

SEMIANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

June 30, 2021



FRANKLIN
TEMPLETON

Franklin Templeton Variable Insurance Products Trust Semiannual Report

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

Not FDIC Insured | May Lose Value | No Bank Guarantee

Important Notes to Performance Information

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

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

Templeton Global Bond VIP Fund

This semiannual report for Templeton Global Bond VIP Fund covers the period ended June 30, 2021.

Class 2 Performance Summary as of June 30, 2021

The Fund's Class 2 Shares posted a -2.82% total return* for the six-month period ended June 30, 2021.

*The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/22. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

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

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

Templeton Global Bond VIP Fund

Fund Goal and Main Investments

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

Fund Risks

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

Performance Overview

You can find the Fund's six-month total return in the Performance Summary. For comparison, the J.P. Morgan Global Government Bond Index posted a -4.64% total return and the FTSE World Government Bond Index posted a -4.75% total return for the same period.¹

Economic and Market Overview

Sovereign bond yields rose across much of the world during the first three months of the six-month period ended June 30, 2021, as vaccine distributions, ongoing stimulus measures and optimism for improving economic conditions appeared to

Geographic Composition

6/30/21

	% of Total Net Assets
Asia	32.8%
North America	20.9%
Latin America & Caribbean	16.6%
Europe	3.8%
Middle East & Africa	1.7%
Other	0.5%
Short-Term Investments & Other Net Assets	23.7%

fuel reflation expectations across financial markets. In April, sovereign bond yields in much of Asia and the Americas pulled back from their March peaks, while many areas of Europe saw yields continue to rise. In June, sovereign bond yields declined across developed markets but shifted in varying directions in emerging markets. On the whole, most countries around the world saw yields rise significantly over the six-month period, despite the general trend of declining yields over the final months of the period.

The yield on the 10-year U.S. Treasury (UST) note finished the six-month period 55 basis points (bps) higher at 1.47%. It reached an intra-period peak of 1.74% on March 31, its highest level since January 2020. In Europe, the yield on the 10-year German Bund finished the six-month period 36 bps higher at -0.21%. In Asia, the yield on the 10-year Japanese government bond rose three bps to 0.05%. Sovereign bond yields also notably rose in the U.K., Canada, Australia, Sweden and Norway. In emerging markets, yields rose in India, Indonesia, Thailand, Brazil, Mexico, Chile, Colombia and Peru.

Rising yields strained valuations across many areas of the global fixed income markets during 2021's first quarter. U.S. dollar (USD)-denominated sovereign credit sectors broadly saw negative returns in January, February and March, before sharply reversing to generate offsetting positive returns in April, May and June as yields declined. Conditions were somewhat different in corporate credit sectors as U.S. investment-grade credit tiers initially saw negative returns on rate pressures, while high-yield credit tiers performed better, benefiting from greater spread cushioning. Investment-grade corporate credits returned to positive performance in April, May and June, modestly outpacing similar positive returns in the high-yield credit tiers.

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

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

In currency markets, the USD broadly strengthened against a number of major developed market and emerging market currencies in the first quarter, with a few notable exceptions. That trend reversed in April and May as the USD broadly depreciated, before returning to a strengthening pattern in June. On the whole, the USD finished the six-month period broadly stronger against most currencies, with some exceptions. In Asia, the Chinese yuan appreciated 1.08% against the USD in the six-month period, while the Indonesian rupiah depreciated 3.10%, the Indian rupee 1.76%, the Singapore dollar 1.78%, the South Korean won 3.71% and the Japanese yen 7.05%. In Europe, the euro depreciated 2.93% against the USD. The Norwegian krone appreciated 2.60% against the euro, and the Canadian dollar appreciated 5.71%. The Swedish krona depreciated 0.96% against the euro. In Latin America, the Brazilian real appreciated 4.38% against the USD, while the Mexican peso depreciated 0.25%, the Colombian peso 8.79% and the Chilean peso 3.25%.

Vaccine distributions progressively accelerated in many countries during the period, though supply setbacks affected areas of Europe in March and April. Novel coronavirus (COVID-19) infection levels peaked in January in the U.S. and Europe before declining in February and plateauing in March. Cases continued to trend lower in April, May and June. Governments continued to struggle with balancing the needs of their economies with the health of their citizens during much of the first half of the period before higher vaccination rates and lower case levels enabled many regions to progressively reopen their economies in the second quarter.

Business and consumer confidence surveys strengthened in multiple regions during the period, particularly in the second quarter, despite some growing concerns over the proliferation of the COVID-19 delta variant in several parts of the world in June, notably in the U.K. and Australia. Economic activity continued to broadly expand in many countries during the second half of the period, largely driven by strength in goods sectors and manufacturing. Historically high savings rates in many countries also fueled resurgent growth in the spring and summer months. Labor market conditions generally continued to improve in many countries during the period, though unemployment broadly remained above pre-pandemic levels.

Inflation figures surged higher in many countries in April, May and June, driven by a combination of factors that included cyclical upswings associated with resurgent economic activity, supply bottlenecks in certain sectors and base effects off of the pandemic shocks in 2020. Headline Consumer Price Index (CPI) inflation in the U.S. rose

from 2.6% year-over-year in March to 4.2% in April and 5.0% in May, its highest level since 2008. In Europe, euro area (EA) inflation rose from 0.9% in February to 1.3% in March, 1.6% in April and 2.0% in May, before levelling off at 1.9% (estimated) in June; the EA had previously endured deflationary pressures through the third and fourth quarters of 2020. Areas of non-core Europe, such as Hungary and Russia, experienced above-target levels of inflation in May and June. Globally, areas of Latin America, such as Brazil and Mexico, also experienced above-target inflation during the period, while inflation levels remained relatively more contained in areas of Asia, such as China, South Korea, Indonesia and Thailand.

Pent-up demand outpaced supply recoveries in certain sectors during the spring and summer months, adding to pricing pressures. Supply bottlenecks have intermittently surfaced across a myriad of industries due to accelerating demand, as well as logistical disruptions and ongoing uncertainties (economic, health and policy) that make it difficult to accurately schedule production.

Most central banks around the world signaled during the middle of the six-month period that they had reached the end of their rate-cutting cycles, with several banks beginning to pivot towards plans for policy normalization. The Bank of Canada began tapering its asset purchases in April and indicated that interest rates could be raised in the second half of 2022. The Bank of England headed towards concluding its quantitative easing program by the end of 2021. Norges Bank (Norway) indicated that a rate hike could arrive in the second half of 2021. Riksbank (Sweden) was on pace to wind down its asset purchase program in 2021 but intended to keep rates on hold at 0% for the foreseeable future. The Reserve Bank of New Zealand intended to end its asset purchases by September and begin hiking rates by mid-2022. Other developed market central banks—including the U.S. Federal Reserve (Fed), the European Central Bank (ECB) and the Bank of Japan (BOJ)—had not yet signaled a normalization schedule as of the end of June.

In emerging markets, several countries faced persistent inflation pressures that may force a faster tightening response from their central banks. Notably, Brazil's central bank hiked rates 75 bps three times during the period (March, May and June) to 4.25%, and Mexico's central bank hiked its policy rate 25 bps in June to 4.25%, its first rate hike since December 2018. Other countries indicated they may begin pursuing tightening policies in the second half of 2021.

The Fed kept the federal funds target rate unchanged at 0.00%–0.25%, at each of its policy meetings during the period. In March, the Fed notably upgraded its growth forecast for 2021 to 6.5% from its prior estimate of 4.2% in December. The core inflation forecast was upgraded to 2.2% for 2021, from the prior estimate of 1.8%. However, Fed Chair Jay Powell cautioned that a full recovery was still distant and that economic conditions continued to warrant extraordinary monetary accommodation, citing the uncertainty related to the course of the pandemic.

In June, the overall policy tone shifted in a hawkish direction as the Fed raised its 2021 growth forecast for the U.S. economy to 7.0% and increased its inflation forecast to 3.4%. Powell commented that “the economy has clearly made progress,” and a majority of Fed officials brought forward their projected expectations for rate hikes. The Fed’s dot plot survey had previously indicated expectations for no hikes until 2024 at the March meeting. In June, 13 of 18 Fed officials indicated expectations for a rate hike by the end of 2023, with 11 indicating expectations for two hikes. Seven officials indicated expectations for at least one hike by the end of 2022. Powell cautioned that the dot surveys do not reflect forward guidance from the committee and that any discussion about raising rates is still “highly premature.”

Powell also indicated in June that discussions of when to begin tapering its asset purchase program had begun, but that the timeline is yet to be determined. The Fed continued to purchase “at least \$80 billion per month” in USTs and “at least \$40 billion per month in agency mortgage-backed securities” during the reporting period. The Fed’s balance sheet reached US\$8.1 trillion at the end of June.

Despite higher U.S. inflation figures during the period, Powell continued to dispel the notion that higher inflation figures in 2021 would necessitate near-term rate hikes, reiterating the Fed’s view that the figures largely reflect “transitory factors” that would not affect the course of monetary policy. Core personal consumption expenditures (PCE) inflation surged to 3.4% year-over-year in May, its highest level since 1992, up from 3.1% in April and 1.9% in March. The Fed continued to indicate it will let inflation run above 2.0% for periods of time to counterbalance prior periods of prolonged below-target inflation, implying that the Fed will allow the U.S. economy to run hot in upcoming years. However, Powell directly addressed Fed credibility concerns, stating that “if we see inflation moving materially above 2% in a persistent way that risks inflation expectations drifting up, then we will use our tools to guide inflation expectations back down.” As of the June meeting, the Fed projected core PCE will be 3.0% in 2021, and 2.1% in 2022 and 2023.

The ECB kept monetary policy unchanged at each of its policy meetings during the period, leaving the main refinancing operations rate at 0.0%, and the main deposit facility rate at -0.5%. In March, the ECB announced that it would accelerate the pace of its bond purchases under the Pandemic Emergency Purchase Programme (PEPP). In June, it recommitted to those levels, stating that the pace and volume of bond purchases under the PEPP would “continue to be conducted at a significantly higher pace than during the first months of the year.” The PEPP is currently scheduled to run through March 2022 and has around €700 billion in capacity remaining of its total €1.85 trillion size. The ECB raised its 2021 growth forecast for the EA to 4.6% at its June meeting, describing conditions as “balanced” and removing prior comments that risks were “titled to the downside.”

The ECB also increased its 2021 inflation forecast for the EA to 1.9% (harmonized index of consumer prices) from 1.5%. ECB President Christine Lagarde commented in June that inflation remained distant from the ECB’s target and is expected to diminish in 2022. Lagarde warned that monetary tightening would jeopardize the economic recovery and the inflation outlook.

The BOJ kept monetary policy unchanged at each of its policy meetings during the period, leaving the overnight interest rate at -0.1% and the yield target on the 10-year Japanese government bond at 0.0%. The BOJ published the results of its monetary framework review in March, the first of its kind since 2016. The findings indicated a shift of emphasis from aggressive stimulus towards more “sustainable” policy. The BOJ said it plans to intervene as needed during events that require financial market support, but will shift away from continuous balance sheet expansion solely to stimulate economic activity. Japan continued to struggle against deflationary pressures that have persisted since April 2020. Core inflation (National CPI ex-fresh food) rose to 0.1% year-over-year in May, from -0.1% in April and March, -0.4% in February and -0.6% in January.

