

ANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

December 31, 2020



FRANKLIN
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Franklin Templeton Variable Insurance Products Trust Annual Report

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

Not FDIC Insured	May Lose Value	No Bank Guarantee
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Important Notes to Performance Information

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

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

Franklin Small Cap Value VIP Fund

This annual report for Franklin Small Cap Value VIP Fund covers the fiscal year ended December 31, 2020.

Class 2 Performance Summary as of December 31, 2020

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

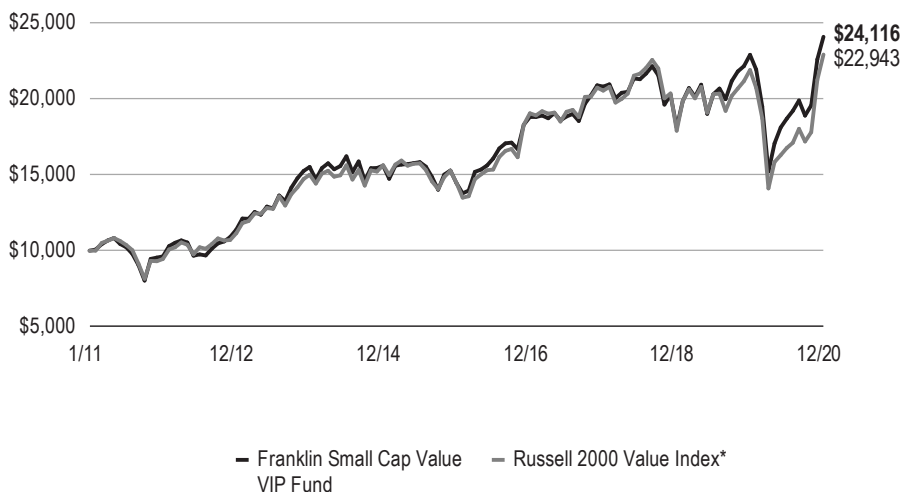
Share Class	Average Annual Total Return
2	
1-Year	+5.19%
5-Year	+10.77%
10-Year	+9.20%

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

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

Total Return Index Comparison for a Hypothetical \$10,000 Investment (1/1/11–12/31/20)

The graph below shows the change in value of a hypothetical \$10,000 investment in the Fund over the indicated period and includes reinvestment of any income or distributions. The Fund's performance is compared to the performance of the Russell 2000® Value Index. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. **Please see Important Notes to Performance Information preceding the Fund Summaries.**



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

Franklin Small Cap Value VIP Fund

Fund Goal and Main Investments

The Fund seeks long-term total return. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of small capitalization companies. For this Fund, small capitalization companies are those with market capitalizations not exceeding either the highest market capitalization in the Russell 2000® Index or the 12-month average of the highest market capitalization in the Russell 2000® Index, whichever is greater, at the time of purchase. The Fund generally invests in equity securities of companies that the manager believes are undervalued at the time of purchase and have the potential for capital appreciation.

Fund Risks

All investments involve risks, including possible loss of principal. Unexpected events and their aftermaths, such as the spread of deadly diseases; natural, environmental or man-made disasters; financial, political or social disruptions; terrorism and war; and other tragedies or catastrophes, can cause investor fear and panic, which can adversely affect the economies of many companies, sectors, nations, regions and the market in general, in ways that cannot necessarily be foreseen. The Fund's investments in smaller company stocks carry special risks as such stocks have historically exhibited greater price volatility than large-company stocks, particularly over the short term. Additionally, smaller companies often have relatively small revenues, limited product lines and a small market share. Value securities may not increase in price as anticipated, or may decline further in value. In addition, the Fund may invest up to 25% of its total assets in foreign securities, which involve special risks, including currency fluctuations and economic and political uncertainty. The Fund also may invest in equity real estate investment trusts (REITs). The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the Russell 2000® Value Index posted a +4.63% total return for the same period.¹ Please note the Fund employs a bottom-up stock selection process, and the managers invest in securities without regard to benchmark comparisons.

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.

Portfolio Composition

12/31/20

	% of Total Net Assets
Machinery	17.7%
Banks	15.0%
Insurance	12.8%
Chemicals	7.2%
Specialty Retail	4.2%
Hotels, Restaurants & Leisure	3.9%
Health Care Equipment & Supplies	3.9%
Building Products	3.1%
Leisure Products	2.6%
Electronic Equipment, Instruments & Components	2.3%
Food Products	2.0%
Multi-Utilities	1.8%
Communications Equipment	1.8%
Textiles, Apparel & Luxury Goods	1.8%
Construction & Engineering	1.8%
Metals & Mining	1.7%
Automobiles	1.7%
Oil, Gas & Consumable Fuels	1.4%
Software	1.4%
Equity Real Estate Investment Trusts (REITs)	1.4%
Commercial Services & Supplies	1.4%
Electric Utilities	1.3%
Paper & Forest Products	1.2%
Other	5.1%
Short-Term Investments & Other Net Assets	1.5%

Economic and Market Overview

U.S. equities, as measured by the Standard & Poor's® 500 Index (S&P 500®), advanced strongly during the 12 months ended December 31, 2020. Although equities began the year with gains, a sharp selloff began in late February 2020 amid investor fears of a global economic slowdown due to the novel coronavirus (COVID-19) pandemic. Such fears drove many investors to sell equities and buy government bonds, cash equivalents and other investments perceived as safe. Nevertheless, equities began to advance in late March, as monetary and fiscal stimulus drove stocks sharply higher. Following declines in September and October, equities, as measured by the S&P 500, advanced to all-time price highs in December.

