 1/22/21	1	11,856,000	AUD (11,502)
AUD/USD, Counterparty HSBK, January Strike Price \$0.63, Expires 1/27/21	1	10,457,000	AUD (68,315)
AUD/USD, Counterparty HSBK, March Strike Price \$0.59, Expires 3/22/21	1	8,497,000	AUD (33,683)
AUD/USD, Counterparty MSCO, August Strike Price \$0.63, Expires 8/12/20	1	10,482,000	AUD (8,108)
AUD/USD, Counterparty MSCO, August Strike Price \$0.64, Expires 8/12/20	1	8,386,000	AUD (9,524)
AUD/USD, Counterparty MSCO, August Strike Price \$0.68, Expires 8/12/20	1	10,276,000	AUD (61,502)
USD/JPY, Counterparty CITI, September Strike Price 89.80 JPY, Expires 9/16/20	1	34,512,000	(3,555)
USD/JPY, Counterparty CITI, September Strike Price 102.25 JPY, Expires 9/22/20	1	38,210,000	(76,917)
USD/JPY, Counterparty CITI, October Strike Price 106.00 JPY, Expires 10/29/20	1	49,304,000	(458,034)
USD/MXN, Counterparty CITI, July Strike Price 23.10 MXN, Expires 7/30/20	1	8,749,000	(184,455)
USD/MXN, Counterparty CITI, September Strike Price 22.93 MXN, Expires 9/03/20	1	23,838,000	(549,895)
USD/MXN, Counterparty CITI, September Strike Price 23.21 MXN, Expires 9/03/20	1	6,941,000	(203,836)
USD/MXN, Counterparty CITI, September Strike Price 23.34 MXN, Expires 9/03/20	1	4,083,000	(134,323)
USD/MXN, Counterparty CITI, September Strike Price 21.91 MXN, Expires 9/08/20	1	21,237,000	(169,259)
USD/MXN, Counterparty CITI, September Strike Price 20.06 MXN, Expires 9/17/20	1	21,869,000	(17,714)
USD/MXN, Counterparty CITI, September Strike Price 22.40 MXN, Expires 9/17/20	1	21,869,000	(321,124)
USD/MXN, Counterparty CITI, September Strike Price 24.20 MXN, Expires 9/24/20	1	10,516,000	(630,907)
USD/MXN, Counterparty CITI, November Strike Price 23.88 MXN, Expires 11/09/20	1	34,941,000	(1,868,819)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount#	Value
^o Options Written (continued)			
Puts - Over-the-Counter (continued)			
Currency Options (continued)			
USD/MXN, Counterparty CITI, February Strike Price 22.92 MXN, Expires 2/11/21	1	36,827,000	\$ (1,241,328)
USD/MXN, Counterparty CITI, April Strike Price 22.71 MXN, Expires 4/09/21 . .	1	24,495,000	(767,306)
USD/MXN, Counterparty CITI, April Strike Price 23.02 MXN, Expires 4/28/21 . .	1	34,996,000	(1,328,623)
USD/MXN, Counterparty CITI, June Strike Price 20.24 MXN, Expires 6/30/21 . .	1	11,918,000	(74,523)
USD/MXN, Counterparty GSCO, August Strike Price 21.54 MXN, Expires 8/31/20	1	8,730,000	(38,648)
USD/MXN, Counterparty GSCO, September Strike Price 22.40 MXN, Expires 9/30/20	1	46,660,000	(670,971)
USD/MXN, Counterparty GSCO, March Strike Price 19.80 MXN, Expires 3/03/21	1	7,624,000	(23,070)
USD/MXN, Counterparty GSCO, June Strike Price 19.61 MXN, Expires 6/09/21	1	7,291,000	(28,260)
USD/MXN, Counterparty JPHQ, December Strike Price 22.30 MXN, Expires 12/04/20	1	25,925,000	(498,615)
USD/MXN, Counterparty JPHQ, December Strike Price 23.25 MXN, Expires 12/23/20	1	19,020,000	(743,454)
USD/MXN, Counterparty MSCO, September Strike Price 21.23 MXN, Expires 9/02/20	1	18,669,000	(56,436)
USD/MXN, Counterparty MSCO, September Strike Price 21.50 MXN, Expires 9/10/20	1	14,301,000	(69,203)
USD/MXN, Counterparty MSCO, September Strike Price 21.68 MXN, Expires 9/22/20	1	25,142,000	(171,418)
USD/MXN, Counterparty MSCO, March Strike Price 23.03 MXN, Expires 3/30/21	1	16,446,000	(609,406)
			<u>(12,597,785)</u>
Total Options Written (Premiums received \$27,270,984)			<u>(30,318,364)</u>

Templeton Global Bond VIP Fund (continued)

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

#Notional amount is the number of units specified in the contract, and can include currency units, bushels, shares, pounds, barrels or other units. Currency units are stated in U.S. dollars unless otherwise indicated.