Investment Strategy

We invest selectively in bonds around the world based upon our assessment of changing market, political and economic conditions. While seeking opportunities, we monitor various factors including changes in interest rates, currency exchange rates and credit risks. We seek to manage the Fund’s exposure to various currencies and regularly enter into various currency-related derivative instruments, such as currency and cross-currency forwards, currency and currency index futures contracts and currency options.

Manager's Discussion

The successful development of vaccines against COVID-19 in the final months of 2020 substantially changed our outlook and positioning for 2021. In the weeks before the six-month reporting period began, we significantly shifted the emphasis of the Fund's strategic positioning from a safe-haven stance toward an increasing allocation in risk assets. We expected a rebound in global economic activity and improving economic conditions in the spring and summer months of 2021 as vaccines were progressively distributed and people increasingly reengaged with the world.

We were actively constructive in a number of regions throughout the period, particularly in areas of Asia that appeared to be at the forefront of the global economic recovery. The Fund was focused on three core themes during the six-month period: (1) weakness in the euro and USD, on excessive fiscal and monetary policies in Europe and the U.S., against currencies in countries with strong trade dynamics, current account surpluses, better fiscal management and stronger growth potential, notably in Asia; (2) avoiding interest-rate risks in low-yielding developed markets; and (3) pursuing sovereign bonds with relatively higher yields in a select set of resilient emerging markets.

At the beginning of the period, the Fund held overweighted positions in specific currencies that showed medium-term value against the USD and the euro. We held notable exposures to the Chinese yuan, the South Korean won, the Indian rupee and the Indonesian rupiah against the USD. We added exposure to the Singapore dollar in April and the New Zealand dollar in June. In Europe, we held exposures in the Norwegian krone and Swedish krona against the euro. In the Americas, we held long exposure to the Canadian dollar against the euro, and long exposures to the Colombian peso and Brazilian real against the USD. In May, we added exposure to the Chilean peso against the USD. During the period, we used currency forwards and currency options to actively manage currency exposures.

We also continued to focus on compelling risk-adjusted yields in various local-currency bond markets, specifically in countries with resilient economies and strong trade dynamics. We continued to largely avoid developed market duration exposures in preference for higher yields available in select emerging markets, notably including Indonesia, India, Mexico, Colombia, Brazil and Ghana, among others. We saw pockets of value in certain USD-denominated sovereign credits, but we continued to largely prefer specific valuations in the local-currency markets over the more fully valued credit markets.

During the period, the Fund's negative absolute performance was primarily due to currency positions. Interest-rate strategies contributed to absolute results, while sovereign credit exposures had a largely neutral effect. Among currencies, the Fund's net-positive position in the Japanese yen detracted from absolute performance, as did currency positions in Latin America and Asia ex-Japan. The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Select duration exposures in Latin America (Argentina) and Africa (Ghana) contributed to absolute results.

On a relative basis, the Fund's performance fared better than that of its benchmark index primarily due to interest-rate strategies. Currency positions detracted from relative results, while sovereign credit exposures had a largely neutral effect. The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Select underweighted duration exposures in Europe contributed to relative performance, as did underweighted duration exposure in the U.S. Select overweighted duration exposures in Latin America (Argentina) and Africa (Ghana) also contributed to relative results. Among currencies, the Fund's overweighted position in the Japanese yen during most of the period detracted from relative performance, as did overweighted currency positions in Latin America and Asia ex-Japan. However, the Fund's underweighted exposure to the euro contributed to relative results.

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 2021, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Class 2 Fund Expenses

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

Actual Fund Expenses

The table below provides information about the actual account values and actual expenses in the columns under the heading “Actual.” In these columns the Fund’s actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the “Ending Account Value.” You can estimate the Fund-level expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). 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 1/1/21	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21 ^{1,2}	Ending Account Value 6/30/21	Fund-Level Expenses Paid During Period 1/1/21–6/30/21 ^{1,2}	
2	\$1,000	\$971.78	\$3.66	\$1,021.09	\$3.75	0.75%

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

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

Financial Highlights

Templeton Global Bond VIP Fund

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31,				
		2020	2019	2018	2017	2016
Class 1						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$14.49	\$16.63	\$17.54	\$17.17	\$16.85	\$16.34
Income from investment operations ^a :						
Net investment income ^b	0.24	0.52	0.89	0.88	0.83	0.62
Net realized and unrealized gains (losses)	(0.62)	(1.31)	(0.54)	(0.51)	(0.46)	(0.10)
Total from investment operations	(0.38)	(0.79)	0.35	0.37	0.37	0.52
Less distributions from:						
Net investment income and net foreign currency gains	—	(1.35)	(1.26)	—	—	—
Net realized gains	—	—	—	—	(0.05)	(0.01)
Tax return of capital	—	(—) ^c	—	—	—	—
Total distributions	—	(1.35)	(1.26)	—	(0.05)	(0.01)
Net asset value, end of period	\$14.11	\$14.49	\$16.63	\$17.54	\$17.17	\$16.85
Total return ^d	(2.62)%	(4.73)%	1.89%	2.15%	2.15%	3.21%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates and expense reduction	0.51%	0.51%	0.53%	0.56%	0.53%	0.53%
Expenses net of waiver and payments by affiliates	0.50%	0.46%	0.44%	0.47%	0.46%	0.48%
Expenses net of waiver and payments by affiliates and expense reduction	0.50% ^f	0.45%	0.42%	0.45%	0.46% ^f	0.48% ^f
Net investment income	3.41%	3.43%	5.22%	5.09%	4.81%	3.88%
Supplemental data						
Net assets, end of period (000's)	\$225,124	\$224,704	\$322,794	\$285,046	\$286,502	\$241,792
Portfolio turnover rate	18.33%	52.84%	22.58%	18.22%	37.97%	59.00%

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

^bBased on average daily shares outstanding.

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

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

^eRatios are annualized for periods less than one year.

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

Templeton Global Bond VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31,				
		2020	2019	2018	2017	2016
Class 2						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.82	\$15.91	\$16.83	\$16.51	\$16.25	\$15.80
Income from investment operations ^a :						
Net investment income ^b	0.21	0.46	0.82	0.81	0.76	0.56
Net realized and unrealized gains (losses)	(0.60)	(1.24)	(0.53)	(0.49)	(0.45)	(0.10)
Total from investment operations	(0.39)	(0.78)	0.29	0.32	0.31	0.46
Less distributions from:						
Net investment income and net foreign currency gains	—	(1.31)	(1.21)	—	—	—
Net realized gains	—	—	—	—	(0.05)	(0.01)
Tax return of capital	—	(—) ^c	—	—	—	—
Total distributions	—	(1.31)	(1.21)	—	(0.05)	(0.01)
Net asset value, end of period	\$13.43	\$13.82	\$15.91	\$16.83	\$16.51	\$16.25
Total return ^d	(2.82)%	(4.92)%	1.63%	1.94%	1.93%	2.94%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates and expense reduction	0.76%	0.75%	0.78%	0.81%	0.78%	0.78%
Expenses net of waiver and payments by affiliates	0.75%	0.71%	0.69%	0.72%	0.71%	0.73%
Expenses net of waiver and payments by affiliates and expense reduction	0.75% ^f	0.70%	0.67%	0.70%	0.71% ^f	0.73% ^f
Net investment income	3.16%	3.16%	4.97%	4.84%	4.56%	3.63%
Supplemental data						
Net assets, end of period (000's)	\$1,964,221	\$2,022,487	\$2,389,610	\$2,544,900	\$2,730,081	\$2,812,535
Portfolio turnover rate	18.33%	52.84%	22.58%	18.22%	37.97%	59.00%

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

^bBased on average daily shares outstanding.

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

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

^eRatios are annualized for periods less than one year.

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

Templeton Global Bond VIP Fund (continued)

	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31,				
		2020	2019	2018	2017	2016
Class 4						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$14.17	\$16.27	\$17.19	\$16.88	\$16.62	\$16.18
Income from investment operations ^a :						
Net investment income ^b	0.21	0.46	0.82	0.81	0.76	0.56
Net realized and unrealized gains (losses)	(0.61)	(1.27)	(0.55)	(0.50)	(0.45)	(0.11)
Total from investment operations	(0.40)	(0.81)	0.27	0.31	0.31	0.45
Less distributions from:						
Net investment income and net foreign currency gains	—	(1.29)	(1.19)	—	—	—
Net realized gains	—	—	—	—	(0.05)	(0.01)
Tax return of capital	—	(—) ^c	—	—	—	—
Total distributions	—	(1.29)	(1.19)	—	(0.05)	(0.01)
Net asset value, end of period	\$13.77	\$14.17	\$16.27	\$17.19	\$16.88	\$16.62
Total return ^d	(2.82)%	(5.00)%	1.48%	1.84%	1.76%	2.87%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates and expense reduction	0.86%	0.85%	0.88%	0.91%	0.88%	0.88%
Expenses net of waiver and payments by affiliates	0.85%	0.81%	0.79%	0.82%	0.81%	0.83%
Expenses net of waiver and payments by affiliates and expense reduction	0.85% ^f	0.80%	0.77%	0.80%	0.81% ^f	0.83% ^f
Net investment income	3.06%	3.06%	4.87%	4.74%	4.46%	3.53%
Supplemental data						
Net assets, end of period (000's)	\$77,148	\$76,771	\$90,272	\$94,312	\$98,934	\$96,798
Portfolio turnover rate	18.33%	52.84%	22.58%	18.22%	37.97%	59.00%

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

^bBased on average daily shares outstanding.

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

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

^eRatios are annualized for periods less than one year.

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

Statement of Investments (unaudited), June 30, 2021

Templeton Global Bond VIP Fund

	Principal Amount ¹	Value
Foreign Government and Agency Securities 55.4%		
Argentina 2.0%		
^{a,b} Argentina BONCER,		
Index Linked, 1%, 8/05/21	249,130,883 ARS	\$1,486,902
Index Linked, 1.2%, 3/18/22	2,455,117,453 ARS	14,569,772
Index Linked, 1.3%, 9/20/22	21,183,218 ARS	124,140
Index Linked, 1.4%, 3/25/23	1,691,875,461 ARS	9,659,776
Index Linked, 1.5%, 3/25/24	1,523,527,863 ARS	8,259,252
^{b,c} Argentina Bonos del Tesoro Nacional en		
Pesos Badlar, FRN, 36.104%, (ARS BADLAR + 2%), 4/03/22	24,036,000 ARS	137,730
^b Argentina Government Bond,		
18.2%, 10/03/21	820,823,000 ARS	4,602,703
16%, 10/17/23	884,455,900 ARS	3,216,712
15.5%, 10/17/26	1,668,306,000 ARS	3,962,633
		46,019,620
Brazil 1.0%		
Brazil Notas do Tesouro Nacional,		
10%, 1/01/25	41,020,000 BRL	8,738,317
10%, 1/01/27	17,680,000 BRL	3,787,342
10%, 1/01/29	17,690,000 BRL	3,801,556
10%, 1/01/31	28,220,000 BRL	6,019,799
		22,347,014
Colombia 3.4%		
Colombia Government Bond,		
Senior Bond, 4.375%, 3/21/23	362,000,000 COP	98,818
Senior Bond, 9.85%, 6/28/27	576,000,000 COP	183,478
Colombia Titulos de Tesoreria,		
B, 7%, 5/04/22	17,524,600,000 COP	4,826,943
B, 10%, 7/24/24	67,868,000,000 COP	20,627,945
B, 6.25%, 11/26/25	32,036,000,000 COP	8,663,013
B, 7.5%, 8/26/26	96,649,700,000 COP	27,297,950
B, 5.75%, 11/03/27	22,036,000,000 COP	5,627,555
B, 6%, 4/28/28	29,113,600,000 COP	7,457,799
B, 7.75%, 9/18/30	8,450,000,000 COP	2,350,121
		77,133,622
Ghana 1.7%		
Ghana Government Bond,		
24.75%, 7/19/21	1,190,000 GHS	203,382
18.75%, 1/24/22	26,990,000 GHS	4,673,944
17.6%, 11/28/22	520,000 GHS	90,160
Senior Note, 17.6%, 2/20/23	3,310,000 GHS	574,721
19%, 9/18/23	150,000 GHS	26,760
18.85%, 9/28/23	2,790,000 GHS	497,893
19.25%, 11/27/23	1,350,000 GHS	242,591
Senior Note, 17.7%, 3/18/24	1,080,000 GHS	187,704
19.75%, 3/25/24	26,840,000 GHS	4,861,416
Senior Note, 18.3%, 3/02/26	690,000 GHS	118,911
19%, 11/02/26	80,510,000 GHS	14,090,081
19.75%, 3/15/32	80,510,000 GHS	14,189,838
		39,757,401

