

Franklin VolSmart Allocation VIP Fund

Financial Statements and Other Important Information

Semi-Annual | June 30, 2024

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Financial Highlights

Franklin VolSmart Allocation VIP Fund

	Six Months Ended June 30, 2024 (unaudited)	Year Ended December 31,	
		2023	2022 ^a
Class 1			
Per share operating performance			
(for a share outstanding throughout the period)			
Net asset value, beginning of period	\$12.41	\$12.13	\$13.60
Income from investment operations ^b :			
Net investment income ^{c,d}	0.14	0.25	0.17
Net realized and unrealized gains (losses)	0.82	1.13	(0.18)
Total from investment operations	0.96	1.38	(0.01)
Less distributions from:			
Net investment income	(0.28)	(0.26)	(0.25)
Net realized gains	(0.18)	(0.84)	(1.21)
Total distributions	(0.46)	(1.10)	(1.46)
Net asset value, end of period	\$12.91	\$12.41	\$12.13
Total return ^e	7.71%	11.78%	0.15%
Ratios to average net assets^f			
Expenses before waiver and payments by affiliates ^g	0.90%	0.81%	0.81%
Expenses net of waiver and payments by affiliates ^g	0.65%	0.65% ^h	0.65% ^h
Net investment income	2.21%	2.06%	2.20%
Supplemental data			
Net assets, end of period (000's)	\$5	\$5	\$4
Portfolio turnover rate	6.86%	22.91%	37.75%

^aFor the period May 20, 2022 (effective date) to December 31, 2022.

^bThe 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.

^cBased on average daily shares outstanding.

^dRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

^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. Total return is not annualized for periods less than one year.

^fRatios are annualized for periods less than one year.

^gDoes not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.10% for the period ended June 30, 2024.

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

Franklin VolSmart Allocation VIP Fund (continued)

	Six Months Ended June 30, 2024 (unaudited)	Year Ended December 31,				
		2023	2022	2021	2020	2019
Class 2						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.47	\$12.19	\$15.57	\$14.55	\$12.60	\$10.82
Income from investment operations ^a :						
Net investment income ^{b,c}	0.15	0.25	0.23	0.26	0.24	0.22
Net realized and unrealized gains (losses)	0.81	1.13	(2.15)	2.19	1.86	1.70
Total from investment operations	0.96	1.38	(1.92)	2.45	2.10	1.92
Less distributions from:						
Net investment income	(0.28)	(0.26)	(0.25)	(0.64)	(0.15)	—
Net realized gains	(0.18)	(0.84)	(1.21)	(0.79)	—	(0.14)
Total distributions	(0.46)	(1.10)	(1.46)	(1.43)	(0.15)	(0.14)
Net asset value, end of period	\$12.97	\$12.47	\$12.19	\$15.57	\$14.55	\$12.60
Total return ^d	7.67%	11.72%	(12.13)%	17.62%	16.85%	17.82%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates ^f	1.11%	0.85%	0.85%	0.88%	0.88%	1.12%
Expenses net of waiver and payments by affiliates ^f	0.90%	0.65% ^g	0.65% ^g	0.65% ^g	0.65% ^g	0.90% ^g
Net investment income	2.36%	2.11%	1.71%	1.75%	1.85%	1.87%
Supplemental data						
Net assets, end of period (000's)	\$222	\$111	\$33	\$48	\$45	\$39
Portfolio turnover rate	6.86%	22.91%	37.75%	41.28%	69.19%	4.99%

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

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

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

^eRatios are annualized for periods less than one year.

^fDoes not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.10% for the period ended June 30, 2024.

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

Franklin VolSmart Allocation VIP Fund (continued)

