

ANNUAL REPORT

# FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

December 31, 2020



FRANKLIN  
TEMPLETON



# Franklin Templeton Variable Insurance Products Trust Annual Report

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

<b>Not FDIC Insured</b>	<b>May Lose Value</b>	<b>No Bank Guarantee</b>
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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 U.S. Government Securities VIP Fund

This annual report for Franklin U.S. Government Securities 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.

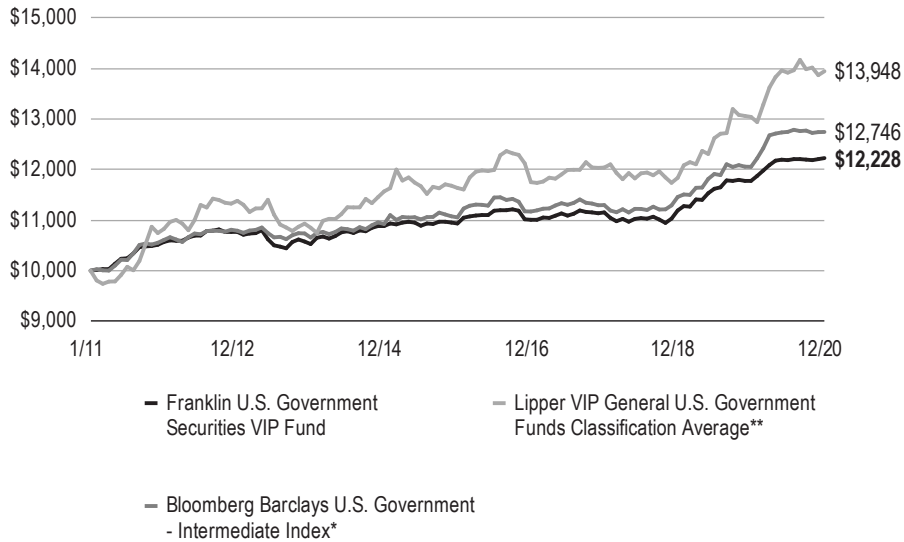
Share Class	Average Annual Total Return
<b>2</b>	
1-Year	+3.83%
5-Year	+2.26%
10-Year	+2.03%

*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 Bloomberg Barclays U.S. Government - Intermediate Index and the Lipper VIP General U.S. Government Funds Classification Average. 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.

\*\*Source: Lipper, a Thomson Reuters Company. Please see Index Descriptions following the Fund Summaries.

# Franklin U.S. Government Securities VIP Fund

## Fund Goal and Main Investments

The Fund seeks income. Under normal market conditions, the Fund invests at least 80% of its net assets in U.S. government securities.

## Fund Risks

All investments involve risks, including possible loss of principal. 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 share price and yield will be affected by interest rate movements and mortgage prepayments. Bond prices generally move in the opposite direction of interest rates. Thus, as prices of bonds in the Fund adjust to a rise in interest rates, the Fund's share price may decline. Changes in the financial strength of a bond issuer or in a bond's credit rating may affect its value. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

## Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the Fund's primary benchmark, the Bloomberg Barclays U.S. Government - Intermediate Index, posted a +5.73% total return.<sup>1</sup> The Fund's secondary benchmark, the Lipper VIP General U.S. Government Funds Classification Average, posted a +6.76% total return.<sup>2</sup> Funds in the Lipper average may allocate as much as 35% of their investments in asset types other than U.S. government and agency mortgage-backed securities.

## Economic and Market Overview

The U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Bond Index, advanced during the 12 months ended December 31, 2020. The period was defined by the economic and social disruption that began in

## Portfolio Composition

12/31/20

	% of Total Net Assets
Mortgage-Backed Securities	77.3%
U.S. Government and Agency Securities	14.1%
Corporate Bonds	2.5%
Foreign Government and Agency Securities	1.7%
Short-Term Investments & Other Net Assets	4.4%

the wake of the novel coronavirus (COVID-19) pandemic, which caused significant volatility in U.S. bond markets. In late February, the U.S. bond market began to anticipate the adverse economic impact of business shutdowns and social distancing measures. Higher-quality, longer-term bonds rallied, with the 10-year U.S. Treasury yield (which moves inversely to price) falling in February and March, while riskier, lower-rated corporate bonds declined sharply. U.S. Federal Reserve (Fed) action led to a recovery in the corporate bond market beginning in late March, which accelerated in subsequent months as many businesses reopened. Corporate bonds, particularly high-yield bonds, also benefited from the resolution of the U.S. election and several promising vaccine results late in the reporting period.

The Fed enacted two emergency rate cuts in March 2020, lowering the federal funds target rate to a range of 0.00%–0.25%. In addition, the Fed announced unlimited, open-ended purchasing of government-backed and corporate bonds as necessary to help keep markets functioning. Furthermore, the Fed signaled that interest rates would potentially remain low, even if inflation moderately exceeded the Fed's 2% target for some time.