Templeton Global Bond VIP Fund (continued)

	Principal Amount ^a	Value
Foreign Government and Agency Securities (continued)		
India 4.4%		
India Government Bond,		
8.2%, 2/15/22	500,000,000 INR	\$6,903,524
6.84%, 12/19/22	98,000,000 INR	1,366,716
7.16%, 5/20/23	133,700,000 INR	1,880,635
8.83%, 11/25/23	1,468,100,000 INR	21,467,893
Senior Note, 5.22%, 6/15/25	313,000,000 INR	4,159,252
8.2%, 9/24/25	297,100,000 INR	4,357,441
Senior Note, 5.15%, 11/09/25	2,459,900,000 INR	32,495,534
7.59%, 1/11/26	1,629,000,000 INR	23,381,085
7.27%, 4/08/26	214,000,000 INR	3,040,000
		99,052,080
Indonesia 9.8%		
Indonesia Government Bond,		
FR61, 7%, 5/15/22	244,849,000,000 IDR	17,415,856
FR35, Senior Bond, 12.9%, 6/15/22	71,229,000,000 IDR	5,346,203
FR43, 10.25%, 7/15/22	147,832,000,000 IDR	10,877,478
FR63, 5.625%, 5/15/23	289,067,000,000 IDR	20,420,092
FR46, 9.5%, 7/15/23	226,780,000,000 IDR	17,165,682
FR39, 11.75%, 8/15/23	5,491,000,000 IDR	433,861
FR70, 8.375%, 3/15/24	53,132,000,000 IDR	4,007,875
FR44, 10%, 9/15/24	4,454,000,000 IDR	350,174
FR81, 6.5%, 6/15/25	599,166,000,000 IDR	43,423,419
FR40, 11%, 9/15/25	46,856,000,000 IDR	3,886,657
FR86, 5.5%, 4/15/26	1,421,313,000,000 IDR	98,501,892
		221,829,189
Mexico 10.2%		
Mexican Bonos Desarr Fixed Rate,		
M, Senior Note, 7.25%, 12/09/21	1,301,510,000 MXN	65,914,754
M, 6.5%, 6/09/22	2,147,994,000 MXN	108,818,204
M, Senior Note, 6.75%, 3/09/23	229,144,000 MXN	11,711,839
M, Senior Bond, 8%, 12/07/23	836,490,000 MXN	44,002,004
		230,446,801
Norway 3.8%		
^d Norway Government Bond,		
144A, Reg S, 2%, 5/24/23	315,007,000 NOK	37,528,887
144A, Reg S, 3%, 3/14/24	265,052,000 NOK	32,546,643
144A, Reg S, 1.75%, 3/13/25	89,312,000 NOK	10,656,702
144A, Reg S, 1.5%, 2/19/26	52,969,000 NOK	6,269,893
		87,002,125
South Korea 18.6%		
Korea Monetary Stabilization Bond,		
1.285%, 2/02/22	33,410,000,000 KRW	29,637,646
Senior Note, 0.87%, 2/02/23	59,850,000,000 KRW	52,669,588
Senior Note, 0.905%, 4/02/23	61,390,000,000 KRW	53,974,799
Korea Treasury Bond,		
1.25%, 12/10/22	77,860,000,000 KRW	69,026,579
3%, 3/10/23	3,919,000,000 KRW	3,571,224
2.25%, 9/10/23	88,312,000,000 KRW	79,607,810
0.875%, 12/10/23	22,287,000,000 KRW	19,485,286
1.875%, 3/10/24	33,811,000,000 KRW	30,255,160
1.375%, 9/10/24	75,881,910,000 KRW	66,793,900

Templeton Global Bond VIP Fund (continued)

	Principal Amount [†]	Value
Foreign Government and Agency Securities (continued)		
South Korea (continued)		
Korea Treasury Bond, (continued)		
3%, 9/10/24	18,500,000,000 KRW	\$17,109,290
		422,131,282
Supranational 0.5%		
[†] Inter-American Development Bank, Senior Bond, 7.5%, 12/05/24	200,000,000 MXN	10,295,291
Total Foreign Government and Agency Securities (Cost \$1,472,838,190)		1,256,014,425
U.S. Government and Agency Securities 20.9%		
United States 20.9%		
U.S. Treasury Notes,		
1.125%, 9/30/21	3,497,000	3,506,439
1.5%, 9/30/21	15,768,000	15,824,832
2.125%, 12/31/21	3,953,000	3,993,556
1.5%, 10/31/24	64,160,000	66,217,631
1.5%, 11/30/24	50,420,000	52,035,016
1.75%, 12/31/24	22,672,000	23,597,478
2%, 2/15/25	49,140,000	51,604,678
2.125%, 5/15/25	58,760,000	62,060,660
2.875%, 5/31/25	76,680,000	83,260,701
2.625%, 12/31/25	44,803,000	48,443,244
1.625%, 2/15/26	24,220,000	25,112,166
2.125%, 5/31/26	11,063,000	11,735,423
1.625%, 10/31/26	24,220,000	25,091,352
		472,483,176
Total U.S. Government and Agency Securities (Cost \$462,077,913)		472,483,176
Total Long Term Investments (Cost \$1,934,916,103)		1,728,497,601
	Number of Contracts	Notional Amount[#]
Options Purchased 0.3%		
Calls - Over-the-Counter		
Currency Options		
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 86.50 JPY, Expires 12/20/21	1	22,983,000 AUD 146,883
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 107.45 JPY, Expires 2/23/22	1	9,453,000 369,123
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 115.95 JPY, Expires 8/11/21	1	27,911,000 6,855
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 20.98 MXN, Expires 10/07/21	1	62,508,000 667,604
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 21.65 MXN, Expires 8/20/21	1	15,371,000 32,794

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount#	Value
Options Purchased (continued)			
Calls - Over-the-Counter (continued)			
Currency Options (continued)			
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 22.26 MXN, Expires 8/02/21	1	23,397,000	\$11,618
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 22.36 MXN, Expires 12/28/21	1	34,580,000	304,427
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 26.30 MXN, Expires 10/19/23	1	16,875,000	470,664
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 26.30 MXN, Expires 10/19/23	1	9,033,000	251,941
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 26.30 MXN, Expires 10/19/23	1	9,033,000	251,941
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 29.19 MXN, Expires 8/29/24	1	21,864,000	622,571
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 29.71 MXN, Expires 8/09/24	1	21,864,000	555,498
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 29.73 MXN, Expires 12/07/21	1	31,535,000	10,922
			3,702,841
Puts - Over-the-Counter			
Currency Options			
Foreign Exchange AUD/JPY, Counterparty CITI, July Strike Price 71.10 JPY, Expires 7/15/21	1	6,388,000 AUD	3
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 75.00 JPY, Expires 12/20/21	1	45,967,000 AUD	123,112
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 77.45 JPY, Expires 9/14/21	1	20,340,000 AUD	25,423
Foreign Exchange AUD/JPY, Counterparty CITI, July Strike Price 78.50 JPY, Expires 7/15/21	1	25,550,000 AUD	1,518
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 80.55 JPY, Expires 9/14/21	1	38,709,000 AUD	154,849
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 81.61 JPY, Expires 12/14/21	1	40,680,000 AUD	489,983
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 82.66 JPY, Expires 9/14/21	1	87,181,000 AUD	784,343
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 102.65 JPY, Expires 8/11/21	1	41,892,000	1,311

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount [#]	Value
Options Purchased (continued)			
Puts - Over-the-Counter (continued)			
Currency Options (continued)			
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 18.76 MXN, Expires 10/27/21	1	34,913,000	\$68,778
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 19.23 MXN, Expires 8/20/21.	1	11,528,000	23,271
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 19.35 MXN, Expires 8/02/21.	1	8,189,000	13,441
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 19.43 MXN, Expires 8/30/21	1	16,398,000	71,551
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.58 MXN, Expires 10/07/21	1	30,864,000	259,338
Foreign Exchange USD/MXN, Counterparty CITI, September Strike Price 19.59 MXN, Expires 9/03/21	1	31,654,000	210,254
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.85 MXN, Expires 10/19/23	1	4,517,000	59,655
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.85 MXN, Expires 10/19/23	1	8,437,000	111,426
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.85 MXN, Expires 10/19/23	1	4,517,000	59,655
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 19.88 MXN, Expires 8/11/21	1	16,398,000	170,065
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 21.15 MXN, Expires 8/20/21.	1	14,780,000	854,060
			<u>3,482,036</u>
Total Options Purchased (Cost \$16,956,898)			<u>7,184,877</u>

Short Term Investments 21.8%

	Principal Amount [#]	Value
Foreign Government and Agency Securities 11.4%		
Argentina 0.2%		
^{a,b,f} Argentina Letras de la Nacion Argentina con Ajuste por CER,		
Index Linked, 9/13/21.	141,577,316 ARS	838,364
Index Linked, 2/28/22.	205,019,790 ARS	1,201,812
Index Linked, 4/18/22.	588,251,810 ARS	3,435,393
		<u>5,475,569</u>
Brazil 2.3%		
^f Brazil Letras do Tesouro Nacional, 1/01/24		
	71,110,000 BRL	11,812,692

Templeton Global Bond VIP Fund (continued)

Short Term Investments (continued)