	Six Months Ended June 30, 2024 (unaudited)	Year Ended December 31,				
		2023	2022	2021	2020	2019
Class 5						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$12.43	\$12.15	\$15.52	\$14.52	\$12.59	\$10.80
Income from investment operations ^a :						
Net investment income ^{b,c}	0.13	0.23	0.21	0.23	0.23	0.23
Net realized and unrealized gains (losses)	0.83	1.13	(2.14)	2.18	1.86	1.70
Total from investment operations	0.96	1.36	(1.93)	2.41	2.09	1.93
Less distributions from:						
Net investment income	(0.26)	(0.24)	(0.23)	(0.62)	(0.16)	—
Net realized gains	(0.18)	(0.84)	(1.21)	(0.79)	—	(0.14)
Total distributions	(0.44)	(1.08)	(1.44)	(1.41)	(0.16)	(0.14)
Net asset value, end of period	\$12.95	\$12.43	\$12.15	\$15.52	\$14.52	\$12.59
Total return ^d	7.69%	11.57%	(12.27)%	17.36%	16.78%	17.95%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates ^f	1.01%	1.00%	1.00%	1.03%	1.03%	1.02%
Expenses net of waiver and payments by affiliates ^f	0.80%	0.80% ^g	0.80% ^g	0.80% ^g	0.80% ^g	0.80% ^g
Net investment income	2.02%	1.89%	1.57%	1.57%	1.70%	1.97%
Supplemental data						
Net assets, end of period (000's)	\$155,305	\$159,621	\$170,682	\$209,784	\$195,818	\$185,381
Portfolio turnover rate	6.86%	22.91%	37.75%	41.28%	69.19%	4.99%

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

^bBased on average daily shares outstanding.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

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

^eRatios are annualized for periods less than one year.

^fDoes not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.10% for the period ended June 30, 2024.

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

Schedule of Investments (unaudited), June 30, 2024

Franklin VolSmart Allocation VIP Fund

	Shares	Value
Common Stocks 67.8%		
Aerospace & Defense 1.1%		
General Dynamics Corp.	2,636	\$764,809
Huntington Ingalls Industries, Inc.	197	48,527
RTX Corp.	9,306	934,229
		<u>1,747,565</u>
Air Freight & Logistics 0.5%		
United Parcel Service, Inc., B	5,519	755,275
Automobile Components 0.0%†		
Gentex Corp.	1,560	52,588
Automobiles 0.3%		
^a Tesla, Inc.	2,164	428,212
Banks 1.3%		
Citigroup, Inc.	7,118	451,708
First Citizens BancShares, Inc., A	48	80,813
JPMorgan Chase & Co.	7,191	1,454,452
New York Community Bancorp, Inc.	13,167	42,398
		<u>2,029,371</u>
Beverages 0.6%		
PepsiCo, Inc.	5,544	914,372
Biotechnology 2.2%		
AbbVie, Inc.	9,572	1,641,790
Amgen, Inc.	1,894	591,780
^a Exelixis, Inc.	2,569	57,726
^a Neurocrine Biosciences, Inc.	437	60,162
^a Regeneron Pharmaceuticals, Inc.	447	469,810
^a Roivant Sciences Ltd.	5,139	54,319
^a Vertex Pharmaceuticals, Inc.	1,192	558,714
		<u>3,434,301</u>
Broadline Retail 1.2%		
^a Amazon.com, Inc.	9,548	1,845,151
Macy's, Inc.	3,219	61,805
		<u>1,906,956</u>
Building Products 1.4%		
Armstrong World Industries, Inc.	480	54,355
^a Builders FirstSource, Inc.	606	83,877
Carlisle Cos., Inc.	2,028	821,766
Johnson Controls International plc.	11,037	733,629
Lennox International, Inc.	130	69,547
Masco Corp.	889	59,270
Owens Corning.	420	72,962
Trane Technologies plc	663	218,081
		<u>2,113,487</u>
Capital Markets 1.0%		
Cboe Global Markets, Inc.	438	74,486
Charles Schwab Corp. (The).	4,750	350,028
Evercore, Inc., A	306	63,780
LPL Financial Holdings, Inc.	301	84,069
Moody's Corp.	639	268,974
Nasdaq, Inc.	12,615	760,180
		<u>1,601,517</u>