^aSecurities denominated in Argentine Peso have been designated as Level 3 investments. See Note 12 regarding fair value measurements.

^bRedemption price at maturity is adjusted for inflation. See Note 1(g).

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

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

^ePrincipal amount is stated in 100 Mexican Peso Units.

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

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

^hSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. At June 30, 2020, the aggregate value of these securities was \$119,641,268, representing 5.0% of net assets.

ⁱSecurity was purchased pursuant to Regulation S under the Securities Act of 1933, which exempts from registration securities offered and sold outside of the United States. Such a security cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At June 30, 2020, the aggregate value of these securities was \$119,641,268, representing 5.0% of net assets.

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

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

^lPrincipal amount is stated in 10 Mexican Peso Units.

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

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

^oSee Note 1(c) regarding written options.

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

Forward Exchange Contracts

Currency	Counterparty ^a	Type	Quantity	Contract Amount [*]	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Brazilian Real	CITI	Buy	107,801,461	19,885,899	7/02/20	\$ —	\$ (59,590)
Brazilian Real	CITI	Buy	206,375,000	36,375,253	7/02/20	—	(2,910,504)
Brazilian Real	CITI	Sell	42,892,761	7,406,375	7/02/20	—	(482,249)
Brazilian Real	CITI	Sell	64,908,700	12,516,622	7/02/20	578,936	—
Brazilian Real	CITI	Sell	206,375,000	33,607,185	7/02/20	—	(199,298)
Brazilian Real	HSBK	Buy	93,532,700	17,146,233	7/02/20	55,837	—
Brazilian Real	HSBK	Sell	93,532,700	18,459,843	7/02/20	1,257,773	—
Brazilian Real	JPHQ	Buy	147,867,600	27,251,677	7/02/20	—	(56,602)
Brazilian Real	JPHQ	Sell	147,867,600	29,149,224	7/02/20	1,954,148	—
South Korean Won	DBAB	Sell	13,919,000,000	11,570,241	7/06/20	—	(33,161)
Brazilian Real	JPHQ	Sell	147,867,600	27,241,134	7/09/20	54,692	—
Australian Dollar	HSBK	Sell	14,684,959	1,102,253,022	7/13/20	76,121	—
Australian Dollar	JPHQ	Sell	22,450,754	1,688,925,318	7/13/20	151,313	—
Australian Dollar	JPHQ	Sell	25,330,000	1,891,479,755	7/14/20	40,658	—
Brazilian Real	CITI	Sell	107,801,461	19,875,267	7/15/20	60,643	—
Brazilian Real	HSBK	Sell	93,532,700	17,138,064	7/15/20	—	(53,867)
Swedish Krona	DBAB	Buy	416,064,650	38,822,999	7/15/20	1,024,135	—
Norwegian Krone	JPHQ	Buy	198,445,700	18,305,288	7/16/20	51,432	—
South Korean Won	HSBK	Sell	13,984,825,441	12,171,831	7/17/20	512,165	—
Euro	UBSW	Buy	1,922,305	2,166,765	7/23/20	—	(6,025)
Euro	UBSW	Sell	1,922,305	2,182,681	7/23/20	21,942	—
South Korean Won	HSBK	Sell	39,774,174,559	32,296,029	7/28/20	—	(869,126)
South Korean Won	HSBK	Sell	24,029,880,977	19,597,032	7/29/20	—	(440,175)
Euro	CITI	Sell	40,213,773	4,737,280,517	7/31/20	—	(1,318,635)