	Principal Amount [†]	Value
Foreign Government and Agency Securities (continued)		
Brazil (continued)		
^f Brazil Letras do Tesouro Nacional, (continued)		
7/01/24	248,380,000 BRL	\$39,535,540
		51,348,232
Japan 4.5%		
^f Japan Treasury Bills,		
7/19/21	290,700,000 JPY	2,617,045
8/10/21	1,179,000,000 JPY	10,614,683
9/13/21	906,500,000 JPY	8,162,126
11/22/21	4,069,650,000 JPY	36,651,514
12/20/21	4,837,300,000 JPY	43,569,542
		101,614,910
Singapore 4.4%		
^f Singapore Treasury Bills,		
7/16/21	45,410,000 SGD	33,765,024
8/13/21	6,460,000 SGD	4,802,454
8/20/21	43,100,000 SGD	32,039,507
8/24/21	40,540,000 SGD	30,135,573
		100,742,558
Total Foreign Government and Agency Securities (Cost \$263,553,212)		259,181,269
U.S. Government and Agency Securities 2.8%		
United States 2.8%		
^f U.S. Treasury Bills, 8/03/21	64,460,000	64,457,530
Total U.S. Government and Agency Securities (Cost \$64,459,291)		64,457,530
	Shares	
Money Market Funds 7.6%		
United States 7.6%		
^{g,h} Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	171,901,075	171,901,075
Total Money Market Funds (Cost \$171,901,075)		171,901,075
Total Short Term Investments (Cost \$499,913,578)		495,539,874
Total Investments (Cost \$2,451,786,579) 98.4%		\$2,231,222,352
Options Written (0.3%)		(7,431,765)
Other Assets, less Liabilities 1.9%		42,702,655
Net Assets 100.0%		\$2,266,493,242

	Number of Contracts	Notional Amount [#]
ⁱOptions Written (0.3)%		
Calls - Over-the-Counter		
Currency Options		
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 81.20 JPY, Expires 12/20/21 ..		
	1	22,983,000 AUD (675,225)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount [#]	Value
Options Written (continued)			
Calls - Over-the-Counter (continued)			
Currency Options (continued)			
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 85.74 JPY, Expires 9/14/21 . . .	1	58,121,000 AUD	\$(182,822)
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 109.90 JPY, Expires 8/11/21	1	41,892,000	(583,332)
Foreign Exchange USD/MXN, Counterparty CITI, September Strike Price 21.10 MXN, Expires 9/03/21 . . .	1	31,654,000	(178,996)
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 21.15 MXN, Expires 8/20/21	1	14,780,000	(57,261)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.61 MXN, Expires 10/07/21 . . .	1	31,254,000	(90,217)
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 23.43 MXN, Expires 8/20/21	1	15,371,000	(5,661)
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 24.62 MXN, Expires 8/02/21	1	5,849,000	(290)
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 25.33 MXN, Expires 12/28/21 . . .	1	22,150,000	(46,773)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 26.61 MXN, Expires 8/30/21 . . .	1	16,398,000	(1,021)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 27.38 MXN, Expires 8/11/21 . . .	1	16,398,000	(312)
Foreign Exchange USD/MXN, Counterparty CITI, December Strike Price 27.93 MXN, Expires 12/07/21 . . .	1	10,512,000	(6,353)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 34.95 MXN, Expires 10/19/23 . . .	1	4,517,000	(33,634)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 34.95 MXN, Expires 10/19/23 . . .	1	4,517,000	(33,633)
			(1,895,530)
Puts - Over-the-Counter			
Currency Options			
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 68.40 JPY, Expires 12/20/21 . . .	1	22,983,000 AUD	(15,342)
Foreign Exchange AUD/JPY, Counterparty CITI, July Strike Price 75.90 JPY, Expires 7/15/21	1	25,550,000 AUD	(210)
Foreign Exchange AUD/JPY, Counterparty CITI, December Strike Price 78.33 JPY, Expires 12/14/21 . . .	1	61,082,000 AUD	(333,901)

Templeton Global Bond VIP Fund (continued)

	Number of Contracts	Notional Amount#	Value
Options Written (continued)			
Puts - Over-the-Counter (continued)			
Currency Options (continued)			
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 80.56 JPY, Expires 9/14/21 . . .	1	43,591,000 AUD	\$(175,052)
Foreign Exchange AUD/JPY, Counterparty CITI, September Strike Price 82.09 JPY, Expires 9/14/21 . . .	1	19,354,000 AUD	(140,203)
Foreign Exchange USD/JPY, Counterparty CITI, February Strike Price 95.85 JPY, Expires 2/23/22 . . .	1	9,453,000	(6,492)
Foreign Exchange USD/JPY, Counterparty CITI, August Strike Price 98.00 JPY, Expires 8/11/21.	1	13,980,000	(41)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.05 MXN, Expires 10/07/21 . .	1	30,864,000	(88,971)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.32 MXN, Expires 10/07/21 . .	1	56,224,000	(287,266)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 19.71 MXN, Expires 10/27/21 . .	1	34,913,000	(407,047)
Foreign Exchange USD/MXN, Counterparty CITI, August Strike Price 19.86 MXN, Expires 8/20/21.	1	23,056,000	(245,294)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 20.94 MXN, Expires 8/30/21 . .	1	16,398,000	(795,357)
Foreign Exchange USD/MXN, Counterparty MSCO, August Strike Price 21.43 MXN, Expires 8/11/21 . .	1	16,398,000	(1,172,359)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.32 MXN, Expires 10/19/23 . .	1	16,875,000	(902,502)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.32 MXN, Expires 10/19/23 . .	1	9,033,000	(483,099)
Foreign Exchange USD/MXN, Counterparty CITI, October Strike Price 22.32 MXN, Expires 10/19/23 . .	1	9,033,000	(483,099)
			(5,536,235)
Total Options Written (Premiums received \$10,250,539)			<u>\$(7,431,765)</u>

Templeton Global Bond VIP Fund (continued)

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

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

ª Redemption price at maturity is adjusted for inflation. See Note 1(f).

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

¸ The coupon rate shown represents the rate at period end.

¸ Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At June 30, 2021, the aggregate value of these securities was \$87,002,125, representing 3.8% of net assets.

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

¸ The security was issued on a discount basis with no stated coupon rate.

¸ See Note 3(e) regarding investments in affiliated management investment companies.

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

¸ See Note 1(c) regarding written options.

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

Forward Exchange Contracts

Currency	Counter-party ^a	Type	Quantity	Contract Amount [*]	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Chilean Peso	JPHQ	Buy	862,040,000	1,186,566	7/01/21	\$—	\$(12,732)
Chilean Peso	JPHQ	Sell	862,040,000	1,162,547	7/01/21	—	(11,287)
Chilean Peso	GSCO	Buy	1,056,100,000	1,456,690	7/02/21	—	(18,606)
Chilean Peso	GSCO	Sell	1,056,100,000	1,434,918	7/02/21	—	(3,165)
Chilean Peso	JPHQ	Buy	1,697,900,000	2,341,091	7/02/21	—	(29,073)
Chilean Peso	JPHQ	Sell	1,697,900,000	2,289,756	7/02/21	—	(22,262)
Chilean Peso	JPHQ	Buy	2,963,390,000	4,125,704	7/06/21	—	(90,915)
Chilean Peso	JPHQ	Sell	2,963,390,000	4,023,612	7/06/21	—	(11,177)
Mexican Peso	CITI	Buy	985,173,000	49,675,426	7/08/21	—	(294,040)
Mexican Peso	CITI	Sell	985,173,000	45,889,746	7/08/21	—	(3,491,641)
Indian Rupee	HSBK	Buy	241,380,400	3,221,197	7/12/21	20,870	—
Australian Dollar	JPHQ	Sell	5,931,544	451,307,483 JPY	7/13/21	—	(384,621)
Japanese Yen	JPHQ	Sell	472,283,477	5,931,544 AUD	7/13/21	195,775	—
Chinese Yuan	CITI	Buy	125,329,450	19,205,224	7/14/21	154,615	—
Chilean Peso	GSCO	Buy	1,956,400,000	2,709,207	7/15/21	—	(46,134)
Euro	DBAB	Sell	13,568,350	138,688,215 SEK	7/15/21	114,025	—
South Korean Won	CITI	Buy	8,470,100,000	7,578,152	7/21/21	—	(82,697)
Singapore Dollar	MSCO	Buy	4,660,000	3,508,957	7/22/21	—	(43,715)
South Korean Won	JPHQ	Buy	8,539,200,000	7,657,483	7/22/21	—	(100,923)
South Korean Won	JPHQ	Buy	8,365,800,000	7,499,664	7/26/21	—	(96,726)
Euro	CITI	Sell	4,519,702	7,054,790 CAD	8/03/21	326,646	—
Euro	HSBK	Sell	50,388,544	78,404,584 CAD	8/03/21	3,442,635	—
Chilean Peso	GSCO	Buy	6,050,669,723	8,422,641	8/06/21	—	(191,298)
Euro	CITI	Sell	20,106,927	2,646,976,443 JPY	8/06/21	—	(26,953)
Chilean Peso	GSCO	Buy	1,056,100,000	1,434,178	8/09/21	2,430	—
Australian Dollar	CITI	Sell	2,393,000	202,124,745 JPY	8/10/21	25,551	—
Mexican Peso	CITI	Sell	96,651,200	4,750,939	8/13/21	—	(71,010)
Australian Dollar	MSCO	Sell	34,166,000	26,604,039	8/16/21	981,163	—
Chilean Peso	GSCO	Buy	3,439,478,985	4,870,817	8/16/21	—	(192,975)
Chilean Peso	GSCO	Buy	3,292,433,571	4,653,881	8/17/21	—	(176,141)
Chilean Peso	JPHQ	Buy	6,650,900,000	9,331,231	8/17/21	—	(285,947)
Euro	JPHQ	Sell	13,349,845	16,142,686	8/23/21	293,928	—
Mexican Peso	CITI	Sell	539,656,000	24,938,584	8/23/21	—	(1,950,767)
Euro	CITI	Sell	15,587,141	2,000,157,581 JPY	8/24/21	—	(491,504)
Japanese Yen	CITI	Buy	990,030,000	9,397,050	8/24/21	—	(480,692)