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Chemicals 2.5%		
Air Products and Chemicals, Inc.	2,999	\$773,892
Celanese Corp., A.	369	49,774
CF Industries Holdings, Inc.	787	58,333
Ecolab, Inc.	3,050	725,900
Linde plc.	3,895	1,709,165
LyondellBasell Industries NV, A.	1,094	104,652
NewMarket Corp.	90	46,401
Sherwin-Williams Co. (The).	1,553	463,462
		3,931,579
Commercial Services & Supplies 1.2%		
Cintas Corp.	1,376	963,558
^a Clean Harbors, Inc.	306	69,202
^a Copart, Inc.	3,639	197,088
Republic Services, Inc., A.	934	181,514
Waste Management, Inc.	1,984	423,266
		1,834,628
Communications Equipment 0.8%		
^a Arista Networks, Inc.	1,133	397,094
Cisco Systems, Inc.	14,540	690,795
Juniper Networks, Inc.	1,541	56,185
Motorola Solutions, Inc.	328	126,625
		1,270,699
Construction & Engineering 0.1%		
EMCOR Group, Inc.	216	78,857
Construction Materials 0.0%†		
Eagle Materials, Inc.	219	47,624
Consumer Finance 0.1%		
OneMain Holdings, Inc.	1,169	56,685
SLM Corp.	2,711	56,361
Synchrony Financial	1,710	80,695
		193,741
Consumer Staples Distribution & Retail 1.6%		
Albertsons Cos., Inc., A.	2,836	56,011
Casey's General Stores, Inc.	586	223,594
Costco Wholesale Corp.	881	748,841
Target Corp.	4,435	656,558
Walmart, Inc.	12,979	878,808
		2,563,812
Containers & Packaging 0.0%†		
Packaging Corp. of America	330	60,245
Diversified Consumer Services 0.1%		
^a Grand Canyon Education, Inc.	423	59,182
H&R Block, Inc.	1,129	61,226
		120,408
Diversified Telecommunication Services 0.6%		
AT&T, Inc.	13,927	266,145
Verizon Communications, Inc.	17,309	713,823
		979,968

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Electric Utilities 0.1%		
Hawaiian Electric Industries, Inc.	4,664	\$42,069
NextEra Energy, Inc.	1,600	113,296
		155,365
Electrical Equipment 0.7%		
Acuity Brands, Inc.	225	54,324
Eaton Corp. plc.	1,302	408,242
nVent Electric plc.	8,210	628,968
		1,091,534
Electronic Equipment, Instruments & Components 0.3%		
Amphenol Corp., A.	3,368	226,902
Avnet, Inc.	1,245	64,105
CDW Corp.	356	79,687
Jabil, Inc.	554	60,270
Vontier Corp.	1,309	50,004
		480,968
Financial Services 2.5%		
^a Berkshire Hathaway, Inc., B.	1,560	634,608
Mastercard, Inc., A.	2,069	912,760
MGIC Investment Corp.	2,915	62,818
Visa, Inc., A.	8,551	2,244,381
Western Union Co. (The).	4,114	50,273
		3,904,840
Food Products 0.8%		
Ingredion, Inc.	493	56,547
McCormick & Co., Inc.	7,132	505,944
Mondelez International, Inc., A.	9,895	647,529
		1,210,020
Gas Utilities 0.1%		
Atmos Energy Corp.	595	69,407
National Fuel Gas Co.	1,173	63,565
		132,972
Ground Transportation 0.9%		
JB Hunt Transport Services, Inc.	2,746	439,360
Norfolk Southern Corp.	1,882	404,047
Ryder System, Inc.	507	62,807
^a Saia, Inc.	121	57,389
^a Uber Technologies, Inc.	5,433	394,870
		1,358,473
Health Care Equipment & Supplies 3.8%		
Abbott Laboratories.	11,087	1,152,050
Becton Dickinson & Co.	4,223	986,957
^a Boston Scientific Corp.	2,709	208,620
^a IDEXX Laboratories, Inc.	362	176,367
^a Intuitive Surgical, Inc.	1,360	604,996
Medtronic plc.	4,365	343,569
STERIS plc.	865	189,902
Stryker Corp.	6,457	2,196,994
		5,859,455