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount [*]	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Brazilian Real	CITI	Sell	42,960,900	7,406,375	8/04/20	\$ —	\$ (483,054)
Brazilian Real	HSBK	Sell	40,142,900	7,652,972	8/04/20	281,046	—
Brazilian Real	HSBK	Sell	54,206,239	9,497,869	8/04/20	—	(456,677)
Brazilian Real	JPHQ	Sell	193,543,900	38,701,031	8/04/20	3,158,227	—
South Korean Won	DBAB	Sell	13,920,000,000	11,743,862	8/07/20	137,240	—
Swiss Franc	UBSW	Buy	8,689,106	8,259,018	EUR 8/10/20	—	(104,649)
Swiss Franc	UBSW	Buy	34,756,424	32,085,555	EUR 8/10/20	650,254	—
South Korean Won	HSBK	Sell	75,818,000,000	62,145,902	8/11/20	—	(1,070,112)
Swiss Franc	GSCO	Buy	34,110,076	31,546,498	EUR 8/12/20	573,953	—
Swedish Krona	DBAB	Buy	416,064,600	39,213,964	EUR 8/13/20	571,158	—
Swiss Franc	GSCO	Buy	17,055,038	16,229,755	EUR 8/13/20	—	(226,249)
Euro	HSBK	Buy	1,800,000	2,035,908	8/14/20	—	(11,642)
Euro	HSBK	Sell	1,800,000	1,961,352	8/14/20	—	(62,914)
Australian Dollar	JPHQ	Sell	45,472,501	3,268,860,463	JPY 8/21/20	—	(1,093,242)
Australian Dollar	CITI	Sell	35,607,467	2,527,369,963	JPY 8/24/20	—	(1,154,961)
Australian Dollar	JPHQ	Sell	52,305,500	3,724,936,182	JPY 8/24/20	—	(1,582,003)
Euro	HSBK	Sell	50,507,118	5,965,867,876	JPY 8/24/20	—	(1,520,739)
Australian Dollar	JPHQ	Sell	52,305,500	3,860,368,198	JPY 8/25/20	—	(326,463)
Euro	HSBK	Sell	25,253,559	3,061,640,442	JPY 8/25/20	—	(31,181)
Australian Dollar	CITI	Sell	3,372,533	239,109,190	JPY 8/26/20	—	(111,836)
Indian Rupee	HSBK	Sell	640,300,000	8,350,069	8/26/20	—	(73,989)
Japanese Yen	JPHQ	Buy	2,297,117,500	21,362,275	8/26/20	—	(72,169)
Indian Rupee	SCNY	Sell	945,558,000	12,949,745	8/27/20	510,975	—
Japanese Yen	JPHQ	Buy	2,297,161,600	20,973,377	8/27/20	317,401	—
Indian Rupee	SCNY	Sell	1,135,539,000	15,483,004	8/28/20	546,713	—
Euro	BOFA	Buy	27,627,938	31,263,775	8/31/20	—	(182,138)
Euro	BOFA	Sell	27,627,938	30,471,129	8/31/20	—	(610,508)
Japanese Yen	CITI	Buy	2,796,566,000	27,059,295	8/31/20	—	(1,138,357)
Brazilian Real	CITI	Sell	69,291,613	12,956,062	9/02/20	246,708	—
Brazilian Real	CITI	Sell	104,390,000	18,621,110	9/02/20	—	(525,933)
Brazilian Real	HSBK	Sell	67,353,775	11,574,031	9/02/20	—	(779,890)
Indian Rupee	SCNY	Sell	2,362,358,000	30,773,494	9/03/20	—	(278,227)
Euro	JPHQ	Buy	6,775,311	7,663,872	9/04/20	—	(40,886)
Euro	JPHQ	Sell	6,775,311	7,582,149	9/04/20	—	(40,837)
Euro	SCNY	Buy	17,972,751	20,343,510	9/08/20	—	(120,260)
Euro	SCNY	Sell	17,972,751	20,208,741	9/08/20	—	(14,508)
South Korean Won	GSCO	Sell	44,346,000,000	36,942,686	9/09/20	—	(38,782)
Australian Dollar	CITI	Sell	23,089,500	1,766,923,987	JPY 9/10/20	441,955	—
Australian Dollar	HSBK	Sell	14,685,041	1,101,157,799	JPY 9/11/20	71,600	—
Australian Dollar	HSBK	Sell	19,340,000	1,310,343,020	JPY 9/14/20	—	(1,201,770)
Australian Dollar	JPHQ	Sell	22,449,246	1,687,049,615	JPY 9/14/20	144,447	—
Australian Dollar	JPHQ	Sell	22,880,000	1,553,370,104	JPY 9/14/20	—	(1,392,247)
Swedish Krona	DBAB	Buy	208,032,350	19,832,248	EUR 9/15/20	24,764	—
Australian Dollar	HSBK	Sell	81,620,000	6,022,698,990	JPY 9/16/20	—	(502,144)
Norwegian Krone	JPHQ	Buy	198,445,700	18,283,198	EUR 9/16/20	51,923	—
Swedish Krona	DBAB	Buy	208,032,400	19,801,766	EUR 9/16/20	58,836	—