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).

Pandemic-related restrictions severely curtailed economic activity, resulting in mass layoffs that drove the unemployment rate to 14.8% in April 2020.² The longest U.S. economic expansion in history ended in February, according to the National Bureau of Economic Research, and the country slipped into a deep recession with second-quarter 2020 gross domestic product (GDP) posting a record annualized decline.

In an effort to support the economy, the U.S. Federal Reserve (Fed) lowered the federal funds target rate to a range of 0.00%–0.25% in March 2020. The Fed also enacted quantitative easing measures aimed at ensuring credit flows to borrowers and supporting credit markets with open-ended bond purchasing. Furthermore, the Fed signaled that interest rates would potentially remain low, even if inflation moderately exceeded its 2% target.

Equities began to rebound in late March 2020, benefiting from fiscal and monetary stimulus, a gradual lifting of restrictions and development of COVID-19 vaccines and treatments. Rising retail sales and rebounding economic activity led third-quarter GDP to expand at a record annualized pace, although growth slowed in the fourth quarter. Concerns about possible new restrictions amid rising COVID-19 infection rates and uncertainties about additional fiscal stimulus and the U.S. presidential election drove stocks lower in September and October. Despite signs that the economic recovery was stalling, as the unemployment rate remained relatively high (6.7% at period-end) and consumer spending declined, stocks rallied in November and December, buoyed by the outcome of the U.S. presidential election, the start of COVID-19 vaccination programs and the passage of a new stimulus bill.²

Investment Strategy

Our strategy is to invest in small-cap companies that we believe are undervalued at the time of purchase and have the potential for capital appreciation. A stock is undervalued, or is a “value,” when it trades at less than the price at which the investment manager believes it would trade if the market reflected all factors relating to the company’s worth. Following this strategy, the Fund invests in companies that the investment manager believes have, for example: stock prices that are low relative to current, or historical or future earnings, book value, cash flow or sales; recent sharp price declines but the potential for good long-term earnings prospects; and valuable intangibles not reflected in the stock price. The Fund also may invest in equity real estate investment trusts (REITs).

2. Source: Bureau of Labor Statistics.

Top 10 Holdings

12/31/20

Company Industry	% of Total Net Assets
Old Republic International Corp. <i>Insurance</i>	3.1%
Avient Corp. <i>Chemicals</i>	3.1%
First Horizon Corp. <i>Banks</i>	3.0%
Hanover Insurance Group, Inc. (The) <i>Insurance</i>	3.0%
Horace Mann Educators Corp. <i>Insurance</i>	2.9%
Hillenbrand, Inc. <i>Machinery</i>	2.6%
CNO Financial Group, Inc. <i>Insurance</i>	2.5%
Brunswick Corp. <i>Leisure Products</i>	2.2%
Timken Co. (The) <i>Machinery</i>	2.2%
Group 1 Automotive, Inc. <i>Specialty Retail</i>	2.2%

Manager’s Discussion

For the 12 months ended December 31, 2020, contributors to Fund performance included Avient, BJ’s Wholesale Club and Jack in the Box.

Shares of Avient, a higher value-add chemicals company, rose due to stronger than expected earnings results, driven by sequential improvement in demand across all regions and end markets including health care, consumer discretionary and automobiles. The company also completed the acquisition of Clariant’s Masterbatch business on July 1, 2020, which further improved the company’s exposure to specialty applications and business mix, deriving approximately 60% of revenues from consumer, packaging and health care end markets. Additionally, management issued guidance for higher cost synergies from the transaction compared to initial estimates and remains committed to returning cash to shareholders and deleveraging the corporate balance sheet.

Shares of BJ’s Wholesale Club, a warehouse club retailer, rose during the period as it benefited from increased consumer spending towards food at home as a result of the pandemic. Furthermore, BJ’s reported strong membership growth and material market share gains as customers consolidated shopping trips and became increasingly focused on value. Longer term, we believe the company’s membership model could provide it with another benefit, as a larger membership base could increase sales in future years.

Shares of Jack in the Box, a fast-food restaurant operator and franchisor, rallied during the period as its significant drive-through business and what we consider attractive value-priced offerings helped its same-store sales growth outperform peers amid the pandemic. Additionally, fiscal stimulus helped to increase consumer spending on food away from home.

Detractors from performance included Retail Properties of America, Brinker International and Toll Brothers.

Shares of Retail Properties of America, a shopping center real estate investment trust, declined as stay-at-home and closure guidelines issued to prevent the spread of the novel coronavirus (COVID-19) exacerbated a challenging environment for the shopping center operator's brick-and-mortar retail tenants. Although mandatory closure orders have largely been rescinded and rent collections started to recover, some watch-list tenants are not expected to reopen. Also, previously more stable sectors such as fitness and casual dining may face new pressures as consumer behavior shifts in response to new social distancing and spacing regulations. We exited the position.