U.S. Treasury bonds, as measured by the Bloomberg Barclays U.S. Treasury Index, posted positive total returns during the period. The 10-year U.S. Treasury yield declined significantly during the reporting period, reaching a new record closing low in early August 2020. Bond purchasing by the Fed and robust demand for investments perceived as safe drove the U.S. Treasury market. Mortgage-backed securities (MBS), as measured by the Bloomberg Barclays MBS Index, posted positive total returns for the period amid Fed support, though lower interest rates accelerated prepayments from mortgage refinancing, restricting further gains.

1. Source: Morningstar.

2. Source: Lipper, a Thomson Reuters Company.

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

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

U.S. corporate bond performance varied somewhat based on credit rating, as many investors became concerned about the potential credit downgrades of some companies. Total returns for investment-grade corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate Bond Index, exceeded total returns for high-yield corporate bonds, as represented by the Bloomberg Barclays U.S. Corporate High Yield Bond Index.

## Investment Strategy

Using our straightforward investment approach, we seek to produce current income with a high degree of credit safety from a conservatively managed portfolio of U.S. government securities. Analyzing securities using proprietary and nonproprietary research, we seek to identify attractive investment opportunities.

## Manager's Discussion

For the fixed income sectors in which the Fund invests, Treasury Inflation-Protected Securities (TIPS) was the best performing sector on an excess returns basis, as measured by Bloomberg Barclays indexes. The other major fixed income sectors in which the Fund allocates posted negative excess returns and underperformed similar duration U.S. Treasuries during the period. Within agency MBS, all sectors had positive total returns but underperformed similar duration U.S. Treasuries. On an excess return basis, Ginnie Mae (GNMA) was the best performing agency MBS, followed by Fannie Mae (FNMA) and Freddie Mac (FHLMC) MBS. For the GNMA coupon stack GNMA II 2.5% and 4.0% were the best performers, while GNMA I 3.0% and 5.0% coupons lagged.

The Fund maintains a consistent and disciplined approach to our investment strategy. The Fund's investment process and strategy have not changed, and the team continues to look for strong cash flow fundamentals and valuations seeking to uncover opportunities across the agency mortgage and agency debenture universe. The Fund emphasizes agency pass-throughs and invests in other agency securities for diversification purposes.

The portfolio's largest allocation remains in fixed-rate MBS, primarily in 30-year GNMA II securities. We added to the sector over the period, while decreasing allocation to agency debentures and adjustable-rate mortgage securities (ARMS). The Fund's largest MBS allocation remained in 3.5% and 3.0% coupons. Over the period, we reduced our exposure to 3.0% to 4.0% coupons, while adding to 2.5% securities.

The Fund's U.S. yield curve positioning detracted from performance, as did the Fund's exposure to fixed-rate agency mortgage-backed securities. The Fund's allocation to TIPS was a positive contributor relative to the benchmark. Adjustable-rate mortgage securities and U.S. Agency also contributed during the period.

Thank you for your participation in Franklin U.S. Government Securities VIP Fund. We look forward to serving your future investment needs.

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*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 <sup>2</sup>
		Ending Account Value 12/31/20	Fund-Level Expenses Paid During Period 7/1/20–12/31/20 <sup>1,2</sup>	Ending Account Value 12/31/20	Fund-Level Expenses Paid During Period 7/1/20–12/31/20 <sup>1,2</sup>	
2	\$1,000	\$1,003.32	\$3.95	\$1,021.20	\$3.98	0.78%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 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 U.S. Government Securities VIP Fund

	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Class 1</b>					
<b>Per share operating performance</b> (for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$12.34	\$12.07	\$12.36	\$12.51	\$12.74
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.22	0.27	0.29	0.25	0.22
Net realized and unrealized gains (losses) . . . . .	0.28	0.38	(0.22)	(0.04)	(0.10)
Total from investment operations . . . . .	0.50	0.65	0.07	0.21	0.12
Less distributions from:					
Net investment income . . . . .	(0.47)	(0.38)	(0.36)	(0.36)	(0.35)
Net asset value, end of year . . . . .	\$12.37	\$12.34	\$12.07	\$12.36	\$12.51
Total return <sup>c</sup> . . . . .	4.08%	5.47%	0.60%	1.66%	0.90%
<b>Ratios to average net assets</b>					
Expenses <sup>d</sup> . . . . .	0.53%	0.51%	0.50%	0.50%	0.50%
Net investment income . . . . .	1.81%	2.23%	2.38%	2.00%	1.75%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$52,307	\$54,104	\$59,213	\$66,404	\$73,695
Portfolio turnover rate . . . . .	56.32%	24.16%	22.25%	80.49%	86.28%

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

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

**Franklin U.S. Government Securities VIP Fund** (continued)

	Year Ended December 31,				
	2020	2019	2018	2017	2016
<b>Class 2</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$12.05	\$11.79	\$12.09	\$12.24	\$12.47
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.19	0.24	0.25	0.21	0.19
Net realized and unrealized gains (losses) . . . . .	0.27	0.37	(0.22)	(0.04)	(0.10)
Total from investment operations . . . . .	0.46	0.61	0.03	0.17	0.09
Less distributions from:					
Net investment income . . . . .	(0.43)	(0.35)	(0.33)	(0.32)	(0.32)
Net asset value, end of year . . . . .	\$12.08	\$12.05	\$11.79	\$12.09	\$12.24
Total return <sup>c</sup> . . . . .	3.83%	5.23%	0.34%	1.34%	0.66%
<b>Ratios to average net assets</b>					
Expenses <sup>d</sup> . . . . .	0.78%	0.76%	0.75%	0.75%	0.75%
Net investment income . . . . .	1.56%	1.98%	2.13%	1.75%	1.50%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$771,332	\$771,866	\$1,105,627	\$1,223,491	\$1,268,963
Portfolio turnover rate . . . . .	56.32%	24.16%	22.25%	80.49%	86.28%

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

<sup>b</sup>Based on average daily shares outstanding.