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount [*]	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Australian Dollar	HSBK	Sell	9,830,000	716,970,710	JPY 9/17/20	\$ —	\$ (138,064)
Norwegian Krone	JPHQ	Buy	177,591,200	19,683,519	9/21/20	—	(1,222,664)
Norwegian Krone	JPHQ	Buy	202,667,400	18,878,646	EUR 9/21/20	—	(181,455)
South Korean Won	CITI	Sell	4,215,000,000	3,491,406	9/22/20	—	(24,836)
Japanese Yen	JPHQ	Buy	1,180,260,000	11,065,422	9/23/20	—	(121,458)
Japanese Yen	BNDP	Buy	2,244,657,680	21,028,125	9/24/20	—	(214,173)
Euro	HSBK	Sell	25,254,215	3,044,092,592	JPY 9/25/20	—	(200,417)
Euro	CITI	Sell	74,682,227	8,935,683,733	JPY 9/30/20	—	(1,210,326)
Norwegian Krone	JPHQ	Buy	230,077,650	21,080,208	EUR 9/30/20	185,504	—
Brazilian Real	HSBK	Sell	93,155,800	17,474,358	10/02/20	405,686	—
Brazilian Real	JPHQ	Sell	78,488,300	15,049,046	10/02/20	667,859	—
Euro	GSCO	Buy	17,044,025	19,273,383	10/05/20	—	(82,505)
Euro	GSCO	Sell	17,044,025	19,070,901	10/05/20	—	(119,978)
South Korean Won	HSBK	Sell	42,561,000,000	34,840,373	10/07/20	—	(674,717)
Mexican Peso	CITI	Sell	157,383,000	6,167,287	10/08/20	—	(592,506)
Mexican Peso	CITI	Sell	161,485,000	7,836,491	10/08/20	900,512	—
Mexican Peso	CITI	Sell	121,288,000	5,877,353	10/09/20	668,505	—
Euro	HSBK	Buy	33,800,018	38,282,239	10/13/20	—	(216,395)
Euro	HSBK	Sell	33,800,018	37,982,433	10/13/20	—	(83,411)
Mexican Peso	CITI	Sell	404,375,000	19,555,619	10/13/20	2,197,551	—
Mexican Peso	CITI	Sell	595,223,000	28,888,991	10/15/20	3,344,724	—
Euro	BOFA	Buy	3,900,000	4,416,052	10/16/20	—	(23,478)
Euro	BOFA	Sell	5,251,819	5,944,009	10/16/20	28,880	—
Euro	HSBK	Buy	5,439,447	6,119,357	10/16/20	7,097	—
Euro	HSBK	Sell	8,692,000	9,833,042	10/16/20	43,234	—
Mexican Peso	CITI	Sell	545,017,000	26,695,974	10/16/20	3,309,103	—
South Korean Won	HSBK	Sell	7,007,000,000	5,737,799	10/20/20	—	(110,175)
Japanese Yen	BNDP	Buy	8,410,370,000	77,686,199	10/26/20	358,041	—
Euro	BOFA	Buy	11,635,109	13,192,189	10/30/20	—	(82,491)
Euro	BOFA	Buy	15,750,554	17,727,720	10/30/20	18,997	—
Euro	BOFA	Sell	27,385,662	29,817,509	10/30/20	—	(1,038,906)
Euro	HSBK	Buy	25,974,891	29,458,291	10/30/20	—	(191,443)
Euro	HSBK	Sell	25,974,891	28,262,500	10/30/20	—	(1,004,348)
Japanese Yen	CITI	Buy	1,511,588,790	14,131,356	10/30/20	—	(103,184)
Japanese Yen	JPHQ	Buy	4,187,000,000	39,263,309	10/30/20	—	(406,210)
Brazilian Real	CITI	Sell	177,213,700	32,316,503	11/04/20	—	(119,209)
Swiss Franc	UBSW	Buy	8,689,106	8,265,853	EUR 11/09/20	—	(105,630)
Swiss Franc	UBSW	Buy	17,378,212	15,853,718	EUR 11/09/20	552,865	—
Swiss Franc	GSCO	Buy	17,055,038	15,564,006	EUR 11/12/20	537,363	—
Japanese Yen	CITI	Buy	727,486,679	6,790,754	11/16/20	—	(36,621)
Euro	BOFA	Sell	10,878,191	11,840,584	11/20/20	—	(423,373)
Euro	GSCO	Sell	1,898,500	2,069,593	11/20/20	—	(70,756)
Euro	BOFA	Sell	7,066,000	7,766,311	11/23/20	—	(200,483)
Euro	GSCO	Sell	1,230,811	1,350,975	11/23/20	—	(36,743)
Euro	JPHQ	Buy	18,850,000	21,264,308	11/23/20	—	(11,256)
Euro	JPHQ	Sell	48,239,690	53,079,523	11/23/20	—	(1,309,902)