Shares of Brinker International, an operator of casual dining restaurants, sold off early in the period due to COVID-19 lockdowns, which resulted in mandatory closures of dining rooms. Brinker's leverage also increased, magnifying risk amid an uncertain economic environment. As a result, we exited our position.

Shares of luxury homebuilder Toll Brothers declined as the spread of COVID-19 contributed to a deterioration in the housing market outlook. Unemployment increased as businesses quickly responded to social distancing directives. We exited our position prior to period-end.

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2020, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Class 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 Funds

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

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

Share Class	Beginning Account Value 7/1/20	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 12/31/20	Fund-Level Expenses Paid During Period 7/1/20–12/31/20 ^{1,2}	Ending Account Value 12/31/20	Fund-Level Expenses Paid During Period 7/1/20–12/31/20 ^{1,2}	
2	\$1,000	\$1,288.90	\$5.32	\$1,020.48	\$4.70	0.93%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/366 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include acquired fund fees and expenses

Financial Highlights

Franklin Small Cap Value VIP Fund

	Year Ended December 31,				
	2020	2019	2018	2017	2016
Class 1					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$15.73	\$15.14	\$20.43	\$19.93	\$18.12
Income from investment operations ^a :					
Net investment income ^b	0.20	0.24 ^c	0.21	0.21 ^d	0.15
Net realized and unrealized gains (losses)	0.31	3.35	(2.29)	1.82	4.79
Total from investment operations	0.51	3.59	(2.08)	2.03	4.94
Less distributions from:					
Net investment income	(0.23)	(0.22)	(0.23)	(0.15)	(0.21)
Net realized gains	(0.81)	(2.78)	(2.98)	(1.38)	(2.92)
Total distributions	(1.04)	(3.00)	(3.21)	(1.53)	(3.13)
Net asset value, end of year	\$15.20	\$15.73	\$15.14	\$20.43	\$19.93
Total return ^e	5.41%	26.72%	(12.69)%	10.92%	30.54%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.68%	0.67%	0.66%	0.66%	0.66%
Expenses net of waiver and payments by affiliates ^f	0.68% ^g	0.67% ^g	0.65%	0.65%	0.64%
Net investment income	1.54%	1.58% ^c	1.13%	1.06% ^d	0.84%
Supplemental data					
Net assets, end of year (000's)	\$50,572	\$46,980	\$40,644	\$51,245	\$47,831
Portfolio turnover rate	69.40%	54.36%	47.82%	33.36%	34.60%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.23%.

^dNet investment income per share includes approximately \$0.06 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.75%.

^eTotal 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.

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

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

Franklin Small Cap Value VIP Fund (continued)

	Year Ended December 31,				
	2020	2019	2018	2017	2016
Class 2					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$15.05	\$14.60	\$19.80	\$19.36	\$17.68
Income from investment operations ^a :					
Net investment income ^b	0.16	0.20 ^c	0.16	0.15 ^d	0.10
Net realized and unrealized gains (losses)	0.30	3.20	(2.20)	1.77	4.66
Total from investment operations	0.46	3.40	(2.04)	1.92	4.76
Less distributions from:					
Net investment income	(0.19)	(0.17)	(0.18)	(0.10)	(0.16)
Net realized gains	(0.82)	(2.78)	(2.98)	(1.38)	(2.92)
Total distributions	(1.01)	(2.95)	(3.16)	(1.48)	(3.08)
Net asset value, end of year	\$14.50	\$15.05	\$14.60	\$19.80	\$19.36
Total return ^e	5.19%	26.35%	(12.88)%	10.65%	30.19%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.93%	0.92%	0.91%	0.91%	0.91%
Expenses net of waiver and payments by affiliates ^f	0.93% ^g	0.92% ^g	0.90%	0.90%	0.89%
Net investment income	1.28%	1.33% ^c	0.88%	0.81% ^d	0.59%
Supplemental data					
Net assets, end of year (000's)	\$1,103,373	\$1,123,093	\$978,675	\$1,302,055	\$1,366,807
Portfolio turnover rate	69.40%	54.36%	47.82%	33.36%	34.60%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.98%.

^dNet investment income per share includes approximately \$0.06 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.50%.

^eTotal 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.

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

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

Franklin Small Cap Value VIP Fund (continued)

	Year Ended December 31,				
	2020	2019	2018	2017	2016
Class 4					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$15.51	\$14.96	\$20.22	\$19.74	\$17.96
Income from investment operations ^a :					
Net investment income ^b	0.15	0.19 ^c	0.15	0.14 ^d	0.09
Net realized and unrealized gains (losses)	0.32	3.30	(2.28)	1.81	4.75
Total from investment operations	0.47	3.49	(2.13)	1.95	4.84
Less distributions from:					
Net investment income	(0.18)	(0.16)	(0.15)	(0.09)	(0.14)
Net realized gains	(0.81)	(2.78)	(2.98)	(1.38)	(2.92)
Total distributions	(0.99)	(2.94)	(3.13)	(1.47)	(3.06)
Net asset value, end of year	\$14.99	\$15.51	\$14.96	\$20.22	\$19.74
Total return ^e	5.13%	26.23%	(13.01)%	10.56%	30.12%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	1.03%	1.02%	1.01%	1.01%	1.01%
Expenses net of waiver and payments by affiliates ^f	1.03% ^g	1.02% ^g	1.00%	1.00%	0.99%
Net investment income	1.18%	1.23% ^c	0.78%	0.71% ^d	0.49%
Supplemental data					
Net assets, end of year (000's)	\$29,461	\$29,238	\$24,592	\$32,053	\$32,751
Portfolio turnover rate	69.40%	54.36%	47.82%	33.36%	34.60%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.88%.