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counter-party ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Japanese Yen	CITI	Sell	990,030,000	9,036,089	8/24/21	\$119,730	\$—
Euro	BOFA	Sell	1,336,000	1,639,816	8/25/21	53,670	—
Euro	MSCO	Sell	30,744,500	37,728,574	8/27/21	1,226,142	—
Chilean Peso	GSCO	Buy	4,501,164,023	6,182,651	9/01/21	—	(63,476)
Mexican Peso	CITI	Sell	861,862,000	42,727,354	9/01/21	—	(166,848)
Indian Rupee	JPHQ	Buy	205,911,800	2,737,497	9/07/21	8,948	—
Indian Rupee	CITI	Buy	200,059,600	2,660,544	9/08/21	7,499	—
Indian Rupee	JPHQ	Buy	266,347,200	3,564,031	9/08/21	—	(11,961)
Indian Rupee	CITI	Buy	241,153,200	3,253,770	9/09/21	—	(38,110)
Chinese Yuan	BOFA	Buy	184,017,140	28,648,603	9/10/21	—	(342,453)
Chinese Yuan	CITI	Buy	284,452,570	44,280,509	9/10/21	—	(525,035)
Chinese Yuan	BOFA	Buy	220,626,460	34,296,045	9/13/21	—	(366,061)
Indian Rupee	HSBK	Buy	242,055,750	3,278,023	9/13/21	—	(52,000)
Chilean Peso	GSCO	Buy	6,082,809,783	8,382,043	9/15/21	—	(116,344)
Euro	DBAB	Sell	5,298,436	54,526,200 SEK	9/15/21	83,061	—
Euro	DBAB	Sell	6,199,272	66,742,600 NOK	9/15/21	393,732	—
Mexican Peso	MSCO	Sell	720,230,800	36,259,920	9/15/21	484,254	—
Euro	DBAB	Sell	17,057,650	173,360,316 SEK	9/16/21	12,232	—
Euro	JPHQ	Sell	19,578,885	198,445,700 NOK	9/16/21	—	(191,669)
Euro	JPHQ	Sell	19,009,633	202,667,400 NOK	9/20/21	973,420	—
Japanese Yen	JPHQ	Buy	1,180,260,000	11,507,883	9/21/21	—	(875,466)
Japanese Yen	JPHQ	Sell	1,180,260,000	10,778,223	9/21/21	145,806	—
Japanese Yen	MSCO	Buy	9,526,876,470	92,355,861	9/21/21	—	(6,532,632)
Japanese Yen	MSCO	Sell	9,526,876,470	86,971,585	9/21/21	1,148,356	—
New Zealand Dollar	BOFA	Buy	10,600,000	7,515,533	9/21/21	—	(109,133)
Chilean Peso	JPHQ	Buy	3,427,420,000	4,617,796	9/24/21	38,265	—
Euro	HSBK	Sell	25,254,215	3,347,323,238 JPY	9/24/21	152,964	—
Australian Dollar	CITI	Sell	16,628,000	12,601,114	9/28/21	128,729	—
Japanese Yen	CITI	Buy	1,395,020,320	12,607,504	9/28/21	—	(39,547)
Chilean Peso	GSCO	Buy	887,130,000	1,209,283	9/29/21	—	(4,331)
Euro	CITI	Sell	67,857,227	8,983,686,158 JPY	9/29/21	311,777	—
Chilean Peso	JPHQ	Buy	5,487,100,000	7,666,667	9/30/21	—	(214,000)
Euro	JPHQ	Sell	22,781,770	230,077,650 NOK	9/30/21	—	(327,004)
Mexican Peso	CITI	Sell	492,586,500	24,572,808	10/01/21	159,285	—
Chilean Peso	JPHQ	Buy	2,963,390,000	4,018,210	10/04/21	6,127	—
Chinese Yuan	HSBK	Buy	135,702,480	20,416,059	10/15/21	406,306	—
Euro	DBAB	Sell	10,250,931	104,016,200 SEK	10/18/21	—	(16,589)
Euro	DBAB	Sell	10,247,801	104,016,200 SEK	10/19/21	—	(13,004)
Euro	JPHQ	Sell	19,692,104	198,445,700 NOK	10/19/21	—	(347,799)
Singapore Dollar	MSCO	Buy	5,880,000	4,405,006	10/21/21	—	(32,692)
Euro	HSBK	Sell	25,253,939	3,185,910,659 JPY	10/25/21	—	(1,311,047)
Singapore Dollar	CITI	Buy	4,670,000	3,515,243	10/26/21	—	(42,678)
Mexican Peso	CITI	Sell	492,586,500	24,467,837	11/01/21	160,839	—
Euro	BOFA	Sell	5,729,854	8,949,000 CAD	11/02/21	404,923	—
Euro	HSBK	Sell	26,238,721	39,218,884 CAD	11/03/21	432,896	—
Indian Rupee	CITI	Buy	149,657,200	1,964,779	11/10/21	15,328	—
Euro	DBAB	Sell	25,089,752	255,476,400 SEK	11/17/21	53,543	—
Chinese Yuan	JPHQ	Buy	94,285,000	14,452,333	11/22/21	—	(21,994)
Euro	GSCO	Sell	1,230,811	1,508,685	11/22/21	44,367	—
Euro	JPHQ	Sell	13,349,846	16,345,818	11/24/21	462,491	—
Chinese Yuan	JPHQ	Buy	109,163,880	16,884,842	12/10/21	—	(197,509)
Chinese Yuan	JPHQ	Buy	188,842,190	29,198,440	12/13/21	—	(336,915)
Euro	DBAB	Sell	27,506,859	277,376,415 SEK	12/13/21	—	(268,382)
Chinese Yuan	HSBK	Buy	136,590,880	21,108,483	12/15/21	—	(235,551)
Euro	DBAB	Sell	25,410,352	257,096,855 SEK	12/16/21	—	(148,103)
Euro	JPHQ	Sell	2,485,319	25,140,000 SEK	12/17/21	—	(15,217)
Indian Rupee	JPHQ	Buy	1,020,100,000	13,589,737	12/20/21	—	(159,805)

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counter-party ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
New Zealand Dollar	JPHQ	Buy	34,910,000	24,903,433	12/20/21	\$—	\$(522,848)
New Zealand Dollar	CITI	Buy	12,470,000	8,836,865	12/21/21	—	(128,065)
New Zealand Dollar	JPHQ	Buy	12,470,000	8,816,178	12/21/21	—	(107,377)
Chilean Peso	GSCO	Buy	3,567,150,000	4,821,132	12/23/21	18,858	(9,844)
Indian Rupee	JPHQ	Buy	205,330,400	2,660,065	1/27/22	29,606	—
Euro	DBAB	Sell	5,386,204	54,462,600 SEK	6/15/22	—	(51,022)
Euro	DBAB	Sell	6,540,211	66,595,700 NOK	6/15/22	—	(102,513)
Euro	DBAB	Sell	2,971,000	30,252,800 NOK	6/16/22	—	(46,641)
Euro	DBAB	Sell	9,278,905	95,003,000 NOK	6/20/22	—	(87,369)
Euro	CITI	Sell	32,632,111	335,990,000 NOK	6/21/22	—	(90,759)
Total Forward Exchange Contracts						\$13,040,792	\$(22,876,794)
Net unrealized appreciation (depreciation)							\$(9,836,002)

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

*In U.S. dollars unless otherwise indicated.

See Note 10 regarding other derivative information.

See Abbreviations on page TGB-37 .

Statement of Assets and Liabilities

June 30, 2021 (unaudited)

	Templeton Global Bond VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$2,279,885,504
Cost - Non-controlled affiliates (Note 3e)	171,901,075
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Value - Unaffiliated issuers	\$2,059,321,277
Value - Non-controlled affiliates (Note 3e)	171,901,075
Cash	410,000
Restricted currency, at value (cost \$3,375) (Note 1d)	3,375
Foreign currency, at value (cost \$22,568,484)	22,648,086
Receivables:	
Capital shares sold	904,890
Dividends and interest	16,542,156
Deposits with brokers for:	
OTC derivative contracts	16,942,807
Unrealized appreciation on OTC forward exchange contracts	13,040,792
	<hr/>
Total assets	2,301,714,458
Liabilities:	
Payables:	
Capital shares redeemed	1,725,149
Management fees	850,910
Distribution fees	428,956
Options written, at value (premiums received \$10,250,539)	7,431,765
Unrealized depreciation on OTC forward exchange contracts	22,876,794
Deferred tax	1,325,605
Accrued expenses and other liabilities	582,037
	<hr/>
Total liabilities	35,221,216
	<hr/>
Net assets, at value	\$2,266,493,242
Net assets consist of:	
Paid-in capital	\$2,750,110,202
Total distributable earnings (losses)	(483,616,960)
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Net assets, at value	\$2,266,493,242

Statement of Assets and Liabilities (continued)

June 30, 2021 (unaudited)

	Templeton Global Bond VIP Fund
Class 1:	
Net assets, at value	\$225,124,269
Shares outstanding	15,953,606
Net asset value and maximum offering price per share	<u>\$14.11</u>
Class 2:	
Net assets, at value	\$1,964,221,156
Shares outstanding	146,221,540
Net asset value and maximum offering price per share	<u>\$13.43</u>
Class 4:	
Net assets, at value	\$77,147,817
Shares outstanding	5,603,523
Net asset value and maximum offering price per share	<u>\$13.77</u>

Statement of Operations

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

	Templeton Global Bond VIP Fund
Investment income:	
Dividends:	
Non-controlled affiliates (Note 3e)	\$7,559
Interest: (net of foreign taxes of \$1,721,381)	
Unaffiliated issuers:	
Inflation principal adjustments	9,143,901
Paid in cash ^a	35,248,863
Total investment income	<u>44,400,323</u>
Expenses:	
Management fees (Note 3a)	5,234,558
Distribution fees: (Note 3c)	
Class 2	2,465,272
Class 4	134,519
Custodian fees (Note 4)	225,770
Reports to shareholders	182,112
Professional fees	57,298
Trustees' fees and expenses	7,935
Other	34,835
Total expenses	<u>8,342,299</u>
Expense reductions (Note 4)	(7,815)
Expenses waived/paid by affiliates (Note 3e)	<u>(82,973)</u>
Net expenses	8,251,511
Net investment income	<u>36,148,812</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(45,092,072)
Written options	(1,076,434)
Foreign currency transactions	2,090,341
Forward exchange contracts	(67,004,267)
Net realized gain (loss)	<u>(111,082,432)</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(44,365,636)
Translation of other assets and liabilities denominated in foreign currencies	(483,853)
Written options	4,494,684
Forward exchange contracts	50,651,861
Change in deferred taxes on unrealized appreciation	406,652
Net change in unrealized appreciation (depreciation)	<u>10,703,708</u>
Net realized and unrealized gain (loss)	<u>(100,378,724)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$(64,229,912)</u>

^aIncludes amortization of premium and accretion of discount.

Statements of Changes in Net Assets

	Templeton Global Bond VIP Fund	
	Six Months Ended June 30, 2021 (unaudited)	Year Ended December 31, 2020
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$36,148,812	\$78,553,753
Net realized gain (loss)	(111,082,432)	(255,348,476)
Net change in unrealized appreciation (depreciation)	10,703,708	42,872,770
Net increase (decrease) in net assets resulting from operations	(64,229,912)	(133,921,953)
Distributions to shareholders:		
Class 1	—	(22,006,093)
Class 2	—	(177,353,662)
Class 4	—	(6,338,562)
Distributions to shareholders from tax return of capital:		
Class 1	—	(1,661)
Class 2	—	(13,386)
Class 4	—	(478)
Total distributions to shareholders	—	(205,713,842)
Capital share transactions: (Note 2)		
Class 1	6,427,950	(61,786,697)
Class 2	(2,250,697)	(74,631,398)
Class 4	2,584,371	(2,661,086)
Total capital share transactions	6,761,624	(139,079,181)
Net increase (decrease) in net assets	(57,468,288)	(478,714,976)
Net assets:		
Beginning of period	2,323,961,530	2,802,676,506
End of period	\$2,266,493,242	\$2,323,961,530

Notes to Financial Statements (unaudited)

Templeton Global Bond VIP Fund

1. Organization and Significant Accounting Policies

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

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

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

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

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

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

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

b. Foreign Currency Translation

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

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies

(continued)

b. Foreign Currency Translation (continued)

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

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

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

c. Derivative Financial Instruments

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

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

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

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

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

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

See Note 10 regarding other derivative information.

d. Restricted Currency

At June 30, 2021, the Fund held currencies in certain markets in which the ability to repatriate such currency is limited. As a result of such limitations on repatriation, the Fund may incur substantial delays in gaining access to these assets and may be exposed to potential adverse movements in currency value.

e. Income and Deferred Taxes

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

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist

in the foreign markets in which the Fund invests. When a capital gain tax is determined to apply, the Fund records an estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

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

f. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

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

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies
 (continued)

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

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

Inflation-indexed bonds are adjusted for inflation through periodic increases or decreases in the security's interest accruals, face amount, or principal redemption value, by amounts corresponding to the rate of inflation as measured by an index. Any increase or decrease in the face amount or principal redemption value will be included as inflation principal adjustments in the Statement of Operations.