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Health Care Providers & Services 2.4%		
Cardinal Health, Inc.	1,228	\$120,737
Cencora, Inc.	373	84,037
^a Centene Corp.	972	64,444
Chemed Corp.	93	50,460
Cigna Group (The)	547	180,822
^a DaVita, Inc.	450	62,357
Encompass Health Corp.	760	65,200
HCA Healthcare, Inc.	844	271,160
McKesson Corp.	403	235,368
^a Molina Healthcare, Inc.	191	56,784
UnitedHealth Group, Inc.	4,749	2,418,476
Universal Health Services, Inc., B	336	62,136
		<hr/> 3,671,981
Health Care REITs 0.0%†		
Omega Healthcare Investors, Inc.	1,838	62,951
Hotels, Restaurants & Leisure 1.6%		
Booking Holdings, Inc.	140	554,610
^a Chipotle Mexican Grill, Inc., A	5,350	335,177
Darden Restaurants, Inc.	431	65,219
Domino's Pizza, Inc.	142	73,319
Hilton Worldwide Holdings, Inc.	438	95,572
Marriott International, Inc., A	749	181,086
McDonald's Corp.	3,352	854,224
Starbucks Corp.	2,898	225,609
Texas Roadhouse, Inc., A	383	65,765
		<hr/> 2,450,581
Household Durables 0.5%		
DR Horton, Inc.	1,342	189,128
Garmin Ltd.	530	86,348
Lennar Corp., A	1,066	159,761
Lennar Corp., B	376	52,426
^a NVR, Inc.	14	106,240
PulteGroup, Inc.	1,023	112,632
Toll Brothers, Inc.	546	62,888
^a TopBuild Corp.	147	56,635
		<hr/> 826,058
Household Products 1.1%		
Colgate-Palmolive Co.	8,061	782,240
Procter & Gamble Co. (The)	5,497	906,565
		<hr/> 1,688,805
Independent Power and Renewable Electricity Producers 0.1%		
Vistra Corp.	1,366	117,449
Industrial Conglomerates 0.7%		
Honeywell International, Inc.	5,027	1,073,466
Industrial REITs 0.0%†		
STAG Industrial, Inc.	1,539	55,496
Insurance 0.8%		
^a Arch Capital Group Ltd.	1,432	144,475
Assurant, Inc.	321	53,366
Erie Indemnity Co., A	1,160	420,384
Loews Corp.	729	54,485

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Insurance (continued)		
Marsh & McLennan Cos., Inc.	1,619	\$341,156
Reinsurance Group of America, Inc.	327	67,123
Travelers Cos., Inc. (The)	421	85,606
		1,166,595
Interactive Media & Services 2.4%		
Alphabet, Inc., A	6,723	1,224,595
Alphabet, Inc., C	5,741	1,053,014
Meta Platforms, Inc., A	2,746	1,384,588
		3,662,197
IT Services 1.3%		
Accenture plc, A	3,805	1,154,475
^a Akamai Technologies, Inc.	527	47,472
Cognizant Technology Solutions Corp., A.	1,735	117,980
^a Gartner, Inc.	215	96,548
^a GoDaddy, Inc., A.	501	69,995
International Business Machines Corp.	3,384	585,263
		2,071,733
Life Sciences Tools & Services 1.0%		
Bruker Corp.	664	42,370
Danaher Corp.	2,266	566,160
^a ICON plc.	245	76,800
^a Medpace Holdings, Inc.	156	64,248
West Pharmaceutical Services, Inc.	2,230	734,540
		1,484,118
Machinery 1.6%		
Allison Transmission Holdings, Inc.	746	56,621
Caterpillar, Inc.	1,677	558,609
Donaldson Co., Inc.	4,070	291,249
Dover Corp.	3,840	692,928
Illinois Tool Works, Inc.	1,212	287,196
ITT, Inc.	468	60,456
Lincoln Electric Holdings, Inc.	247	46,594
PACCAR, Inc.	2,570	264,556
Parker-Hannifin Corp.	359	181,586
Snap-on, Inc.	209	54,630
		2,494,425
Media 0.3%		
Comcast Corp., A	13,389	524,313
Metals & Mining 0.3%		
Nucor Corp.	1,041	164,561
Reliance, Inc.	252	71,971
Southern Copper Corp.	723	77,896
Steel Dynamics, Inc.	711	92,075
United States Steel Corp.	1,199	45,322
		451,825
Mortgage Real Estate Investment Trusts (REITs) 0.0%[†]		
Rithm Capital Corp.	5,000	54,550
Office REITs 0.1%		
Cousins Properties, Inc.	2,488	57,597
Kilroy Realty Corp.	1,416	44,137