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount [*]	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Australian Dollar	JPHQ	Sell	15,157,499	1,110,777,880	JPY 11/24/20	\$ —	\$ (147,965)
Euro	HSBK	Sell	25,253,559	2,982,874,592	JPY 11/24/20	—	(774,817)
Euro	MSCO	Sell	30,744,500	33,641,247	11/27/20	—	(1,026,480)
Japanese Yen	MSCO	Buy	12,189,000,000	115,214,473	12/18/20	—	(1,962,391)
Japanese Yen	JPHQ	Buy	1,180,260,000	11,082,774	12/22/20	—	(115,529)
Japanese Yen	BNDP	Buy	2,244,657,680	21,061,272	12/24/20	—	(202,400)
Japanese Yen	CITI	Buy	4,212,680,000	39,535,263	12/24/20	—	(388,202)
Euro	CITI	Sell	33,700,000	37,987,988	1/04/21	—	(50,894)
Mexican Peso	CITI	Sell	539,656,000	23,963,623	3/11/21	1,200,531	—
Total Forward Exchange Contracts						\$ 28,053,447	\$ (36,703,390)
Net unrealized appreciation (depreciation)							\$ (8,649,943)

*In U.S. dollars unless otherwise indicated.

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

See Note 10 regarding other derivative information.

See Abbreviations on page TGB-40.

Statement of Assets and Liabilities

June 30, 2020 (unaudited)

	Templeton Global Bond VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$2,365,592,050
Cost - Non-controlled affiliates (Note 3e)	318,975,444
Value - Unaffiliated issuers	\$2,083,619,008
Value - Non-controlled affiliates (Note 3e)	318,975,444
Restricted cash for OTC derivative contracts (Note 1d)	11,409,000
Restricted currency, at value (cost \$84,852) (Note 1e)	91,508
Foreign currency, at value (cost \$1,448,101)	1,412,177
Receivables:	
Investment securities sold	8,539,316
Capital shares sold	3,671,185
Interest	12,967,979
Deposits with brokers for:	
OTC derivative contracts	13,018,000
Unrealized appreciation on OTC forward exchange contracts	28,053,447
Other assets	2,208
Total assets	<u>2,481,759,272</u>
Liabilities:	
Payables:	
Investment securities purchased	7,067,962
Capital shares redeemed	446,814
Management fees	840,842
Distribution fees	443,513
Trustees' fees and expenses	1,030
Deposits from brokers for:	
OTC derivative contracts	11,409,000
Options written, at value (premiums received \$27,270,984)	30,318,364
Unrealized depreciation on OTC forward exchange contracts	36,703,390
Deferred tax	916,073
Accrued expenses and other liabilities	1,334,830
Total liabilities	<u>89,481,818</u>
Net assets, at value	<u>\$2,392,277,454</u>
Net assets consist of:	
Paid-in capital	\$2,865,789,115
Total distributable earnings (losses)	(473,511,661)
Net assets, at value	<u>\$2,392,277,454</u>

Statement of Assets and Liabilities (continued)

June 30, 2020 (unaudited)

	Templeton Global Bond VIP Fund
Class 1:	
Net assets, at value	\$ 255,387,738
Shares outstanding	17,644,597
Net asset value and maximum offering price per share	\$14.47
Class 2:	
Net assets, at value	\$2,060,001,073
Shares outstanding	149,131,897
Net asset value and maximum offering price per share	\$13.81
Class 4:	
Net assets, at value	\$ 76,888,643
Shares outstanding	5,425,612
Net asset value and maximum offering price per share	\$14.17

Statement of Operations

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

	Templeton Global Bond VIP Fund
Investment income:	
Dividends:	
Non-controlled affiliates (Note 3e)	\$ 1,688,573
Interest:(net of foreign taxes)~	
Unaffiliated issuers	52,385,893
Total investment income	<u>54,074,466</u>
Expenses:	
Management fees (Note 3a)	5,894,522
Distribution fees: (Note 3c)	
Class 2	2,753,167
Class 4	145,714
Custodian fees (Note 4)	413,940
Reports to shareholders	164,117
Professional fees	48,535
Trustees' fees and expenses	8,523
Other	65,559
Total expenses	9,494,077
Expense reductions (Note 4)	(234,633)
Expenses waived/paid by affiliates (Note 3e)	(839,756)
Net expenses	<u>8,419,688</u>
Net investment income	<u>45,654,778</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:#	
Unaffiliated issuers	(49,504,370)
Written options	(7,136,540)
Foreign currency transactions	(10,461,978)
Forward exchange contracts	17,116,778
Swap contracts	(117,098,171)
Net realized gain (loss)	<u>(167,084,281)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(60,372,744)
Translation of other assets and liabilities denominated in foreign currencies	(220,470)
Forward exchange contracts	27,429,748
Written options	(8,433,743)
Swap contracts	28,588,210
Change in deferred taxes on unrealized appreciation	164,682
Net change in unrealized appreciation (depreciation)	<u>(12,844,317)</u>
Net realized and unrealized gain (loss)	<u>(179,928,598)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$(134,273,820)</u>