^dNet investment income per share includes approximately \$0.06 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.40%.

^eTotal 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.

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

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

Statement of Investments, December 31, 2020

Franklin Small Cap Value VIP Fund

	Country	Shares	Value
Common Stocks 98.3%			
Aerospace & Defense 0.7%			
^a Meggitt plc	United Kingdom	1,299,465	\$8,264,051
Auto Components 0.2%			
LCI Industries	United States	17,908	2,322,309
Automobiles 1.7%			
Thor Industries, Inc.	United States	214,828	19,976,856
Banks 15.0%			
Atlantic Union Bankshares Corp.	United States	394,830	13,005,700
Bryn Mawr Bank Corp.	United States	445,467	13,629,063
Columbia Banking System, Inc.	United States	693,226	24,886,813
First Horizon Corp.	United States	2,775,364	35,413,645
First of Long Island Corp. (The)	United States	614,355	10,966,237
German American Bancorp, Inc.	United States	196,123	6,489,710
Glacier Bancorp, Inc.	United States	123,625	5,687,986
Lakeland Financial Corp.	United States	275,503	14,761,451
Peoples Bancorp, Inc.	United States	289,712	7,848,298
South State Corp.	United States	352,108	25,457,408
TriCo Bancshares	United States	183,505	6,474,056
Washington Trust Bancorp, Inc.	United States	278,797	12,490,106
			177,110,473
Building Products 3.1%			
Apogee Enterprises, Inc.	United States	278,636	8,827,188
Insteel Industries, Inc.	United States	390,746	8,701,913
^a Masonite International Corp.	United States	51,299	5,044,744
UFP Industries, Inc.	United States	247,149	13,729,127
			36,302,972
Capital Markets 0.4%			
Houlihan Lokey, Inc.	United States	79,224	5,326,230
Chemicals 7.2%			
Avient Corp.	United States	906,524	36,514,787
Cabot Corp.	United States	455,854	20,458,727
^a Elementis plc	United Kingdom	2,432,290	3,825,360
Minerals Technologies, Inc.	United States	400,489	24,878,377
			85,677,251
Commercial Services & Supplies 1.4%			
McGrath RentCorp	United States	239,200	16,050,320
Communications Equipment 1.8%			
^a NetScout Systems, Inc.	United States	788,696	21,626,044
Construction & Engineering 1.8%			
Argan, Inc.	United States	113,749	5,060,693
^a Great Lakes Dredge & Dock Corp.	United States	36,964	486,816
^a WillScot Mobile Mini Holdings Corp.	United States	667,028	15,455,039
			21,002,548
Construction Materials 0.2%			
Eagle Materials, Inc.	United States	29,690	3,009,081
Electric Utilities 1.3%			
IDACORP, Inc.	United States	155,542	14,936,698
Electrical Equipment 0.8%			
Regal Beloit Corp.	United States	72,771	8,937,007

Franklin Small Cap Value VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Electronic Equipment, Instruments & Components 2.3%			
Benchmark Electronics, Inc.	United States	285,571	\$7,713,273
^a Coherent, Inc.	United States	131,968	19,797,839
			27,511,112
Energy Equipment & Services 0.5%			
Hunting plc	United Kingdom	1,395,634	4,256,332
^a Natural Gas Services Group, Inc.	United States	173,987	1,649,397
			5,905,729
Equity Real Estate Investment Trusts (REITs) 1.4%			
Healthcare Realty Trust, Inc.	United States	146,090	4,324,264
Highwoods Properties, Inc.	United States	172,967	6,854,682
Sunstone Hotel Investors, Inc.	United States	451,135	5,111,360
			16,290,306
Food & Staples Retailing 0.1%			
^a BJ's Wholesale Club Holdings, Inc.	United States	20,543	765,843
Food Products 2.0%			
Glanbia plc	Ireland	1,804,942	22,888,913
Maple Leaf Foods, Inc.	Canada	46,547	1,032,589
			23,921,502
Gas Utilities 0.1%			
Spire, Inc.	United States	21,983	1,407,791
Health Care Equipment & Supplies 3.9%			
^a Envista Holdings Corp.	United States	670,440	22,613,941
^a Integer Holdings Corp.	United States	295,632	24,002,362
			46,616,303
Hotels, Restaurants & Leisure 3.9%			
^a Dalata Hotel Group plc	Ireland	1,462,770	6,764,045
^a Denny's Corp.	United States	1,150,284	16,886,169
Jack in the Box, Inc.	United States	235,448	21,849,574
Wyndham Hotels & Resorts, Inc.	United States	19,847	1,179,706
			46,679,494
Household Durables 0.5%			
^a M/I Homes, Inc.	United States	121,848	5,396,648
Insurance 12.8%			
CNO Financial Group, Inc.	United States	1,314,787	29,227,715
Hanover Insurance Group, Inc. (The).	United States	301,564	35,258,863
Horace Mann Educators Corp.	United States	808,634	33,994,973
Old Republic International Corp.	United States	1,875,664	36,969,337
Selective Insurance Group, Inc.	United States	235,011	15,741,037
			151,191,925
Leisure Products 2.6%			
BRP, Inc.	United States	61,123	4,040,432
Brunswick Corp.	United States	347,684	26,507,428
			30,547,860
Machinery 17.5%			
Astec Industries, Inc.	United States	178,653	10,340,436
Columbus McKinnon Corp.	United States	291,637	11,210,526
Greenbrier Cos., Inc. (The)	United States	660,361	24,023,933