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Office REITs (continued)		
NET Lease Office Properties	2,370	\$58,349
		<u>160,083</u>
Oil, Gas & Consumable Fuels 1.7%		
Antero Midstream Corp.	4,227	62,306
Chevron Corp.	3,690	577,190
Diamondback Energy, Inc.	345	69,065
EOG Resources, Inc.	3,457	435,133
Exxon Mobil Corp.	5,492	632,239
Marathon Petroleum Corp.	1,786	309,835
Ovintiv, Inc.	1,165	54,603
Phillips 66.	1,927	272,035
^a Southwestern Energy Co.	7,786	52,400
Valero Energy Corp.	1,351	211,783
		<u>2,676,589</u>
Pharmaceuticals 2.5%		
Eli Lilly & Co.	1,149	1,040,282
Johnson & Johnson	11,084	1,620,037
Merck & Co., Inc.	7,138	883,684
Organon & Co.	3,358	69,511
Zoetis, Inc., A	1,601	277,549
		<u>3,891,063</u>
Professional Services 0.2%		
Booz Allen Hamilton Holding Corp., A	388	59,713
Broadridge Financial Solutions, Inc.	429	84,513
Leidos Holdings, Inc.	506	73,815
Robert Half, Inc.	709	45,362
Science Applications International Corp.	466	54,779
		<u>318,182</u>
Retail REITs 0.2%		
NNN REIT, Inc.	1,404	59,811
Simon Property Group, Inc.	1,439	218,440
		<u>278,251</u>
Semiconductors & Semiconductor Equipment 7.9%		
^a Advanced Micro Devices, Inc.	3,022	490,199
Analog Devices, Inc.	5,497	1,254,745
Applied Materials, Inc.	3,576	843,900
Broadcom, Inc.	1,244	1,997,279
Intel Corp.	14,246	441,199
KLA Corp.	642	529,336
Lam Research Corp.	591	629,326
Microchip Technology, Inc.	2,146	196,359
NVIDIA Corp.	23,380	2,888,365
QUALCOMM, Inc.	4,859	967,816
Skyworks Solutions, Inc.	624	66,506
Texas Instruments, Inc.	9,821	1,910,479
		<u>12,215,509</u>
Software 8.8%		
^a Adobe, Inc.	1,377	764,979
^a Cadence Design Systems, Inc.	1,127	346,834
^a CrowdStrike Holdings, Inc., A.	650	249,073
^a Fair Isaac Corp.	104	154,821

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Software (continued)		
Intuit, Inc.	747	\$490,936
^a Manhattan Associates, Inc.	300	74,004
Microsoft Corp.	19,923	8,904,585
^a Nutanix, Inc., A	923	52,472
^a Palo Alto Networks, Inc.	875	296,634
Roper Technologies, Inc.	3,582	2,019,030
^a Synopsys, Inc.	585	348,110
		13,701,478
Specialized REITs 0.2%		
EPR Properties	1,401	58,814
Gaming and Leisure Properties, Inc.	1,264	57,145
Lamar Advertising Co., A	524	62,634
Public Storage	634	182,370
		360,963
Specialty Retail 1.8%		
Dick's Sporting Goods, Inc.	315	67,678
Lowe's Cos., Inc.	4,067	896,611
Murphy USA, Inc.	142	66,663
^a O'Reilly Automotive, Inc.	250	264,015
Ross Stores, Inc.	5,732	832,974
TJX Cos., Inc. (The)	4,280	471,228
^a Ulta Beauty, Inc.	108	41,674
Williams-Sonoma, Inc.	330	93,182
		2,734,025
Technology Hardware, Storage & Peripherals 2.8%		
Apple, Inc.	19,071	4,016,734
Hewlett Packard Enterprise Co.	5,481	116,033
HP, Inc.	3,993	139,835
NetApp, Inc.	924	119,011
		4,391,613
Textiles, Apparel & Luxury Goods 0.5%		
^a Deckers Outdoor Corp.	121	117,122
NIKE, Inc., B.	6,689	504,150
PVH Corp.	403	42,665
Ralph Lauren Corp., A.	298	52,168
Tapestry, Inc.	1,206	51,605
		767,710
Tobacco 0.2%		
Altria Group, Inc.	8,334	379,614
Trading Companies & Distributors 1.0%		
Fastenal Co.	2,114	132,844
MSC Industrial Direct Co., Inc., A.	566	44,889
United Rentals, Inc.	270	174,617
Watsco, Inc.	141	65,317
WW Grainger, Inc.	1,196	1,079,079
		1,496,746
Total Common Stocks (Cost \$56,797,773)		105,487,201

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Investments In Underlying Funds and Exchange Traded Funds		
30.3%		
Domestic Fixed Income 22.4%		
^b Franklin U.S. Core Bond ETF	1,112,475	\$23,506,597
^b Western Asset Core Plus Bond Fund, Class IS	1,233,009	11,319,023
		<u>34,825,620</u>
Domestic Hybrid 7.9%		
^b Franklin Income VIP Fund, Class 1	843,968	12,271,289
Total Investments In Underlying Funds and Exchange Traded Funds (Cost \$55,682,194)		
		<u>47,096,909</u>
Total Long Term Investments (Cost \$112,479,967)		
		<u>152,584,110</u>
Short Term Investments 2.2%		
Money Market Funds 2.2%		
^{b,c} Institutional Fiduciary Trust - Money Market Portfolio, 4.972%	3,383,556	3,383,556
Total Money Market Funds (Cost \$3,383,556)		
		<u>3,383,556</u>
Total Short Term Investments (Cost \$3,383,556)		
		<u>3,383,556</u>
Total Investments (Cost \$115,863,523) 100.3%		
		<u>\$155,967,666</u>
Other Assets, less Liabilities (0.3)%		
		<u>(435,586)</u>
Net Assets 100.0%		
		<u>\$155,532,080</u>

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

^aNon-income producing.