<sup>c</sup>Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle.

<sup>d</sup>Benefit of expense reduction rounds to less than 0.01%.

## Statement of Investments, December 31, 2020

## Franklin U.S. Government Securities VIP Fund

	Country	Principal Amount <sup>a</sup>	Value
<b>Corporate Bonds 2.5%</b>			
<b>Diversified Financial Services 0.5%</b>			
DY9 Leasing LLC, Secured Bond, 2.372%, 3/19/27 . . . . .	United States	1,970,833	\$2,084,427
Private Export Funding Corp., BB, Senior Bond, 4.3%, 12/15/21 . . . . .	United States	1,865,000	1,937,788
			4,022,215
<b>Oil, Gas &amp; Consumable Fuels 2.0%</b>			
Petroleos Mexicanos, Senior Bond, 2.378%, 4/15/25 . . . . .	Mexico	1,480,500	1,543,581
Reliance Industries Ltd.,			
Senior Bond, 2.512%, 1/15/26 . . . . .	India	7,218,750	7,566,224
Senior Note, 1.87%, 1/15/26 . . . . .	India	4,052,632	4,181,540
Senior Note, 2.06%, 1/15/26 . . . . .	India	3,437,500	3,561,600
			16,852,945
<b>Total Corporate Bonds (Cost \$19,982,475)</b> . . . . .			<b>20,875,160</b>
<b>Foreign Government and Agency Securities 1.7%</b>			
Israel Government Bond, Senior Bond, 5.5%, 9/18/23 . . . . .	Israel	12,000,000	13,668,404
<b>Total Foreign Government and Agency Securities (Cost \$12,938,938)</b> . . . . .			<b>13,668,404</b>
<b>U.S. Government and Agency Securities 14.1%</b>			
FHLB, 2.625%, 9/12/25 . . . . .	United States	10,000,000	11,042,640
New Valley Generation IV, 4.687%, 1/15/22 . . . . .	United States	619,287	625,043
Tennessee Valley Authority, 1.875%, 8/15/22 . . . . .	United States	6,000,000	6,166,738
U.S. Treasury Bonds,			
<sup>a</sup> 2%, 1/15/26 . . . . .	United States	1,500,000	2,340,429
<sup>a</sup> 1.75%, 1/15/28 . . . . .	United States	8,000,000	12,200,832
2.5%, 2/15/46 . . . . .	United States	6,000,000	7,156,172
U.S. Treasury Notes,			
<sup>a</sup> 0.125%, 7/15/24 . . . . .	United States	15,500,000	18,203,200
2.375%, 8/15/24 . . . . .	United States	22,000,000	23,715,313
2.25%, 8/15/27 . . . . .	United States	16,000,000	17,738,125
<sup>a</sup> 0.25%, 7/15/29 . . . . .	United States	8,000,000	9,222,971
United States International Development Finance Corp.,			
2.12%, 3/20/24 . . . . .	United States	5,500,000	5,681,284
4.01%, 5/15/30 . . . . .	United States	1,575,000	1,828,694
<b>Total U.S. Government and Agency Securities (Cost \$106,934,434)</b> . . . . .			<b>115,921,441</b>
<b>Mortgage-Backed Securities 77.3%</b>			
<sup>b</sup> <b>Federal Home Loan Mortgage Corp. (FHLMC) Adjustable Rate 0.9%</b>			
FHLMC, 2.66% - 3.741%, (12-month USD LIBOR +/- MBS Margin),			
3/01/36 - 4/01/40 . . . . .	United States	7,374,676	7,722,881
			7,722,881
<b>Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 12.2%</b>			
FHLMC Gold Pools, 15 Year, 4.5%, 3/01/25 - 4/01/25 . . . . .	United States	483,061	508,685
FHLMC Gold Pools, 20 Year, 3.5%, 3/01/32 . . . . .	United States	2,007,085	2,155,800
FHLMC Gold Pools, 30 Year, 3%, 5/01/43 . . . . .	United States	290,832	310,002
FHLMC Gold Pools, 30 Year, 3.5%, 5/01/43 . . . . .	United States	48,258	52,317
FHLMC Gold Pools, 30 Year, 4%, 9/01/40 - 12/01/41 . . . . .	United States	4,501,918	4,962,004
FHLMC Gold Pools, 30 Year, 4.5%, 5/01/40 - 7/01/41 . . . . .	United States	1,358,435	1,523,478
FHLMC Gold Pools, 30 Year, 5%, 9/01/33 - 4/01/40 . . . . .	United States	3,638,685	4,226,981
FHLMC Gold Pools, 30 Year, 5.5%, 7/01/33 - 5/01/38 . . . . .	United States	727,817	853,666
FHLMC Gold Pools, 30 Year, 6%, 1/01/24 - 8/01/35 . . . . .	United States	543,506	627,086
FHLMC Gold Pools, 30 Year, 6.5%, 12/01/23 - 5/01/35 . . . . .	United States	205,179	231,567
FHLMC Gold Pools, 30 Year, 7%, 4/01/24 - 9/01/31 . . . . .	United States	75,222	83,255
FHLMC Gold Pools, 30 Year, 7.5%, 12/01/22 . . . . .	United States	149	150