~Foreign taxes withheld on interest \$ 1,390,733
#Net of foreign taxes \$ 446,028

Statements of Changes in Net Assets

	Templeton Global Bond VIP Fund	
	Six Months Ended June 30, 2020 (unaudited)	Year Ended December 31, 2019
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 45,654,778	\$ 143,948,395
Net realized gain (loss)	(167,084,281)	40,922,392
Net change in unrealized appreciation (depreciation)	(12,844,317)	(136,420,695)
Net increase (decrease) in net assets resulting from operations	(134,273,820)	48,450,092
Distributions to shareholders:		
Class 1	(22,007,754)	(22,427,340)
Class 2	(177,367,048)	(175,601,316)
Class 4	(6,339,040)	(6,224,019)
Total distributions to shareholders	(205,713,842)	(204,252,675)
Capital share transactions: (Note 2)		
Class 1	(30,908,254)	55,417,128
Class 2	(36,916,825)	(21,954,185)
Class 4	(2,586,311)	758,324
Total capital share transactions	(70,411,390)	34,221,267
Net increase (decrease) in net assets	(410,399,052)	(121,581,316)
Net assets:		
Beginning of period	2,802,676,506	2,924,257,822
End of period	\$2,392,277,454	\$2,802,676,506

Notes to Financial Statements (unaudited)

Templeton Global Bond VIP Fund

1. Organization and Significant Accounting Policies

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

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

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

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

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

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

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

b. Foreign Currency Translation

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

Templeton Global Bond VIP Fund (continued)

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

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

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

c. Derivative Financial Instruments

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

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of

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

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

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

The Fund entered into interest rate swap contracts primarily to manage interest rate risk. An interest rate swap is an agreement between the Fund and a counterparty to exchange cash flows based on the difference between two

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

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

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

See Note 10 regarding other derivative information.

d. Restricted Cash

At June 30, 2020, the Fund held restricted cash in connection with investments in certain derivative securities. Restricted cash is held in a segregated account with the Fund's custodian and is reflected in the Statement of Assets and Liabilities.

e. Restricted Currency

At June 30, 2020 the fund held currencies in certain markets in which the ability to repatriate such currency is limited. As a result of such limitations on repatriation, the Fund may incur substantial delays in gaining access to these assets and may be exposed to potential adverse movements in currency value.

f. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of 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.

g. Security Transactions, Investment Income, Expenses and Distributions

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

Templeton Global Bond VIP Fund (continued)

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, 2019	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	2,470,753	\$ 38,475,650	5,087,795	\$ 89,164,653
Shares issued in reinvestment of distributions	1,520,923	22,007,754	1,330,210	22,427,340
Shares redeemed	(5,755,199)	(91,391,658)	(3,257,868)	(56,174,865)
Net increase (decrease)	(1,763,523)	\$ (30,908,254)	3,160,137	\$ 55,417,128
Class 2 Shares:				
Shares sold	4,093,946	\$ 61,612,521	7,233,859	\$ 119,112,193
Shares issued in reinvestment of distributions	12,843,378	177,367,048	10,873,146	175,601,316
Shares redeemed	(18,006,272)	(275,896,394)	(19,122,225)	(316,667,694)
Net increase (decrease)	(1,068,948)	\$ (36,916,825)	(1,015,220)	\$ (21,954,185)

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

h. Accounting Estimates

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

i. Guarantees and Indemnifications

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

Templeton Global Bond VIP Fund (continued)

2. Shares of Beneficial Interest (continued)

	Six Months Ended June 30, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
Class 4 Shares:				
Shares sold	316,381	\$ 4,929,156	692,994	\$ 11,712,750
Shares issued in reinvestment of distributions	447,356	6,339,040	376,529	6,224,019
Shares redeemed	(885,254)	(13,854,507)	(1,010,027)	(17,178,445)
Net increase (decrease)	(121,517)	\$ (2,586,311)	59,496	\$ 758,324

3. Transactions with Affiliates

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

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

a. Management Fees

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

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

For the period ended June 30, 2020, the annualized gross effective investment management fee rate was 0.460% of the Fund's average daily net assets.

b. Administrative Fees

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

Templeton Global Bond VIP Fund (continued)

c. Distribution Fees

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

d. Transfer Agent Fees

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

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 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								
Institutional Fiduciary Trust Money Market Portfolio, 0.00%	\$691,092,548	\$336,305,086	\$(708,422,190)	\$ —	\$ —	\$318,975,444	318,975,444	\$1,688,573

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.