Franklin Small Cap Value VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Machinery (continued)			
Hillenbrand, Inc.	United States	761,953	\$30,325,730
^a Meritor, Inc.	United States	406,142	11,335,423
Mueller Industries, Inc.	United States	233,931	8,213,318
Mueller Water Products, Inc., A	United States	1,672,826	20,709,586
Oshkosh Corp.	United States	254,432	21,898,962
REV Group, Inc.	United States	134,658	1,186,337
Rexnord Corp.	United States	516,332	20,389,951
^a SPX FLOW, Inc.	United States	149,568	8,668,961
Timken Co. (The)	United States	342,923	26,528,523
Wabash National Corp.	United States	710,214	12,236,987
			207,068,673
Metals & Mining 1.7%			
Kaiser Aluminum Corp.	United States	35,147	3,476,039
Reliance Steel & Aluminum Co.	United States	139,647	16,722,728
			20,198,767
Multi-Utilities 1.8%			
Black Hills Corp.	United States	352,251	21,645,824
Oil, Gas & Consumable Fuels 1.4%			
Crescent Point Energy Corp.	Canada	7,157,980	16,711,894
Paper & Forest Products 1.2%			
Glatfelter Corp.	United States	856,913	14,036,235
Louisiana-Pacific Corp.	United States	3,152	117,160
			14,153,395
Professional Services 0.9%			
^a Huron Consulting Group, Inc.	United States	34,036	2,006,422
Kforce, Inc.	United States	213,631	8,991,729
			10,998,151
Road & Rail 0.3%			
Heartland Express, Inc.	United States	175,213	3,171,355
Software 1.4%			
^a ACI Worldwide, Inc.	United States	428,999	16,486,432
Specialty Retail 4.2%			
^a Boot Barn Holdings, Inc.	United States	329,377	14,281,787
^a Dufry AG.	Switzerland	140,130	8,827,494
Group 1 Automotive, Inc.	United States	202,868	26,604,109
			49,713,390
Textiles, Apparel & Luxury Goods 1.8%			
Carter's, Inc.	United States	164,583	15,482,323
Wolverine World Wide, Inc.	United States	194,401	6,075,031
			21,557,354
Thriffs & Mortgage Finance 0.4%			
TrustCo Bank Corp.	United States	782,700	5,220,609
Total Common Stocks (Cost \$949,939,177)			1,163,702,197

Franklin Small Cap Value VIP Fund (continued)

	Country	Principal Amount ^a	Value
Corporate Bonds 0.2%			
Machinery 0.2%			
Mueller Industries, Inc., Sub. Note, 6%, 3/01/27	United States	2,378,000	\$2,428,081
Total Corporate Bonds (Cost \$2,378,000)			2,428,081
Total Long Term Investments (Cost \$952,317,177)			1,166,130,278
Short Term Investments 1.8%			
	Country	Shares	Value
Money Market Funds 1.8%			
^{b,c} Institutional Fiduciary Trust - Money Market Portfolio, 0%	United States	21,360,711	21,360,711
Total Money Market Funds (Cost \$21,360,711)			21,360,711
Total Short Term Investments (Cost \$21,360,711)			21,360,711
Total Investments (Cost \$973,677,888) 100.3%			\$1,187,490,989
Other Assets, less Liabilities (0.3)%			(4,085,068)
Net Assets 100.0%			\$1,183,405,921

^aThe principal amount is stated in U.S. dollars unless otherwise indicated.

^bNon-income producing.

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

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

Statement of Assets and Liabilities

December 31, 2020

**Franklin Small
Cap Value VIP
Fund**

Assets:

Investments in securities:

Cost - Unaffiliated issuers	\$952,317,177
Cost - Non-controlled affiliates (Note 3e)	21,360,711
Value - Unaffiliated issuers	\$1,166,130,278
Value - Non-controlled affiliates (Note 3e)	21,360,711
Foreign currency, at value (cost \$4,976)	4,976

Receivables:

Investment securities sold	1,119,236
Capital shares sold	106,957
Dividends and interest	1,300,255
Other assets	138

Total assets 1,190,022,551

Liabilities:

Payables:

Investment securities purchased	4,588,595
Capital shares redeemed	930,340
Management fees	635,691
Distribution fees	240,912
Funds advanced by custodian	4,959
Accrued expenses and other liabilities	216,133