g. Accounting Estimates

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

h. Guarantees and Indemnifications

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

2. Shares of Beneficial Interest

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

	Six Months Ended June 30, 2021		Year Ended December 31, 2020	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	1,738,179	\$24,782,244	4,250,493	\$64,180,339
Shares issued in reinvestment of distributions	—	—	1,520,923	22,007,754
Shares redeemed	(1,286,788)	(18,354,294)	(9,677,321)	(147,974,790)
Net increase (decrease)	451,391	\$6,427,950	(3,905,905)	\$(61,786,697)
Class 2 Shares:				
Shares sold	7,108,620	\$96,530,771	10,329,028	\$147,468,530
Shares issued in reinvestment of distributions	—	—	12,843,378	177,367,048
Shares redeemed	(7,277,729)	(98,781,468)	(26,982,602)	(399,466,976)
Net increase (decrease)	(169,109)	\$(2,250,697)	(3,810,196)	\$(74,631,398)
Class 4 Shares:				
Shares sold	554,419	\$7,732,325	867,773	\$12,730,613
Shares issued in reinvestment of distributions	—	—	447,356	6,339,040
Shares redeemed	(370,012)	(5,147,954)	(1,443,142)	(21,730,739)
Net increase (decrease)	184,407	\$2,584,371	(128,013)	\$(2,661,086)

Templeton Global Bond VIP Fund (continued)

3. Transactions with Affiliates

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

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

a. Management Fees

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

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

For the period ended June 30, 2021, the annualized gross effective investment management fee rate was 0.461% of the Fund's average daily net assets.

b. Administrative Fees

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

c. Distribution Fees

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

d. Transfer Agent Fees

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

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Funds does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund

Templeton Global Bond VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

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

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Templeton Global Bond VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.01%	\$221,215,254	\$684,869,865	\$(734,184,044)	\$—	\$—	\$171,901,075	171,901,075	\$7,559
Total Affiliated Securities	\$221,215,254	\$684,869,865	\$(734,184,044)	\$—	\$—	\$171,901,075		\$7,559

4. Expense Offset Arrangement

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

5. Income Taxes

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

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

Capital loss carryforwards not subject to expiration:

Short term	\$9,962,453
Long term	186,743,959
Total capital loss carryforwards	\$196,706,412

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

Cost of investments	\$2,429,308,662
Unrealized appreciation	\$120,814,127
Unrealized depreciation	(336,168,204)
Net unrealized appreciation (depreciation)	\$(215,354,077)

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions, options sold, swaps, inflation related adjustments on foreign securities and tax straddles.

Templeton Global Bond VIP Fund (continued)

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2021, aggregated \$498,292,393 and \$312,513,916, respectively.

7. Credit Risk

At June 30, 2021, the Fund had 7.3% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. Concentration of Risk

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

At June 30, 2021, the Fund had 2.3% of its net assets denominated in Argentine Pesos. Argentina has restricted currency repatriation since September 2019, and had restructured certain issues of its debt. Political and economic conditions in Argentina could continue to affect the value of the Fund's holdings.

9. Novel Coronavirus Pandemic

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

10. Other Derivative Information

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

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
Templeton Global Bond VIP Fund				
Foreign exchange contracts . . .				
	Investments in securities, at value	\$7,184,877 ^a	Options written, at value	\$7,431,765
	Unrealized appreciation on OTC forward exchange contracts	13,040,792	Unrealized depreciation on OTC forward exchange contracts	22,876,794
Total		<u>\$20,225,669</u>		<u>\$30,308,559</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, 2021, the effect of derivative contracts in the Statement of Operations was as follows:

Templeton Global Bond VIP Fund (continued)

10. Other Derivative Information (continued)

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Templeton Global Bond VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Foreign exchange contracts				
	Investments	\$(14,780,893) ^a	Investments	\$3,655,583 ^a
	Written options	(1,076,434)	Written options	4,494,684
	Forward exchange contracts	(67,004,267)	Forward exchange contracts	50,651,861
Total		<u>\$(82,861,594)</u>		<u>\$58,802,128</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, 2021, the average month end notional amount of options represented \$1,846,360,704. The average month end contract value of forward exchange contracts was \$2,302,828,224.

See Note 1(c) regarding derivative financial instruments.

At June 30, 2021, OTC derivative assets and liabilities are as follows:

	Gross Amounts of Assets and Liabilities Presented in the Statement of Assets and Liabilities	
	Assets^a	Liabilities^a
Templeton Global Bond VIP Fund		
Derivatives		
Forward exchange contracts	\$13,040,792	\$22,876,794
Options purchased	7,184,877	—
Options written	—	7,431,765
Total	<u>\$20,225,669</u>	<u>\$30,308,559</u>

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

At June 30, 2021, OTC derivative assets, which may be offset against OTC derivative liabilities and collateral received from the counterparty, are as follows:

Templeton Global Bond VIP Fund (continued)

10. Other Derivative Information (continued)

	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Received ^{a,b}	Cash Collateral Received	
Templeton Global Bond VIP Fund					
Counterparty					
BOFA	\$458,593	\$(458,593)	\$—	\$—	\$—
CITI	7,175,191	(7,175,191)	—	—	—
DBAB	656,593	(656,593)	—	—	—
GSCO	65,655	(65,655)	—	—	—
HSBK	4,455,671	(1,598,598)	(2,790,527)	—	66,546
JPHQ	2,154,366	(2,154,366)	—	—	—
MSCO	5,259,600	(5,259,600)	—	—	—
Total	\$20,225,669	\$(17,368,596)	\$(2,790,527)	\$—	\$66,546

At June 30, 2021, OTC derivative liabilities, which may be offset against OTC derivative assets and collateral pledged to the counterparty, are as follows:

	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	
Templeton Global Bond VIP Fund					
Counterparty					
BOFA	\$817,647	\$(458,593)	\$—	\$(359,054)	\$—
CITI	13,383,062	(7,175,191)	—	(6,207,871)	—
DBAB	733,623	(656,593)	—	—	77,030
GSCO	822,314	(65,655)	—	(380,000)	376,659
HSBK	1,598,598	(1,598,598)	—	—	—
JPHQ	4,375,227	(2,154,366)	—	(1,902,807)	318,054
MSCO	8,578,088	(5,259,600)	—	(3,318,488)	—
Total	\$30,308,559	\$(17,368,596)	\$—	\$(12,168,220)	\$771,743

^aAt June 30, 2021, the Fund received U.S. Treasury Bonds and Notes and U.K Treasury Inflation-Linked Gilt Bonds 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-39.

Templeton Global Bond VIP Fund (continued)

11. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures on February 4, 2022. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

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

12. Fair Value Measurements

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

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

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

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

	Level 1	Level 2	Level 3	Total
Templeton Global Bond VIP Fund				
Assets:				
Investments in Securities:				
Foreign Government and Agency Securities:				
Argentina	\$—	\$—	\$46,019,620	\$46,019,620
Brazil	—	22,347,014	—	22,347,014
Colombia	—	77,133,622	—	77,133,622
Ghana	—	39,757,401	—	39,757,401
India	—	99,052,080	—	99,052,080
Indonesia	—	221,829,189	—	221,829,189
Mexico	—	230,446,801	—	230,446,801
Norway	—	87,002,125	—	87,002,125
South Korea	—	422,131,282	—	422,131,282
Supranational	—	10,295,291	—	10,295,291
U.S. Government and Agency Securities	—	472,483,176	—	472,483,176
Options purchased	—	7,184,877	—	7,184,877
Short Term Investments	236,358,605	253,705,700	5,475,569	495,539,874
Total Investments in Securities	\$236,358,605	\$1,943,368,558	\$51,495,189	\$2,231,222,352
Other Financial Instruments:				
Forward exchange contracts	\$—	\$13,040,792	\$—	\$13,040,792
Restricted Currency (ARS)	—	—	3,375	3,375
Total Other Financial Instruments	\$—	\$13,040,792	\$3,375	\$13,044,167

Templeton Global Bond VIP Fund (continued)

12. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Templeton Global Bond VIP Fund (continued)				
Assets:				
Restricted Currency (ARS)				
Receivables:				
Interest (ARS)	\$—	\$—	\$892,314	\$892,314
Liabilities:				
Other Financial Instruments:				
Options written	\$—	\$7,431,765	\$—	\$7,431,765
Forward exchange contracts	—	22,876,794	—	22,876,794
Total Other Financial Instruments	\$—	\$30,308,559	\$—	\$30,308,559
Payables:				
Deferred Tax (ARS)	\$—	\$—	\$1,799	\$1,799

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the period. At June 30, 2021, the reconciliation is as follows:

	Balance at Beginning of Period	Purchases ^a	Sales ^b	Transfer Into Level 3	Transfer Out of Level 3	Net Accretion (Amortiza- tion)	Net Realized Gain (Loss)	Net Unrealized Appreciation (Depreciation)	Balance at End of Period	Net Change in Unrealized Appreciation (Depreciation) on Assets Held at Period End
Templeton Global Bond VIP Fund										
Assets:										
Investments in Securities:										
Foreign Government and Agency Securities:										
Argentina	\$43,034,720	\$10,408,028	\$(2,802,531)	\$—	\$—	\$1,864,771	\$(739,264)	\$(5,746,104)	\$46,019,620	\$(4,912,221)
Short Term Investments	3,010,391	5,585,353	(2,262,400)	—	—	34,051	(211,039)	(680,787)	5,475,569	(635,829)
Total Investments in Securities	\$46,045,111	\$15,993,381	\$(5,064,931)	\$—	\$—	\$1,898,822	\$(950,303)	\$(6,426,891)	\$51,495,189	\$(5,548,050)
Other Financial Instruments:										
Restricted Currency (ARS)	\$3,151	\$20,560,298	\$(20,378,457)	\$—	\$—	\$—	\$(181,659)	\$42	\$3,375	\$—
Receivables:										
Interest (ARS)	\$947,439	\$11,031,600	\$(10,987,304)	\$—	\$—	\$—	\$(10,859)	\$(88,562)	\$892,314	\$(40,025)
Liabilities:										
Payables:										
Deferred Tax (ARS)	\$2,124	\$—	\$—	\$—	\$—	\$—	\$—	\$(325)	\$1,799	\$(325)
Investment Securities Purchased (ARS)	\$463,749	\$—	\$(467,633)	\$—	\$—	\$—	\$3,884	\$—	\$—	\$—

^a Purchases include all purchases of securities and securities received in corporate actions.

^b Sales include all sales of securities, maturities, paydowns and securities tendered in corporate actions.

Significant unobservable valuation inputs for material Level 3 assets and/or liabilities and impact to fair value as a result of changes in unobservable valuation inputs as of June 30, 2021, are as follows:

Templeton Global Bond VIP Fund (continued)

12. Fair Value Measurements (continued)

Description	Fair Value at End of Period	Valuation Technique	Unobservable Inputs	Amount		Impact to Fair Value if Input Increases ^a
Templeton Global Bond VIP Fund						
Assets:						
Investments in Securities:						
Foreign Government and Agency Securities:						
Argentina	\$46,019,620	Market comparables	Implied foreign exchange rate	169.8	ARS/USD	Decrease ^b
Short Term Investments:						
Argentina	5,475,569	Market comparables	Implied foreign exchange rate	169.8	ARS/USD	Decrease ^c
All Other	895,689 ^d					
Liabilities:						
All Other	1,799 ^d					
Total	\$52,389,079					

^a Represents the directional change in the fair value of the Level 3 financial instruments that would result from a significant and reasonable increase in the corresponding input. A significant and reasonable decrease in the input would have the opposite effect. Significant impacts, if any, to fair value and/or net assets have been indicated.