Franklin U.S. Government Securities VIP Fund (continued)

	Country	Principal Amount <sup>a</sup>	Value
<b>Mortgage-Backed Securities (continued)</b>			
<b>Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate (continued)</b>			
FHLMC Gold Pools, 30 Year, 8%, 9/01/21 - 5/01/22 . . . . .	United States	584	\$603
FHLMC Gold Pools, 30 Year, 8.5%, 7/01/31 . . . . .	United States	143,862	167,395
FHLMC Pool, 15 Year, 1.5%, 1/01/36 . . . . .	United States	6,000,000	6,176,845
FHLMC Pool, 15 Year, 2%, 10/01/35 . . . . .	United States	9,743,028	10,233,899
FHLMC Pool, 30 Year, 2%, 1/01/51 . . . . .	United States	6,000,000	6,253,002
FHLMC Pool, 30 Year, 2%, 11/01/50 . . . . .	United States	2,493,739	2,608,739
FHLMC Pool, 30 Year, 2.5%, 11/01/50 . . . . .	United States	14,254,536	15,041,694
FHLMC Pool, 30 Year, 2.5%, 12/01/50 . . . . .	United States	6,000,000	6,377,900
FHLMC Pool, 30 Year, 3%, 8/01/50 . . . . .	United States	5,859,000	6,325,490
FHLMC Pool, 30 Year, 3%, 9/01/50 . . . . .	United States	24,146,197	25,377,965
FHLMC Pool, 30 Year, 4.5%, 1/01/49 . . . . .	United States	5,369,882	5,951,522
			100,050,045
<b><sup>b</sup>Federal National Mortgage Association (FNMA) Adjustable Rate 2.9%</b>			
FNMA, 2.91%, (12-month USD LIBOR +/- MBS Margin), 9/01/37 . .	United States	7,898,900	8,323,819
FNMA, 1.415% - 5.219%, (6-month USD LIBOR +/- MBS Margin), 6/01/21 - 10/01/44 . . . . .	United States	16,102,608	16,723,462
			25,047,281
<b>Federal National Mortgage Association (FNMA) Fixed Rate 11.8%</b>			
FNMA, 2.64%, 7/01/25 . . . . .	United States	2,393,937	2,583,256
FNMA, 2.77%, 4/01/25 . . . . .	United States	3,500,000	3,794,805
FNMA, 3.14%, 10/01/25 . . . . .	United States	3,928,134	4,105,719
FNMA, 3.28%, 7/01/27 . . . . .	United States	4,000,000	4,533,690
FNMA, 3.51%, 8/01/23 . . . . .	United States	3,000,000	3,213,948
FNMA, 5.5%, 4/01/34 . . . . .	United States	580,526	617,294
FNMA, 15 Year, 2%, 9/01/35 . . . . .	United States	7,072,685	7,444,380
FNMA, 15 Year, 5.5%, 1/01/25 . . . . .	United States	288,751	302,153
FNMA, 30 Year, 2.5%, 11/01/50 . . . . .	United States	17,833,070	18,817,841
FNMA, 30 Year, 3%, 7/01/50 . . . . .	United States	13,064,839	13,939,975
FNMA, 30 Year, 3%, 12/01/42 . . . . .	United States	113,020	119,426
FNMA, 30 Year, 3.5%, 7/01/45 . . . . .	United States	19,138,418	20,638,295
FNMA, 30 Year, 4%, 1/01/41 - 8/01/41 . . . . .	United States	4,429,593	4,858,016
FNMA, 30 Year, 4.5%, 8/01/40 - 6/01/41 . . . . .	United States	4,295,667	4,838,895
FNMA, 30 Year, 5%, 3/01/34 - 7/01/41 . . . . .	United States	2,769,769	3,202,016
FNMA, 30 Year, 5.5%, 12/01/32 - 8/01/35 . . . . .	United States	1,312,169	1,522,031
FNMA, 30 Year, 6%, 1/01/24 - 8/01/38 . . . . .	United States	1,429,396	1,662,055
FNMA, 30 Year, 6.5%, 1/01/24 - 9/01/36 . . . . .	United States	187,992	216,848
FNMA, 30 Year, 7.5%, 4/01/23 - 8/01/25 . . . . .	United States	6,495	6,704
FNMA, 30 Year, 8%, 3/01/23 - 12/01/24 . . . . .	United States	22,403	22,818
FNMA, 30 Year, 8.5%, 6/01/21 . . . . .	United States	9	9
FNMA, 30 Year, 9%, 10/01/26 . . . . .	United States	38,559	39,197
			96,479,371
<b>Government National Mortgage Association (GNMA) Fixed Rate 49.5%</b>			
GNMA I, 30 Year, 5%, 9/15/40 . . . . .	United States	13,254,671	15,148,337
GNMA I, 30 Year, 5.5%, 3/15/32 - 2/15/38 . . . . .	United States	400,579	469,711
GNMA I, 30 Year, 6%, 7/15/29 - 11/15/38 . . . . .	United States	323,232	387,448
GNMA I, 30 Year, 6.5%, 12/15/28 - 1/15/33 . . . . .	United States	159,092	187,261
GNMA I, 30 Year, 7%, 12/15/28 . . . . .	United States	9,150	10,579
GNMA I, 30 Year, 7.5%, 12/15/31 - 8/15/33 . . . . .	United States	175,159	206,271
GNMA I, 30 Year, 10%, 8/15/21 . . . . .	United States	47	47
GNMA I, Single-family, 30 Year, 3%, 7/15/42 . . . . .	United States	299,896	323,891
GNMA I, Single-family, 30 Year, 4%, 10/15/40 - 8/15/46 . . . . .	United States	5,956,547	6,537,530
GNMA I, Single-family, 30 Year, 4.5%, 1/15/39 - 6/15/41 . . . . .	United States	8,639,222	9,784,189
GNMA I, Single-family, 30 Year, 5.5%, 12/15/28 - 10/15/39 . . . . .	United States	2,930,838	3,350,232
GNMA I, Single-family, 30 Year, 6%, 11/15/23 - 9/15/38 . . . . .	United States	1,327,531	1,541,612