Total liabilities 6,616,630

Net assets, at value \$1,183,405,921

Net assets consist of:

Paid-in capital	\$925,563,433
Total distributable earnings (losses)	257,842,488
Net assets, at value	<u>\$1,183,405,921</u>

**Franklin Small
Cap Value VIP
Fund**

Class 1:

Net assets, at value	<u>\$50,571,501</u>
Shares outstanding	<u>3,326,110</u>
Net asset value and maximum offering price per share	<u>\$15.20</u>

Class 2:

Net assets, at value	<u>\$1,103,373,354</u>
Shares outstanding	<u>76,082,651</u>
Net asset value and maximum offering price per share	<u>\$14.50</u>

Class 4:

Net assets, at value	<u>\$29,461,066</u>
Shares outstanding	<u>1,965,550</u>
Net asset value and maximum offering price per share	<u>\$14.99</u>

Statements of Operations

for the year ended December 31, 2020

	Franklin Small Cap Value VIP Fund
Investment income:	
Dividends: (net of foreign taxes of \$26,748)	
Unaffiliated issuers	\$22,030,944
Non-controlled affiliates (Note 3e)	53,326
Interest:	
Unaffiliated issuers	143,076
Total investment income	<u>22,227,346</u>
Expenses:	
Management fees (Note 3a)	6,511,829
Distribution fees: (Note 3c)	
Class 2	2,351,290
Class 4	88,840
Custodian fees (Note 4)	5,456
Reports to shareholders	252,893
Professional fees	55,467
Trustees' fees and expenses	5,929
Other	30,291
Total expenses	<u>9,301,995</u>
Expense reductions (Note 4)	(880)
Expenses waived/paid by affiliates (Note 3e)	<u>(40,294)</u>
Net expenses	9,260,821
Net investment income	<u>12,966,525</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	35,362,377
Realized gain distributions from REITs	237,639
Foreign currency transactions	<u>(16,547)</u>
Net realized gain (loss)	<u>35,583,469</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	9,889,896
Translation of other assets and liabilities denominated in foreign currencies	<u>7,600</u>
Net change in unrealized appreciation (depreciation)	<u>9,897,496</u>
Net realized and unrealized gain (loss)	<u>45,480,965</u>
Net increase (decrease) in net assets resulting from operations	<u>\$58,447,490</u>

Statements of Changes in Net Assets

	Franklin Small Cap Value VIP Fund	
	Year Ended December 31, 2020	Year Ended December 31, 2019
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$12,966,525	\$15,229,928
Net realized gain (loss)	35,583,469	61,068,326
Net change in unrealized appreciation (depreciation)	9,897,496	187,554,772
Net increase (decrease) in net assets resulting from operations	58,447,490	263,853,026
Distributions to shareholders:		
Class 1	(3,163,057)	(7,896,338)
Class 2	(74,826,606)	(189,976,242)
Class 4	(1,993,248)	(4,683,798)
Total distributions to shareholders	(79,982,911)	(202,556,378)
Capital share transactions: (Note 2)		
Class 1	3,879,512	3,898,876
Class 2	1,523,597	87,139,038
Class 4	226,802	3,066,346
Total capital share transactions	5,629,911	94,104,260
Net increase (decrease) in net assets	(15,905,510)	155,400,908
Net assets:		
Beginning of year	1,199,311,431	1,043,910,523
End of year	\$1,183,405,921	\$1,199,311,431

Notes to Financial Statements

Franklin Small Cap Value VIP Fund

1. Organization and Significant Accounting Policies

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

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

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

according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

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

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

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

Franklin Small Cap Value VIP Fund (continued)**1. Organization and Significant Accounting Policies**
(continued)**a. Financial Instrument Valuation** (continued)

4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's securities to the latest indications of fair value at 4 p.m. Eastern time. At December 31, 2020, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy. See the Fair Value Measurements note for more information.

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

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

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

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

c. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of December 31, 2020, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

d. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income

Franklin Small Cap Value VIP Fund (continued)

1. Organization and Significant Accounting Policies
(continued)

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

and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income and capital gain distributions are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. 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.

2. Shares of Beneficial Interest

At December 31, 2020, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	455,233	\$5,805,187	262,210	\$4,085,267
Shares issued in reinvestment of distributions	275,768	3,163,057	578,063	7,896,338
Shares redeemed	(392,293)	(5,088,732)	(537,480)	(8,082,729)
Net increase (decrease)	338,708	\$3,879,512	302,793	\$3,898,876

Realized and unrealized gains and losses and net investment income, excluding class specific expenses, are allocated daily to each class of shares based upon the relative proportion of net assets of each class. Differences in per share distributions by class are generally due to differences in class specific expenses.

e. Accounting Estimates

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

f. Guarantees and Indemnifications

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

Franklin Small Cap Value VIP Fund (continued)