5. Income Taxes

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

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

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

Templeton Global Bond VIP Fund (continued)

5. Income Taxes (continued)

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

Cost of investments	<u>\$2,705,229,978</u>
Unrealized appreciation	\$ 108,946,474
Unrealized depreciation	<u>(450,259,313)</u>
Net unrealized appreciation (depreciation)	<u>\$ (341,312,839)</u>

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

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2020, aggregated \$685,549,046 and \$742,772,129, respectively.

7. Credit Risk

At June 30, 2020, the Fund had 11.8% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. Concentration of Risk

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

At June 30, 2020, the Fund had 2.2% of its net assets denominated in Argentine Pesos, which has restricted currency repatriation since September 2019, and had restructured certain issues of its debt. Political and economic conditions in Argentina could continue to affect the value of the Fund's holdings.

9. Novel Coronavirus Pandemic

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

Templeton Global Bond VIP Fund (continued)

10. 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
Foreign exchange contracts	Investments in securities, at value	\$34,838,058 ^a	Options written, at value	\$30,318,364
	Unrealized appreciation on OTC forward exchange contracts	28,053,447	Unrealized depreciation on OTC forward exchange contracts	36,703,390
Totals		<u>\$62,891,505</u>		<u>\$67,021,754</u>

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

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	Swap contracts	\$(117,098,171)	Swap contracts	\$28,588,210
Foreign exchange contracts . . .	Investments	41,669,494 ^a	Investments	11,586,887 ^a
	Written options	(7,136,540)	Written options	(8,433,743)
	Forward exchange contracts	17,116,778	Forward exchange contracts	27,429,748
Totals		<u>\$ (65,448,439)</u>		<u>\$59,171,102</u>

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

For the period ended June 30, 2020, the average month end notional amount of swap contracts and options represented \$112,474,571 and \$2,914,680,736, respectively. The average month end contract value of forward exchange contracts was \$3,074,304,590.

See Note 1(c) regarding derivative financial instruments.

Templeton Global Bond VIP Fund (continued)

10. 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	\$28,053,447	\$36,703,390
Options purchased	34,838,058	—
Options written	—	30,318,364
Total	\$62,891,505	\$67,021,754

^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:

	Amounts Not Offset in the Statement of Assets and Liabilities				
	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Financial Instruments Available for Offset	Financial Instruments Collateral Received^{a,b}	Cash Collateral Received^b	Net Amount (Not less than zero)
Counterparty					
BNDP	\$ 358,041	\$ (358,041)	\$—	\$—	\$—
BOFA	47,877	(47,877)	—	—	—
CITI	34,505,223	(31,229,399)	—	(3,275,824)	—
DBAB	1,816,133	(33,161)	(1,696,771)	—	86,201
GSCO	5,852,767	(2,941,098)	—	(2,911,669)	—
HSBK	4,208,728	(4,208,728)	—	—	—
JPHQ	11,203,728	(9,979,490)	(1,224,238)	—	—
MSCO	2,616,259	(2,616,259)	—	—	—
SCNY	1,057,688	(412,995)	—	(644,693)	—
UBSW	1,225,061	(216,304)	(888,209)	—	120,548
Total	\$62,891,505	\$(52,043,352)	\$(3,809,218)	\$(6,832,186)	\$206,749

Templeton Global Bond VIP Fund (continued)

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

Counterparty	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged ^b	
BNDP	\$ 416,573	\$ (358,041)	\$—	\$—	\$58,532
BOFA	2,561,377	(47,877)	—	(2,500,000)	13,500
CITI	31,229,399	(31,229,399)	—	—	—
DBAB	33,161	(33,161)	—	—	—
GSCO	2,941,098	(2,941,098)	—	—	—
HSBK	13,192,260	(4,208,728)	—	(7,468,000)	1,515,532
JPHQ	9,979,490	(9,979,490)	—	—	—
MSCO	6,039,097	(2,616,259)	—	(2,750,000)	672,838
SCNY	412,995	(412,995)	—	—	—
UBSW	216,304	(216,304)	—	—	—
Total	\$67,021,754	\$(52,043,352)	\$—	\$(12,718,000)	\$2,260,402

^aAt June 30, 2020, the Fund received U.S. Treasury Bills, Bonds and Notes as collateral for derivatives.

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

See Abbreviations on page TGB-40.

11. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 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.