Franklin U.S. Government Securities VIP Fund (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Mortgage-Backed Securities</b> (continued)			
<b>Government National Mortgage Association (GNMA) Fixed Rate</b> (continued)			
GNMA I, Single-family, 30 Year, 6.5%, 7/15/23 - 5/15/37 . . . . .	United States	691,485	\$778,443
GNMA I, Single-family, 30 Year, 7%, 10/15/22 - 1/15/32 . . . . .	United States	146,020	151,255
GNMA I, Single-family, 30 Year, 7.5%, 2/15/22 - 11/15/27 . . . . .	United States	45,311	46,128
GNMA I, Single-family, 30 Year, 8%, 12/15/21 - 7/15/23 . . . . .	United States	29,092	29,686
GNMA I, Single-family, 30 Year, 8.5%, 5/15/23 - 12/15/24 . . . . .	United States	18,501	18,778
GNMA II, 30 Year, 6.5%, 4/20/34 . . . . .	United States	31,327	31,623
GNMA II, Single-family, 30 Year, 2%, 11/20/50 . . . . .	United States	6,173,583	6,461,441
GNMA II, Single-family, 30 Year, 2.5%, 6/20/50 . . . . .	United States	38,882,013	41,184,012
GNMA II, Single-family, 30 Year, 2.5%, 7/20/50 . . . . .	United States	13,710,378	14,523,839
GNMA II, Single-family, 30 Year, 2.5%, 10/20/50 . . . . .	United States	14,914,472	15,803,496
GNMA II, Single-family, 30 Year, 2.5%, 11/20/50 . . . . .	United States	6,121,240	6,486,346
GNMA II, Single-family, 30 Year, 3%, 9/20/45 . . . . .	United States	5,341,916	5,690,335
GNMA II, Single-family, 30 Year, 3%, 4/20/46 . . . . .	United States	14,372,080	15,305,579
GNMA II, Single-family, 30 Year, 3%, 5/20/50 . . . . .	United States	10,522,164	11,011,675
GNMA II, Single-family, 30 Year, 3%, 6/20/50 . . . . .	United States	21,175,160	22,166,339
GNMA II, Single-family, 30 Year, 3%, 7/20/50 . . . . .	United States	38,122,483	40,012,803
GNMA II, Single-family, 30 Year, 3%, 12/20/50 . . . . .	United States	11,060,986	11,764,321
GNMA II, Single-family, 30 Year, 3%, 12/20/42 - 2/20/45 . . . . .	United States	1,255,750	1,340,187
GNMA II, Single-family, 30 Year, 3.5%, 8/20/42 . . . . .	United States	3,980,883	4,337,028
GNMA II, Single-family, 30 Year, 3.5%, 9/20/42 . . . . .	United States	11,866,316	12,924,430
GNMA II, Single-family, 30 Year, 3.5%, 11/20/42 . . . . .	United States	7,166,821	7,804,613
GNMA II, Single-family, 30 Year, 3.5%, 12/20/42 . . . . .	United States	5,529,989	6,022,377
GNMA II, Single-family, 30 Year, 3.5%, 1/20/43 . . . . .	United States	9,319,318	10,148,083
GNMA II, Single-family, 30 Year, 3.5%, 4/20/43 . . . . .	United States	4,124,826	4,492,363
GNMA II, Single-family, 30 Year, 3.5%, 5/20/43 . . . . .	United States	7,627,566	8,333,630
GNMA II, Single-family, 30 Year, 3.5%, 9/20/47 . . . . .	United States	43,650,356	47,126,217
GNMA II, Single-family, 30 Year, 3.5%, 11/20/47 . . . . .	United States	11,611,118	12,438,904
GNMA II, Single-family, 30 Year, 3.5%, 12/20/40 - 10/20/47 . . . . .	United States	15,526,018	16,857,062
GNMA II, Single-family, 30 Year, 4%, 11/20/41 . . . . .	United States	3,907,138	4,318,697
GNMA II, Single-family, 30 Year, 4%, 11/20/39 - 2/20/44 . . . . .	United States	8,890,241	9,859,042
GNMA II, Single-family, 30 Year, 4.5%, 10/20/39 - 10/20/44 . . . . .	United States	16,754,490	18,681,900
GNMA II, Single-family, 30 Year, 5%, 9/20/33 - 6/20/44 . . . . .	United States	6,839,129	7,823,173
GNMA II, Single-family, 30 Year, 5.5%, 5/20/34 - 6/20/38 . . . . .	United States	2,817,799	3,287,996
GNMA II, Single-family, 30 Year, 6%, 11/20/23 - 7/20/39 . . . . .	United States	1,825,317	2,130,861
GNMA II, Single-family, 30 Year, 6.5%, 12/20/27 - 4/20/32 . . . . .	United States	254,655	300,136
GNMA II, Single-family, 30 Year, 7%, 5/20/32 . . . . .	United States	5,330	6,333
GNMA II, Single-family, 30 Year, 7.5%, 9/20/22 - 11/20/26 . . . . .	United States	34,905	38,194
GNMA II, Single-family, 30 Year, 8%, 8/20/26 . . . . .	United States	2,749	3,145
			407,687,578
<b>Total Mortgage-Backed Securities (Cost \$623,642,015)</b> . . . . .			<b>636,987,156</b>
<b>Total Long Term Investments (Cost \$763,497,862)</b> . . . . .			<b>787,452,161</b>