2. Shares of Beneficial Interest (continued)

	Year Ended December 31, 2020		Year Ended December 31, 2019	
	Shares	Amount	Shares	Amount
Class 2 Shares:				
Shares sold	9,825,906	\$112,925,732	5,696,678	\$84,262,242
Shares issued in reinvestment of distributions	6,827,245	74,826,606	14,513,082	189,976,242
Shares redeemed	(15,190,634)	(186,228,741)	(12,637,486)	(187,099,446)
Net increase (decrease)	1,462,517	\$1,523,597	7,572,274	\$87,139,038
Class 4 Shares:				
Shares sold	422,087	\$4,787,696	279,692	\$4,200,102
Shares issued in reinvestment of distributions	175,927	1,993,248	346,948	4,683,798
Shares redeemed	(517,251)	(6,554,142)	(385,667)	(5,817,554)
Net increase (decrease)	80,763	\$226,802	240,973	\$3,066,346

3. Transactions with Affiliates

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

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

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.750%	Up to and including \$200 million
0.635%	Over \$200 million, up to and including \$700 million
0.600%	Over \$700 million, up to and including \$1.2 billion
0.575%	Over \$1.2 billion, up to and including \$1.3 billion
0.475%	In excess of \$1.3 billion

For the year ended December 31, 2020, the gross effective investment management fee rate was 0.647% of the Fund's average daily net assets.

b. Administrative Fees

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

Franklin Small Cap Value VIP Fund (continued)

3. Transactions with Affiliates (continued)

c. Distribution Fees

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

d. Transfer Agent Fees

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

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended December 31, 2020, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Franklin Small Cap Value VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0%	\$24,977,897	\$254,626,849	\$(258,244,035)	\$—	\$—	\$21,360,711	21,360,711	\$53,326
Total Affiliated Securities	\$24,977,897	\$254,626,849	\$(258,244,035)	\$—	\$—	\$21,360,711		\$53,326

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2020, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

The tax character of distributions paid during the years ended December 31, 2020 and 2019, was as follows:

	2020	2019
Distributions paid from:		
Ordinary income	\$20,917,706	\$23,319,400
Long term capital gain	59,065,205	179,236,978
	\$79,982,911	\$202,556,378

At December 31, 2020, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

Franklin Small Cap Value VIP Fund (continued)**5. Income Taxes** (continued)

Cost of investments	\$977,870,906
Unrealized appreciation	\$237,209,883
Unrealized depreciation	(27,589,800)
Net unrealized appreciation (depreciation)	<u>\$209,620,083</u>
Distributable earnings:	
Undistributed ordinary income	\$28,690,115
Undistributed long term capital gains	<u>\$19,524,447</u>
Total distributable earnings	<u>\$48,214,562</u>

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

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2020, aggregated \$690,433,149 and \$743,112,552, respectively.

7. Novel Coronavirus Pandemic

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

8. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matured on February 5, 2021. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 5, 2021, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 4, 2022, for a total of \$2.675 billion.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended December 31, 2020, the Fund did not use the Global Credit Facility.

9. Fair Value Measurements

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

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

Franklin Small Cap Value VIP Fund (continued)

9. Fair Value Measurements (continued)

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

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

A summary of inputs used as of December 31, 2020, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Small Cap Value VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	\$—	\$8,264,051	\$—	\$8,264,051
Auto Components	2,322,309	—	—	2,322,309
Automobiles	19,976,856	—	—	19,976,856
Banks	177,110,473	—	—	177,110,473
Building Products	36,302,972	—	—	36,302,972
Capital Markets	5,326,230	—	—	5,326,230
Chemicals	85,677,251	—	—	85,677,251
Commercial Services & Supplies	16,050,320	—	—	16,050,320
Communications Equipment	21,626,044	—	—	21,626,044
Construction & Engineering	21,002,548	—	—	21,002,548
Construction Materials	3,009,081	—	—	3,009,081
Electric Utilities	14,936,698	—	—	14,936,698
Electrical Equipment	8,937,007	—	—	8,937,007
Electronic Equipment, Instruments & Components	27,511,112	—	—	27,511,112
Energy Equipment & Services	5,905,729	—	—	5,905,729
Equity Real Estate Investment Trusts (REITs)	16,290,306	—	—	16,290,306
Food & Staples Retailing	765,843	—	—	765,843
Food Products	23,921,502	—	—	23,921,502
Gas Utilities	1,407,791	—	—	1,407,791
Health Care Equipment & Supplies	46,616,303	—	—	46,616,303
Hotels, Restaurants & Leisure	46,679,494	—	—	46,679,494
Household Durables	5,396,648	—	—	5,396,648
Insurance	151,191,925	—	—	151,191,925
Leisure Products	30,547,860	—	—	30,547,860
Machinery	207,068,673	—	—	207,068,673
Metals & Mining	20,198,767	—	—	20,198,767
Multi-Utilities	21,645,824	—	—	21,645,824
Oil, Gas & Consumable Fuels	16,711,894	—	—	16,711,894
Paper & Forest Products	14,153,395	—	—	14,153,395
Professional Services	10,998,151	—	—	10,998,151
Road & Rail	3,171,355	—	—	3,171,355
Software	16,486,432	—	—	16,486,432
Specialty Retail	40,885,896	8,827,494	—	49,713,390
Textiles, Apparel & Luxury Goods	21,557,354	—	—	21,557,354
Thriffs & Mortgage Finance	5,220,609	—	—	5,220,609
Corporate Bonds	—	2,428,081	—	2,428,081
Short Term Investments	21,360,711	—	—	21,360,711
Total Investments in Securities	\$1,167,971,363	\$19,519,626	\$—	\$1,187,490,989