^bSee Note 3(e) regarding investments in FT Underlying Funds.

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

At June 30, 2024, the Fund had the following total return swap contracts outstanding. See Note 1(c).

Total Return Swap Contracts

Underlying Instruments	Financing Rate	Payment Frequency	Counter-party	Maturity Date	Notional Value*	Value/ Unrealized Appreciation (Depreciation)
OTC Swap Contracts						
Long						
Dynamic VIX Backwardation (BEFSDVB1 Index)	—	Monthly	BZWS	8/27/24	4,000,000	\$(989)
Total Return Swap Contracts						<u>\$(989)</u>

*In U.S. dollars unless otherwise indicated.

See Note 6 regarding other derivative information.

See Abbreviations on page 23.

Statement of Assets and Liabilities

June 30, 2024 (unaudited)

**Franklin
VolSmart
Allocation VIP
Fund**

Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$56,797,773
Cost - Non-controlled affiliates (Note 3e)	59,065,750
Value - Unaffiliated issuers	\$105,487,201
Value - Non-controlled affiliates (Note 3e)	50,480,465
Cash	12,910
Receivables:	
Investment securities sold	52,698
Capital shares sold	9,006
Dividends	49,798
Total assets	156,092,078
Liabilities:	
Payables:	
Investment securities purchased	182,540
Capital shares redeemed	242,860
Management fees	76,041
Distribution fees	19,328
Professional fees	28,865
Trustees' fees and expenses	450
Unrealized depreciation on OTC swap contracts	989
Accrued expenses and other liabilities	8,925
Total liabilities	559,998
Net assets, at value	\$155,532,080
Net assets consist of:	
Paid-in capital	\$107,587,799
Total distributable earnings (losses)	47,944,281
Net assets, at value	\$155,532,080

**Franklin
VolSmart
Allocation VIP
Fund**

Class 1:	
Net assets, at value	\$4,747
Shares outstanding	368
Net asset value and maximum offering price per share ^a	\$12.91
Class 2:	
Net assets, at value	\$221,866
Shares outstanding	17,104
Net asset value and maximum offering price per share ^a	\$12.97
Class 5:	
Net assets, at value	\$155,305,467
Shares outstanding	11,995,676
Net asset value and maximum offering price per share ^a	\$12.95

^aNet asset value per share may not recalculate due to rounding.

Statement of Operations

for the six months ended June 30, 2024 (unaudited)

	Franklin VolSmart Allocation VIP Fund
Investment income:	
Dividends:	
Unaffiliated issuers	\$812,831
Non-controlled affiliates (Note 3e)	1,406,696
Total investment income	<u>2,219,527</u>
Expenses:	
Management fees (Note 3a)	629,194
Distribution fees: (Note 3c)	
Class 2	189
Class 5	117,857
Custodian fees	175
Reports to shareholders fees	2,176
Professional fees	38,442
Trustees' fees and expenses	1,135
Other	4,830
Total expenses	<u>793,998</u>
Expenses waived/paid by affiliates (Note 3e and 3f)	<u>(164,720)</u>
Net expenses	<u>629,278</u>
Net investment income	<u>1,590,249</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	7,184,098
Non-controlled affiliates (Note 3e)	(133,923)
Swap contracts	(4,988)
Capital gain distributions from Underlying Funds:	
Non-controlled affiliates (Note 3e)	50,017
Net realized gain (loss)	<u>7,095,204</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	4,164,763
Non-controlled affiliates (Note 3e)	(1,195,756)
Swap contracts	(3)
Net change in unrealized appreciation (depreciation)	<u>2,969,004</u>
Net realized and unrealized gain (loss)	<u>10,064,208</u>
Net increase (decrease) in net assets resulting from operations	<u>\$11,654,457</u>