Franklin U.S. Government Securities VIP Fund (continued)

Short Term Investments 5.0%

	Principal Amount <sup>*</sup>	Value
<b>Repurchase Agreements 5.0%</b>		
°Joint Repurchase Agreement, 0.054%, 1/04/21 (Maturity Value \$40,985,420)		
BNP Paribas Securities Corp. (Maturity Value \$26,183,126)		
Deutsche Bank Securities, Inc. (Maturity Value \$7,820,018)		
HSBC Securities (USA), Inc. (Maturity Value \$6,982,276)		
Collateralized by U.S. Government Agency Securities, 4.00% - 5.00%, 2/20/49 - 5/20/49; and U.S. Treasury Notes, 0.13% - 2.63%, 1/31/21 - 12/31/25 (valued at \$41,809,834) . . . . .		
	40,985,176	\$40,985,176
<b>Total Repurchase Agreements (Cost \$40,985,176)</b> . . . . .		<b>40,985,176</b>
<b>Total Short Term Investments (Cost \$40,985,176)</b> . . . . .		<b>40,985,176</b>
<b>Total Investments (Cost \$804,483,038) 100.6%</b> . . . . .		<b>\$828,437,337</b>
<b>Other Assets, less Liabilities (0.6)%</b> . . . . .		<b>(4,798,102)</b>
<b>Net Assets 100.0%</b> . . . . .		<b>\$823,639,235</b>

See Abbreviations on page FUS-21.

<sup>\*</sup>The principal amount is stated in U.S. dollars unless otherwise indicated.

<sup>a</sup>Principal amount of security is adjusted for inflation. See Note 1(d).

<sup>b</sup>Adjustable Rate Mortgage-Backed Security (ARM); the rate shown is the effective rate at period end. ARM rates are not based on a published reference rate and spread, but instead pass-through weighted average interest income inclusive of any caps or floors, if applicable, from the underlying mortgage loans in which the majority of mortgages pay interest based on the index shown at their designated reset dates plus a spread, less the applicable servicing and guaranty fee (MBS margin).

<sup>c</sup>See Note 1(b) regarding joint repurchase agreement.

## Statement of Assets and Liabilities

December 31, 2020

	<b>Franklin U.S. Government Securities VIP Fund</b>
<b>Assets:</b>	
Investments in securities:	
Cost - Unaffiliated issuers . . . . .	\$763,497,862
Cost - Unaffiliated repurchase agreements . . . . .	40,985,176
	<hr/>
Value - Unaffiliated issuers . . . . .	\$787,452,161
Value - Unaffiliated repurchase agreements . . . . .	40,985,176
Receivables:	
Investment securities sold . . . . .	28,202,065
Capital shares sold . . . . .	94,282
Interest . . . . .	2,631,064
Other assets . . . . .	98
Total assets . . . . .	<hr/> 859,364,846
<b>Liabilities:</b>	
Payables:	
Investment securities purchased . . . . .	34,367,087
Capital shares redeemed . . . . .	603,299
Management fees . . . . .	335,982
Distribution fees . . . . .	163,446
Accrued expenses and other liabilities . . . . .	255,797
Total liabilities . . . . .	<hr/> 35,725,611
Net assets, at value . . . . .	<hr/> \$823,639,235
<b>Net assets consist of:</b>	
Paid-in capital . . . . .	\$885,090,636
Total distributable earnings (losses) . . . . .	(61,451,401)
Net assets, at value . . . . .	<hr/> \$823,639,235
	<hr/>
	<b>Franklin U.S. Government Securities VIP Fund</b>
<b>Class 1:</b>	
Net assets, at value . . . . .	\$52,307,075
Shares outstanding . . . . .	4,227,773
Net asset value and maximum offering price per share . . . . .	<hr/> \$12.37
<b>Class 2:</b>	
Net assets, at value . . . . .	\$771,332,160
Shares outstanding . . . . .	63,835,614
Net asset value and maximum offering price per share . . . . .	<hr/> \$12.08