Franklin Small Cap Value VIP Fund (continued)

10. New Accounting Pronouncements

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

11. Subsequent Events

The Fund has evaluated subsequent events through the issuance of the financial statements and determined that no events have occurred that require disclosure other than those already disclosed in the financial statements.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Templeton Variable Insurance Products Trust and Shareholders of Franklin Small Cap Value VIP Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Franklin Small Cap Value VIP Fund (one of the funds constituting Franklin Templeton Variable Insurance Products Trust, referred to hereafter as the “Fund”) as of December 31, 2020, the related statement of operations for the year ended December 31, 2020, the statement of changes in net assets for each of the two years in the period ended December 31, 2020, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2020 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2020, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2020 and the financial highlights for each of the five years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2020 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California

February 19, 2021

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

Tax Information (unaudited)

Franklin Small Cap Value VIP Fund

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$59,065,205 as a long term capital gain dividend for the fiscal year ended December 31, 2020.

Under Section 854(b)(1)(A) of the Internal Revenue Code, the Fund hereby reports 95.23% of the ordinary income dividends as income qualifying for the dividends received deduction for 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 performance of the U.S. investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/ BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

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

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

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

Bloomberg Barclays U.S. Government Index - Intermediate 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 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 investment-grade world government bond markets.

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

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds Classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocation of assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including U.S. and foreign governments, with a significant portion rated below investment grade. For the 12-month period ended 12/31/20, there were 351 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General U.S. Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General U.S. Government Funds classification in the Lipper VIP underlying funds universe. Lipper General U.S. Government Funds invest primarily in U.S. government and agency issues. For the 12-month period ended 12/31/20,

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

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

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

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

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

MSCI Emerging Markets (EM) Index (and 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 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 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 securities 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 values.

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

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

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

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

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

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

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

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

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

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

Board Members and Officers

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

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	125	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	106	Hess Corporation (exploration of oil and gas) (2014-present).
Principal Occupation During at Least the Past 5 Years: Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the board of trustees of the Economic Club of New York (2013-present); member of the board of trustees of the Foreign Policy Association (2005-present); member of the board of directors of Council of the Americas (2007-present) and the Tallberg Foundation (2018-present); and formerly , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
Mary C. Choksi (1950) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	125	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and formerly , Avis Budget Group Inc. (car rental) (2007-May 2020).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2005 and Lead Independent Trustee since 2019	125	Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and formerly , RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).

Principal Occupation During at Least the Past 5 Years:

Director or Trustee of various companies and trusts; and **formerly**, Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison-United States Treasury Department (1988-1989).

J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	125	Boeing Capital Corporation (aircraft financing) (2006-2010).
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Principal Occupation During at Least the Past 5 Years:

Private investor; and **formerly**, Counselor and Senior Advisor to the Chairman, CEO, and Board of Directors, of The Boeing Company (aerospace company), and member of the Executive Council (May 2019-January 1, 2020); Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (2006-2019); and Federal Appeals Court Judge, United States Court of Appeals for the Fourth Circuit (1991-2006).

Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	125	Graham Holdings Company (education and media organization) (2011-present); and formerly , The Southern Company (energy company) (2014-May 2020; previously 2010-2012), Cbeyond, Inc. (business communications provider) (2010-2012).
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Principal Occupation During at Least the Past 5 Years:

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015-present; previously 2011-2012); and **formerly**, Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-September 2020); Executive Vice President - Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President - Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	136	None
Principal Occupation During at Least the Past 5 Years: Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 39 of the investment companies in Franklin Templeton; Vice Chairman, Investment Company Institute; and formerly , Chief Executive Officer (2013-2020) and President (1994-2015), Franklin Resources, Inc.				
**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Chairman of the Board since 2013 and Trustee since 1988	125	None
Principal Occupation During at Least the Past 5 Years: Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 37 of the investment companies in Franklin Templeton.				
Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton.				
Breda M. Beckerle (1958) 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since October 2020	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Advisory Services, LLC, Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 41 of the investment companies in Franklin Templeton.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of 41 of the investment companies in Franklin Templeton; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Robert G. Kubilis (1973) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since December 2020	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:

Treasurer, U.S. Fund Administration & Reporting and officer of 39 of the investment companies in Franklin Templeton.

Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 41 of the investment companies in Franklin Templeton.

Edward D. Perks (1970) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2018	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

President and Director, Franklin Advisers, Inc.; and officer of eight of the investment companies in Franklin Templeton (since December 2018).

Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Associate General Counsel and officer of 41 of the investment companies in Franklin Templeton.

Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

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

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

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

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

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

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

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She served as a director of Avis Budget Group, Inc. (2007-May 2020) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's

Interested Board Members and Officers (continued)

Audit Committee since 2014. As a result of such background and experience, the Board believes that Ms. Choksi has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Ms. Choksi is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

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

Shareholder Information

Proxy Voting Policies and Procedures

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

Quarterly Statement of Investments

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

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

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

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



Annual Report
Franklin Templeton Variable Insurance Products Trust

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

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Templeton
Distributors, Inc.