^b Represents a significant impact to fair value and net assets.

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

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

See Abbreviations on page TGB-39.

13. New Accounting Pronouncements

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

14. Subsequent Events

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

Templeton Global Bond VIP Fund (continued)

Abbreviations

Counterparty

BOFA	Bank of America N.A.
CITI	Citibank NA
DBAB	Deutsche Bank AG
GSCO	Goldman Sachs Group, Inc.
HSBK	HSBC Bank plc
JPHQ	JPMorgan Chase Bank NA
MSCO	Morgan Stanley

Selected Portfolio

BADLAR	Argentina Deposit Rates Badlar Private Banks ARS
CER	Reference Stabilization Coefficient
FRN	Floating Rate Note

Currency

ARS	Argentine Peso
AUD	Australian Dollar
BRL	Brazilian Real
COP	Colombian Peso
GHS	Ghanaian Cedi
IDR	Indonesian Rupiah
INR	Indian Rupee
JPY	Japanese Yen
KRW	South Korean Won
MXN	Mexican Peso
NOK	Norwegian Krone
SEK	Swedish Krona
SGD	Singapore Dollar
USD	United States Dollar

Tax Information (unaudited)

Templeton Global Bond VIP Fund

Under Section 853 of the Internal Revenue Code, the Fund intends to elect to pass through to its shareholders \$3,541,942 of foreign taxes paid and \$69,964,607 of foreign source income earned by the fund, or amounts as finally determined, during the fiscal year ended December 31, 2020.

Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Returns (NR) include income net of tax withholding when dividends are paid.

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

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

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

Bloomberg Barclays U.S. Aggregate Bond Index measures the investment-grade, U.S. dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate securities, mortgage-backed securities (agency fixed-rate and hybrid adjustable-rate mortgage pass-throughs), asset-backed securities and commercial mortgage-backed securities (agency and nonagency).

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

Bloomberg Barclays U.S. Corporate High Yield Bond Index measures the performance of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and Standard & Poor's is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets (EM) country of risk, based on Barclays EM country definition, are excluded.

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

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

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

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

FTSE World Government Bond Index measures the performance of fixed-rate, local currency, investment-grade sovereign bonds and is stated in U.S. dollar terms.

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

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds Classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocating assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the six-month period ended 6/30/21, there were 375 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the six-month period ended 6/30/21, there were 24 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

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

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

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

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

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

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

MSCI World ex USA Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets, excluding the U.S.

MSCI World Growth Index-NR measures large and midcap securities exhibiting overall growth style characteristics across 23 developed markets countries.

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

MSCI World Value Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure performance of stocks exhibiting overall value style characteristics in global developed markets.

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

Russell 1000® Index is market capitalization weighted and measures the performance of the approximately 1,000 largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

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

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

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

Russell 2500™ Index is market capitalization weighted and measures the performance of the approximately 2,500 smallest companies in the Russell 3000 Index® that represent a modest amount of the Russell 3000® Index's total market capitalization.

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

Russell 3000® Index is market capitalization weighted and measures the performance of the largest 3,000 U.S. companies representing the majority of the U.S. market's total capitalization.

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

Russell Midcap® Index is market capitalization weighted and measures the performance of the approximately 800 smallest companies in the Russell 1000® Index that represent a modest amount of the Russell 1000® Index's total market capitalization.

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

Shareholder Information

Board Approval of Investment Management Agreements

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

Franklin Allocation VIP Fund

Franklin Flex Cap Growth VIP Fund

Franklin Global Real Estate VIP Fund

Franklin Growth and Income VIP Fund

Franklin Income VIP Fund

Franklin Large Cap Growth VIP Fund

Franklin Mutual Global Discovery VIP Fund

Franklin Mutual Shares VIP Fund

Franklin Rising Dividends VIP Fund

Franklin Small Cap Value VIP Fund

Franklin Small-Mid Cap Growth VIP Fund

Franklin Strategic Income VIP Fund

Franklin U.S. Government Securities VIP Fund

Franklin VolSmart Allocation VIP Fund

Templeton Developing Markets VIP Fund

Templeton Foreign VIP Fund

Templeton Global Bond VIP Fund

Templeton Growth VIP Fund

(each a Fund)

At a meeting held on April 20, 2021 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the (i) investment management agreement between Franklin Advisers, Inc. (FAI) and the Trust, on behalf of each of Franklin Allocation VIP Fund, Franklin Flex Cap Growth VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small-Mid Cap Growth VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund, Franklin VolSmart Allocation VIP Fund, and Templeton Global Bond VIP Fund; (ii) the investment sub-advisory agreement between FAI and Franklin Templeton Institutional, LLC (FTIL), an affiliate of FAI, on behalf of Franklin Allocation VIP Fund; (iii) the investment sub-advisory agreement between FAI and Templeton Global Advisors Limited (TGAL), an affiliate of FAI, on behalf of Franklin Allocation VIP Fund; (iv) the investment management agreement between FTIL and the Trust, on behalf of Franklin Global Real Estate VIP Fund; (v) the investment management agreement between Franklin Mutual Advisers, LLC (FMA) and the Trust, on behalf of

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

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

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of each Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in the best interests of the applicable Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by each Manager and its affiliates to the Funds and their shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of each Manager; as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for each Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by each Manager and its affiliates; and management fees charged by each Manager and its affiliates to US funds and other accounts, including management's explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Funds to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements, which included discussion of the changing distribution landscape for the Funds. The Board noted management's continuing efforts and expenditures in establishing effective business continuity plans and developing strategies to address areas of heightened concern in the mutual fund industry, such as cybersecurity in the current work-from-home environment and liquidity risk management.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Managers' parent, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Funds by the FT organization. The Board specifically noted FT's commitment to enhancing services and controlling costs, as reflected in its outsourcing of certain administrative functions, and growth opportunities,

as evidenced by its recent acquisition of the Legg Mason companies. The Board also noted FT's attention focused on expanding the distribution opportunities for all funds in the FT family of funds.

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

Fund Performance

The Board reviewed and considered the performance results of each Fund over various time periods ended January 31, 2021. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

Franklin Allocation VIP Fund, Franklin Income VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Global Bond VIP Fund - The Performance Universe for the Franklin Allocation VIP Fund included the Fund and all mixed-asset target allocation growth funds underlying variable insurance products (VIPs). The Performance Universe for the Franklin Income VIP Fund included the Fund and all flexible portfolio funds underlying VIPs. The Performance Universe for the Franklin Strategic Income VIP Fund included the Fund and all multi-sector income funds underlying VIPs. The Performance Universe for the Franklin U.S. Government Securities VIP Fund included the Fund and all intermediate US government funds underlying VIPs. The Performance Universe for the Templeton Global Bond VIP Fund included the Fund and all global income funds underlying VIPs. The Board noted that each Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its respective Performance Universe. The Board also noted that each Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its respective Performance Universe. The Board considered that the income-oriented investment objective of each Fund is the primary focus for the Fund's portfolio management team and that the evaluation of the Fund's

performance relative to the Fund's peers on an annualized income return basis is consistent with investor expectations and the Fund's investment goals. The Board concluded that each Fund's performance was satisfactory.

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

Franklin Flex Cap Growth VIP Fund and Franklin Small-Mid Cap Growth VIP Fund - The Performance Universe for the Franklin Flex Cap Growth VIP Fund included the Fund and all large-cap growth funds underlying VIPs. The Performance Universe for the Franklin Small-Mid Cap Growth VIP Fund included the Fund and all mid-cap growth funds underlying VIPs. The Board noted that each Fund's annualized total return for the ten-year period was below the median of its respective Performance Universe, but for the one-, three- and five-year periods was above the median of its respective Performance Universe. The Board further noted that it had approved at its February 2021 Board meeting various changes to the Franklin Flex Cap Growth VIP Fund expected to be effective May 1, 2021, including, among other things, changing the Fund's name, investment strategy, and primary benchmark. The Board concluded that each Fund's performance was satisfactory.

Franklin Global Real Estate VIP Fund - The Performance Universe for the Fund included the Fund and all global real estate funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three- and five-year periods was below the median of its Performance Universe, but for the 10-year period was above the median of its Performance Universe. The Board discussed this performance with management and management explained that, effective September 3, 2019, a change was made to the Fund's portfolio management. Management represented that since this change in the Fund's portfolio management team relative Fund performance has generally been positive, outperforming the Fund's benchmark by approximately 150 basis points. Management explained that the Fund's relative performance lagged that of peers due to the Fund's focus on sustainable cash flow growth at a time when the market returned to a focus on value post the favorable news regarding vaccine results in mid-November. Management further explained that key detractors that contributed to the Fund's one-year underperformance included the Fund's exposure to technology-adjacent subsectors such as logistics and cellular towers, which outperformed prior to

the favorable vaccine news, but underperformed thereafter. Management reviewed with the Board the enhancements to the Fund's investment processes in an effort to improve performance, which included making specific portfolio holding changes. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Large Cap Growth VIP Fund and Templeton Developing Markets VIP Fund - The Performance Universe for the Franklin Large Cap Growth VIP Fund included the Fund and all multi-cap growth funds underlying VIPs. The Performance Universe for the Templeton Developing Markets VIP Fund included the Fund and all emerging markets funds underlying VIPs. The Board noted that each Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its respective Performance Universe. The Board concluded that each Fund's performance was satisfactory.

Franklin Mutual Global Discovery VIP Fund - The Performance Universe for the Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and five-year periods was below the median of its Performance Universe, but for the three- and 10-year periods was above the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's underperformance in 2017 was material and continues to adversely impact the Fund's ranking over longer-term periods. Management reminded the Board of the primary factors that impacted the 2017 performance, including, among factors, exposure to non-US equities and stock selection. Management further explained that the Fund is one of the few funds in its Performance Universe that hedges exposures to non-US currencies which detracted 81 basis points from the Fund's performance relative to its benchmark index, the MSCI World Value Index - NR, in 2020. Management also explained that key detractors from the Fund's one-year performance included the Fund's stock selection in the financials and industrials sectors and the Fund's underweight position in the industrials sector. Management reviewed with the Board recent leadership changes implemented for the Manager, as well as enhancements made to the Fund's investment processes in an effort to improve performance. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Mutual Shares VIP Fund - The Performance Universe for the Fund included the Fund and all multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's underperformance in 2017 was material and continues to adversely impact the Fund's ranking over longer-term periods. Management reminded the Board of the primary factors that impacted the 2017 performance, including, among factors, exposure to non-US equities and stock selection. Management also explained that the Fund's underweight position in US securities as compared to its peers detracted from the Fund's relative performance. Management further explained that key detractors from the Fund's one-year performance included the Fund's stock selection in the financials and industrials sectors and the Fund's underweight position in the industrials sector. Management reviewed with the Board recent leadership changes implemented for the Manager, as well as enhancements made to the Fund's investment processes in an effort to improve performance. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Rising Dividends VIP Fund - The Performance Universe for the Franklin Rising Dividends VIP Fund included the Fund and all large-cap core funds underlying VIPs. The Board noted that the Fund's annualized total return for the three-, five- and 10-year periods was above the median of its Performance Universe, but for the one-year period was below the median of its Performance Universe. The Board further noted that, while below the median, the Fund's one-year annualized total return was 14.22% and only slightly below the Performance Universe median of 14.79%. The Board concluded that the Fund's performance was acceptable.