## Statement of Operations

for the year ended December 31, 2020

**Franklin U.S.  
Government  
Securities VIP  
Fund**

Investment income:	
Interest:	
Unaffiliated issuers:	
Paydown gain (loss) .....	\$(4,331,818)
Paid in cash <sup>a</sup> .....	23,671,255
Total investment income .....	<u>19,339,437</u>
Expenses:	
Management fees (Note 3a) .....	3,964,103
Distribution fees: (Note 3c)	
Class 2 .....	1,922,842
Custodian fees (Note 4) .....	5,006
Reports to shareholders .....	131,539
Professional fees .....	82,576
Trustees' fees and expenses .....	4,820
Other .....	221,743
Total expenses .....	<u>6,332,629</u>
Expense reductions (Note 4) .....	<u>(9,143)</u>
Net expenses .....	6,323,486
Net investment income .....	<u>13,015,951</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers .....	<u>1,813,789</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers .....	<u>16,480,201</u>
Net realized and unrealized gain (loss) .....	<u>18,293,990</u>
Net increase (decrease) in net assets resulting from operations .....	<u>\$31,309,941</u>

<sup>a</sup>Includes amortization of premium and accretion of discount.

## Statements of Changes in Net Assets

	<b>Franklin U.S. Government Securities VIP Fund</b>	
	<b>Year Ended December 31, 2020</b>	<b>Year Ended December 31, 2019</b>
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$13,015,951	\$21,483,343
Net realized gain (loss) . . . . .	1,813,789	3,865,232
Net change in unrealized appreciation (depreciation) . . . . .	16,480,201	32,420,343
Net increase (decrease) in net assets resulting from operations . . . . .	31,309,941	57,768,918
Distributions to shareholders:		
Class 1 . . . . .	(2,038,214)	(1,737,360)
Class 2 . . . . .	(26,480,204)	(31,230,563)
Total distributions to shareholders . . . . .	(28,518,418)	(32,967,923)
Capital share transactions: (Note 2)		
Class 1 . . . . .	(1,952,576)	(6,397,324)
Class 2 . . . . .	(3,169,153)	(357,273,982)
Total capital share transactions . . . . .	(5,121,729)	(363,671,306)
Net increase (decrease) in net assets . . . . .	(2,330,206)	(338,870,311)
Net assets:		
Beginning of year . . . . .	825,969,441	1,164,839,752
End of year . . . . .	\$823,639,235	\$825,969,441

# Notes to Financial Statements

## Franklin U.S. Government Securities VIP Fund

### 1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Franklin U.S. Government Securities VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. At December 31, 2020, 52.5% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers two classes of shares: Class 1 and Class 2. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

#### a. Financial Instrument Valuation

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

Debt securities generally trade in the over-the-counter market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the

pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

Investments in repurchase agreements are valued at cost, which approximates fair value.

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

#### b. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds, with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either

## Franklin U.S. Government Securities VIP Fund (continued)

### 1. Organization and Significant Accounting Policies

(continued)

#### b. Joint Repurchase Agreement (continued)

the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at year end, as indicated in the Statement of Investments, had been entered into on December 31, 2020.

#### c. Income Taxes

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of 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 and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Paydown gains and losses are recorded separately in the Statement of Operations. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may

differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

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

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

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

#### e. Accounting Estimates

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

#### f. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is

**Franklin U.S. Government Securities VIP Fund** (continued)

**1. Organization and Significant Accounting Policies**

(continued)

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.

**f. Guarantees and Indemnifications** (continued)

**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
<b>Class 1 Shares:</b>				
Shares sold . . . . .	332,787	\$4,150,714	263,170	\$3,219,496
Shares issued in reinvestment of distributions . . . . .	165,439	2,038,214	143,584	1,737,360
Shares redeemed . . . . .	(653,755)	(8,141,504)	(929,495)	(11,354,180)
Net increase (decrease) . . . . .	(155,529)	\$(1,952,576)	(522,741)	\$(6,397,324)
<b>Class 2 Shares:</b>				
Shares sold . . . . .	13,078,267	\$159,400,701	4,193,524	\$50,317,492
Shares issued in reinvestment of distributions . . . . .	2,197,527	26,480,204	2,639,946	31,230,563
Shares redeemed . . . . .	(15,470,648)	(189,050,058)	(36,549,546)	(438,822,037)
Net increase (decrease) . . . . .	(194,854)	\$(3,169,153)	(29,716,076)	\$(357,273,982)

**3. Transactions with Affiliates**

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

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

**a. Management Fees**

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

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

**Franklin U.S. Government Securities VIP Fund** (continued)

**3. Transactions with Affiliates** (continued)

**a. Management Fees** (continued)

For the year ended December 31, 2020, the gross effective investment management fee rate was 0.480% of the Fund's average daily net assets.