12. Fair Value Measurements

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

- Level 1 – quoted prices in active markets for identical financial instruments

Templeton Global Bond VIP Fund (continued)

12. Fair Value Measurements (continued)

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

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

A summary of inputs used as of June 30, 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				
Foreign Government and Agency Securities:				
Argentina	\$ —	\$ —	\$ 44,995,554	\$ 44,995,554
All Other Foreign Government and Agency Securities	—	1,098,764,185	—	1,098,764,185
U.S. Government and Agency Securities	—	486,579,150	—	486,579,150
Options Purchased	—	34,838,058	—	34,838,058
Short Term Investments:				
Argentina	—	—	6,125,984	6,125,984
All Other Short Term Investments	561,683,710	169,607,811	—	731,291,521
Total Investments in Securities	\$ 561,683,710	\$ 1,789,789,204	\$ 51,121,538	\$ 2,402,594,452
Other Financial Instruments:				
Forward Exchange Contracts	\$ —	\$ 28,053,447	\$ —	\$ 28,053,447
Restricted Currency (ARS)	—	—	91,508	91,508
Total Other Financial Instruments	\$ —	\$ 28,053,447	\$ 91,508	\$ 28,144,955
Receivables:				
Interest (ARS)	\$ —	\$ —	\$ 1,240,246	\$ 1,240,246
Liabilities:				
Other Financial Instruments:				
Options Written	\$ —	\$ 30,318,364	\$ —	\$ 30,318,364
Forward Exchange Contracts	—	36,703,390	—	36,703,390
Total Other Financial Instruments	\$ —	\$ 67,021,754	\$ —	\$ 67,021,754
Payables:				
Deferred Tax (ARS)	\$ —	\$ —	\$ 2,884	\$ 2,884

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

Templeton Global Bond VIP Fund (continued)

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the period. At June 30, 2020, the reconciliation is as follows:

	Balance at Beginning of Period	Purchases	Sales	Transfer Into/Out of Level 3	Cost Basis Adjustments ^a	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Period	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Period End
Assets:									
Investments in Securities:									
Foreign Government and Agency Securities:									
Argentina	\$35,675,197	\$19,260,092	\$(10,217,792)	\$—	\$4,900,882	\$(18,641,512)	\$14,018,687	\$44,995,554	\$6,508,509
Short Term Investments:									
Argentina	3,394,233	6,610,964	(2,160,508)	—	752,471	(817,458)	(1,653,718)	6,125,984	(644,903)
Total Investments in Securities . . .	\$39,069,430	\$25,871,056	\$(12,378,300)	\$—	\$5,653,353	\$(19,458,970)	\$12,364,969	\$51,121,538	\$5,863,606
Other Financial Instruments:									
Restricted Currency									
(ARS)	\$ 8,460,563	\$ 8,913,882	\$(15,804,994)	\$—	\$ —	\$(1,714,126)	\$ 236,183	\$ 91,508	\$ 6,656
Receivables:									
Interest (ARS)	\$ 1,601,869	\$ 3,080,353	\$(2,879,272)	\$—	\$ —	\$(761,876)	\$ 199,172	\$ 1,240,246	\$ 78,763
Liabilities:									
Payables:									
Deferred Tax (ARS)	\$ 4,066	\$ —	\$ —	\$—	\$ —	\$ —	\$(1,182)	\$ 2,884	\$ (1,182)

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

Significant unobservable valuation inputs for material Level 3 assets and/or liabilities and impact to fair value as a result of changes in unobservable valuation inputs as of June 30, 2020, are as follows:

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Impact to Fair Value if Input Amount Increases ^a
Assets:				
Investments in Securities:				
Foreign Government and Agency Securities				
Argentina	\$44,995,554	Market comparables	Implied Foreign exchange rate	105.9 ARS/USD Decrease ^b
Short Term Investments				
Argentina	6,125,984	Market comparables	Implied Foreign exchange rate	105.9 ARS/USD Decrease ^c
Other Financial Instruments:				
Restricted Currency (ARS) . . .	91,508	Market comparables	Implied Foreign exchange rate	105.9 ARS/USD Decrease ^c
All other ^d	1,240,246			

Templeton Global Bond VIP Fund (continued)

12. Fair Value Measurements (continued)

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Impact to Fair Value if Input Amount	Increases ^a
Liabilities:					
All other ^d	2,884				

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

^bRepresents a significant impact to fair value and net assets.

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

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

13. New Accounting Pronouncements

In March 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. 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.

14. Subsequent Events

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

Abbreviations

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

Tax Information (unaudited)

Templeton Global Bond VIP Fund

At December 31, 2019, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. As shown in the table below, the Fund hereby reports to shareholders the foreign source income and foreign taxes paid, pursuant to Section 853 of the Internal Revenue Code. This written statement will allow shareholders of record on June 11, 2020, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

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

Class	Foreign Tax Paid Per Share	Foreign Source Income Per Share
Class 1	\$0.0241	\$0.8881
Class 2	\$0.0241	\$0.8586
Class 4	\$0.0241	\$0.8460

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

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

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Index Descriptions

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

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

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

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

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

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

Bloomberg Barclays U.S. 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.