Franklin Small Cap Value VIP Fund - The Performance Universe for the Fund included the Fund and all small-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the three-, five- and 10-year periods was above the median of its Performance Universe, but for the one-year period was below the median of its Performance Universe. The Board further noted that, while below the median, the Fund's one-year annualized total return was 11.47%. The Board concluded that the Fund's performance was acceptable.

Franklin VolSmart Allocation VIP Fund - The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying VIPs. The Board noted that the Fund incepted on April 1, 2013 and has been in operation for less than 10 years. The Board further noted that its annualized total return for the one-, three- and five-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Templeton Foreign VIP Fund - The Performance Universe for the Fund included the Fund and all international multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund has a more intense value tilt than the Performance Universe, which has negatively impacted the Fund's relative returns during a period of historic and sustained outperformance of growth over value. Management further explained that the Fund's shorter-term relative returns were also negatively impacted by the Fund's larger allocation to the energy sector versus peers, which underperformed the broader market. Management also explained that the Fund's one-year relative underperformance was primarily attributable to the Fund's health care holdings. Management then discussed with the Board the actions that are being taken in an effort to address the sources of the Fund's underperformance, including enhancements to the Fund's portfolio management team and a focus on constructing a more diversified and high-conviction portfolio. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Templeton Growth VIP Fund - The Performance Universe for this Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the three-, five- and 10-year periods was below the median of its Performance Universe, but for the one-year period was above the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's higher exposure to value stocks, which have experienced a period of historic underperformance, and underweight position in US stocks, which have led market returns in recent years, contributed to the Fund's relative longer-term underperformance versus its Performance Universe. Management also explained that weightings in particular sectors (such as consumer discretionary, energy, financials, information technology and health care) and

overall stock selection contributed to the Fund's relative underperformance. Management then discussed with the Board the actions that are being taken/have been taken in an effort to address the sources of the Fund's underperformance, including enhancements to the Fund's portfolio management team and a focus on constructing a more diversified and high-conviction portfolio. The Board noted that the Fund's one-year annualized total return was 6.84% and in the second quintile of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Comparative Fees and Expenses

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

Franklin Allocation VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Small Cap Value VIP Fund and Templeton Global Bond VIP Fund – The Expense Group for the Franklin Allocation VIP Fund included the Fund and 10 other mixed-asset target allocation growth funds underlying VIPs. The Expense Group for the Franklin Growth and Income VIP Fund included the Fund and 12 other equity income funds underlying VIPs. The Expense Group for the Franklin Income VIP Fund included the Fund and 10 other flexible portfolio funds underlying VIPs. The

Expense Group for the Franklin Small Cap Value VIP Fund included the Fund and 10 other small-cap value funds underlying VIPs. The Expense Group for the Templeton Global Bond VIP Fund included the Fund and 11 other global income funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for each Fund were below the medians of its respective Expense Group. The Board also noted that the Franklin Allocation VIP Fund and Franklin Growth and Income VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board concluded that the Management Rate charged to each Fund is reasonable. In doing so, the Board noted that the Franklin Allocation VIP Fund's sub-advisers, FTIL and TGAL, are paid by FAI out of the management fee FAI receives from the Fund.

Franklin Small-Mid Cap Growth VIP Fund and Franklin U.S. Government Securities VIP Fund - The Expense Group for the Franklin Small-Mid Cap Growth VIP Fund included the Fund and 11 other mid-cap growth funds underlying VIPs. The Expense Group for the Franklin U.S. Government Securities VIP Fund included the Fund, two other intermediate US government funds underlying VIPs and 10 inflation-protected bond funds underlying VIPs. The Board noted that the Management Rate for each Fund was below the median of its respective Expense Group, and the actual total expense ratio for each Fund was equal to the median of its respective Expense Group. The Board concluded that the Management Rate charged to each Fund is reasonable.

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

Franklin Large Cap Growth VIP Fund and Franklin VolSmart Allocation VIP Fund - The Expense Group for the Franklin Large Cap Growth VIP Fund included the Fund and 10 other multi-cap growth funds underlying VIPs. The Expense Group for the Franklin VolSmart Allocation VIP Fund included the Fund, three other flexible portfolio funds underlying VIPs, and one mixed-asset target allocation growth fund underlying VIPs. The Board noted that the Management Rate for each Fund was equal to the median of its respective Expense Group, and the actual total expense ratio for each Fund was above the median of its respective Expense Group. The

Board also noted that the Franklin VolSmart Allocation VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board concluded that the Management Rate charged to each Fund is reasonable.

Franklin Flex Cap Growth VIP Fund and Templeton Foreign VIP Fund - The Expense Group for the Franklin Flex Cap Growth VIP Fund included the Fund and 12 other large-cap growth funds underlying VIPs. The Expense Group for the Templeton Foreign VIP Fund included the Fund, seven other international multi-cap value funds underlying VIPs and five international large-cap value funds underlying VIPs. The Board noted that the Management Rate for each Fund was above the median of its respective Expense Group, but its actual total expense ratio was below the median of its respective Expense Group. The Board further noted that the Management Rate for the Templeton Foreign VIP Fund was approximately six basis points above the median of its Expense Group and that the Franklin Flex Cap Growth VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board also noted that, in connection with the changes discussed above that are expected to be made to the Franklin Flex Cap Growth VIP Fund, the Fund would experience a reduction in its Management Rate. The Board concluded that the Management Rate charged to each Fund is reasonable.

Franklin Global Real Estate VIP Fund, Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund, Franklin Strategic Income VIP Fund, Templeton Developing Markets VIP Fund and Templeton Growth VIP Fund - The Expense Group for the Franklin Global Real Estate VIP Fund included the Fund and eight other global real estate funds underlying VIPs. The Expense Group for the Franklin Mutual Global Discovery VIP Fund included the Fund, one other global multi-cap value fund underlying VIPs, three global multi-cap core funds underlying VIPs, and four global multi-cap growth funds underlying VIPs. The Expense Group for the Franklin Mutual Shares VIP Fund included the Fund and 12 other multi-cap value funds underlying VIPs. The Expense Group for the Franklin Strategic Income VIP Fund included the Fund and 11 other multi-sector income funds underlying VIPs. The Expense Group for the Templeton Developing Markets VIP Fund included the Fund and 14 other emerging markets funds underlying VIPs. The Expense Group for the Templeton Growth VIP Fund included the Fund, one other global multi-cap fund underlying VIPs, three global multi-cap core funds underlying VIPs, and four global multi-cap growth funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for each Fund was above the median of its respective Expense Group. With

respect to the Franklin Global Real Estate VIP Fund, the Board noted management's explanation that the Fund was the second smallest fund in its Expense Group and had experienced declining assets under management resulting in higher other expenses. The Board then noted that the Fund's actual total expense ratio reflected a fee waiver from management and that management agreed to decrease the current expense cap on the Fund's total annual operating expenses from 1.00% to 0.90%, effective May 1, 2021. With respect to the Franklin Mutual Global Discovery VIP Fund, the Board noted management's explanation that the portfolio management team makes investments in the debt and equity of distressed companies and merger arbitrage securities that are specialized in nature and therefore require additional expertise and resources, whereas the Fund's Expense Group generally does not make such investments. With respect to the Franklin Mutual Shares VIP Fund, the Board noted that the Fund's Management Rate and actual total expense ratio were each less than 3 basis points above the respective median of the Fund's Expenses Group. With respect to the Franklin Strategic Income VIP Fund, the Board noted that the Fund's Management Rate and actual total expense ratio were less than 2 basis points and 5 basis points, respectively, above the applicable median of the Fund's Expenses Group. With respect to the Templeton Developing Markets VIP Fund, the Board noted that the Fund's Management Rate was three basis points and the Fund's actual total expense ratio was less than three basis points above the respective median of the Fund's Expenses Group. With respect to the Templeton Growth VIP Fund, the Board noted management's explanation that the Fund's total expense ratio is above median due to the depth of the Fund's fundamental research process which includes extensive fundamental research to model a company's potential future earnings, cash flow, and asset value relative to its stock price. The Board concluded that the Management Rate charged to each Fund is reasonable. In doing so, the Board noted that the Templeton Developing Markets VIP Fund's sub-adviser is paid by TAML out of the management fee TAML receives from the Fund.

Profitability

The Board reviewed and considered information regarding the profits realized by each Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board considered the Fund profitability analysis that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2020, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its

methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Funds' profitability report presentations from prior years. The Board further noted management's representation that the profitability analysis excluded the impact of the recent acquisition of the Legg Mason companies and that management expects to incorporate the legacy Legg Mason companies into the profitability analysis beginning next year. The Board also noted that PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, has been engaged to periodically review and assess the allocation methodologies to be used solely by the Funds' Board with respect to the profitability analysis.

The Board noted management's belief that costs incurred in establishing the infrastructure necessary for the type of mutual fund operations conducted by each Manager and its affiliates may not be fully reflected in the expenses allocated to each Fund in determining its profitability, as well as the fact that the level of profits, to a certain extent, reflected operational cost savings and efficiencies initiated by management. As part of this evaluation, the Board considered management's outsourcing of certain operations, which effort has required considerable up-front expenditures by the Managers but, over the long run is expected to result in greater efficiencies. The Board also noted management's expenditures in improving shareholder services provided to the Funds, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements.

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

Economies of Scale

The Board reviewed and considered the extent to which each Manager may realize economies of scale, if any, as each Fund grows larger and whether each Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints for each Fund (except for

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

Conclusion

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

Liquidity Risk Management Program- Funds no HLIM

Each Fund has adopted and implemented a written Liquidity Risk Management Program (the "LRMP") as required by Rule 22e-4 under the Investment Company Act of 1940 (the "Liquidity Rule"). The LRMP is designed to assess and manage each Fund's liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining

investors' interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund's liquidity risk; (2) classification of each Fund's portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund's net assets in Highly Liquid investments (called a "Highly Liquid Investment Minimum" or "HLIM"); and (4) prohibiting the Fund's acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the Securities and Exchange Commission ("SEC") (on a non-public basis) and to the Board if the Fund's holdings of Illiquid assets exceed 15% of the Fund's net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the SEC (on a non-public basis).

The Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") is the appointed Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the "ILC") to provide oversight and administration of policies and procedures governing liquidity risk management for FT products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Investment Compliance, Investment Operations, Valuation Committee, Product Management and Global Product Strategy.

In assessing and managing each Fund's liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund's investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources including the Funds' interfund lending facility and line of credit. Classification of the Fund's portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment's market value.

Each Fund primarily holds liquid assets that are defined under the Liquidity Rule as "Highly Liquid Investments," and therefore is not required to establish an HLIM. Highly Liquid Investments are defined as cash and any investment

reasonably expected to be convertible to cash in current market conditions in three business days or less without the conversion to cash significantly changing the market value of the investment.

At meetings of the Funds' Board of Trustees held in May 2021, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2020. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund.

Proxy Voting Policies and Procedures

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

Quarterly Statement of Investments

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

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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.



**FRANKLIN
TEMPLETON**

**Semiannual Report
Franklin Templeton Variable Insurance Products Trust**

Investment Managers

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

Fund Administrator

Franklin Templeton Services, LLC

Distributor

Franklin Distributors,
LLC