Under a subadvisory agreement, FT Institutional, an affiliate of Advisers, provides subadvisory services to the Fund. The subadvisory fee is paid by Advisers based on the Fund's average daily net assets, and is not an additional expense of the Fund. Effective January 31, 2020, the subadvisory agreement was terminated.

**b. Administrative Fees**

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

**c. Distribution Fees**

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

**d. Transfer Agent Fees**

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

**4. Expense Offset Arrangement**

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

**5. Income Taxes**

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

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

Capital loss carryforwards not subject to expiration:

Short term . . . . .	\$37,516,554
Long term . . . . .	63,317,605
Total capital loss carryforwards . . . . .	<u>\$100,834,159</u>

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

	2020	2019
Distributions paid from:		
Ordinary income . . . . .	<u>\$28,518,418</u>	<u>\$32,967,923</u>

**Franklin U.S. Government Securities VIP Fund** (continued)**5. Income Taxes** (continued)

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

Cost of investments	\$807,327,199
Unrealized appreciation	\$25,280,001
Unrealized depreciation	(4,169,863)
Net unrealized appreciation (depreciation)	\$21,110,138
Distributable earnings:	
Undistributed ordinary income	\$18,272,642

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

**6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2020, aggregated \$441,523,177 and \$451,485,873, 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:

## **Franklin U.S. Government Securities VIP Fund** (continued)

### **9. Fair Value Measurements** (continued)

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

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

At December 31, 2020, all of the Fund's Investments in financial instruments carried at fair value were valued using Level 2 inputs.

### **10. New Accounting Pronouncements**

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



**Franklin U.S. Government Securities VIP Fund** (continued)

**Abbreviations**

**Currency**

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**USD** United States Dollar

**Selected Portfolio**

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**FHLB** Federal Home Loan Banks  
**FHLMC** Federal Home Loan Mortgage Corp.  
**FNMA** Federal National Mortgage Association  
**GNMA** Government National Mortgage Association  
**LIBOR** London Inter-Bank Offered Rate  
**MBS** Mortgage-Backed Security

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Templeton Variable Insurance Products Trust and Shareholders of Franklin U.S. Government Securities VIP Fund

### ***Opinion on the Financial Statements***

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Franklin U.S. Government Securities 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 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.

## 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](http://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
<b>Harris J. Ashton (1932)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	125	Bar-S Foods (meat packing company) (1981-2010).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , 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).				
<b>Terrence J. Checki (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	106	Hess Corporation (exploration of oil and gas) (2014-present).
<b>Principal Occupation During at Least the Past 5 Years:</b> 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 <b>formerly</b> , 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).				
<b>Mary C. Choksi (1950)</b> 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 <b>formerly</b> , Avis Budget Group Inc. (car rental) (2007-May 2020).
<b>Principal Occupation During at Least the Past 5 Years:</b> Director of various companies; and <b>formerly</b> , 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
<b>Edith E. Holiday (1952)</b> 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 <b>formerly</b> , 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).

<b>J. Michael Luttig (1954)</b> 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).

<b>Larry D. Thompson (1945)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	125	Graham Holdings Company (education and media organization) (2011-present); and <b>formerly</b> , 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
<b>**Gregory E. Johnson (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	136	None
<b>Principal Occupation During at Least the Past 5 Years:</b> 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 <b>formerly</b> , Chief Executive Officer (2013-2020) and President (1994-2015), Franklin Resources, Inc.				
<b>**Rupert H. Johnson, Jr. (1940)</b> 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
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Alison E. Baur (1964)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Breda M. Beckerle (1958)</b> 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since October 2020	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Steven J. Gray (1955)</b> 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
<b>Principal Occupation During at Least the Past 5 Years:</b> 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.				
<b>Matthew T. Hinkle (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since 2017	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Vice President, Franklin Templeton Services, LLC; officer of 41 of the investment companies in Franklin Templeton; and <b>formerly</b> , 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
<b>Robert G. Kubilis (1973)</b> 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.

<b>Robert Lim (1948)</b> 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.

<b>Edward D. Perks (1970)</b> 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).

<b>Navid J. Tofigh (1972)</b> 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.

<b>Craig S. Tyle (1960)</b> 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.

<b>Lori A. Weber (1964)</b> 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](http://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](http://franklintempleton.com) and posted on the U.S. Securities and Exchange Commission's website at [sec.gov](http://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](http://sec.gov). The filed form may also be viewed and copied at the Commission's Public Reference Room in Washington, DC. Information regarding the operations of the Public Reference Room may be obtained by calling (800) SEC-0330.



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

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

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



**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.