Statements of Changes in Net Assets

	Franklin VolSmart Allocation VIP Fund	
	Six Months Ended June 30, 2024 (unaudited)	Year Ended December 31, 2023
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$1,590,249	\$3,086,551
Net realized gain (loss)	7,095,204	3,708,615
Net change in unrealized appreciation (depreciation)	2,969,004	11,025,811
Net increase (decrease) in net assets resulting from operations	<u>11,654,457</u>	<u>17,820,977</u>
Distributions to shareholders:		
Class 1	(168)	(402)
Class 2	(7,620)	(2,944)
Class 5	(5,130,477)	(14,013,933)
Total distributions to shareholders	<u>(5,138,265)</u>	<u>(14,017,279)</u>
Capital share transactions: (Note 2)		
Class 2	103,681	74,884
Class 5	(10,823,682)	(14,862,425)
Total capital share transactions	<u>(10,720,001)</u>	<u>(14,787,541)</u>
Net increase (decrease) in net assets	<u>(4,203,809)</u>	<u>(10,983,843)</u>
Net assets:		
Beginning of period	159,735,889	170,719,732
End of period	<u>\$155,532,080</u>	<u>\$159,735,889</u>

Notes to Financial Statements (unaudited)

Franklin VolSmart Allocation VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds. The Trust follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. Franklin VolSmart Allocation VIP Fund (Fund) is included in this report. The Fund invests a large percentage of its assets in mutual funds (Underlying Funds) and exchange traded funds (ETFs), including affiliated funds managed by Franklin Templeton (FT Underlying Funds). 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 June 30, 2024, 98.0% 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 three classes of shares: Class 1, Class 2 and Class 5. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The accounting policies of the Underlying Funds are outlined in their respective shareholder reports. A copy of the Underlying Funds' shareholder reports is available on the U.S. Securities and Exchange Commission (SEC) website at sec.gov. The Underlying Funds' shareholder reports are not covered by this report.

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 Board has designated the Fund's investment manager as the valuation designee and has responsibility for oversight of valuation. The investment manager is assisted by the Fund's administrator in performing this responsibility, 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.

Investments in the Underlying Funds are valued at their closing NAV each trading day.

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

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

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

Franklin VolSmart Allocation VIP Fund (continued)**1. Organization and Significant Accounting Policies**
(continued)**a. Financial Instrument Valuation** (continued)

inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed.

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

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 Fund for financial reporting purposes.

b. Foreign Currency Translation

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

value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

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

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

c. Derivative Financial Instruments

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

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

Franklin VolSmart Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies

(continued)

c. Derivative Financial Instruments (continued)

Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement. At June 30, 2024, the Fund had OTC derivatives in a net liability position of \$989.

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

The Fund entered into OTC total return swap contracts primarily to manage and/or gain exposure to credit risk of an underlying instrument such as a stock, bond, index or basket of securities or indices. A total return swap is an agreement between the Fund and a counterparty to exchange a return linked to an underlying instrument for a floating or fixed rate payment, both based upon a notional amount. Over the term of the contract, contractually required payments to be paid or received are accrued daily and recorded as unrealized appreciation or depreciation until the payments are made, at which time they are recognized as realized gain or loss.

See Note 6 regarding other derivative information.

d. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2024, 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.

Franklin VolSmart Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies
(continued)

e. 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. Estimated expenses are accrued daily. Dividend income is 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.

The Fund indirectly bears its proportionate share of expenses from the Underlying Funds and ETFs. Since the Underlying Funds and ETFs have varied expense levels and

the Fund may own different proportions of the Underlying Funds and ETFs at different times, the amount of expenses incurred indirectly by the Fund will vary.

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.

f. 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.

g. Guarantees and Indemnifications

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

2. Shares of Beneficial Interest

At June 30, 2024, there were an unlimited number of shares authorized (without par value). During the period ended June 30, 2024 and the year ended December 31, 2023, there were no transactions of the Fund's Class 1 shares. Transactions in the Fund's Class 2 and Class 5 shares were as follows:

	Six Months Ended June 30, 2024		Year Ended December 31, 2023	
	Shares	Amount	Shares	Amount
Class 2 Shares:				
Shares sold	16,096	\$204,884	6,182	\$74,924
Shares issued in reinvestment of distributions	490	6,384	—	—
Shares redeemed	(8,356)	(107,587)	(3)	(40)
Net increase (decrease)	8,230	\$103,681	6,179	\$74,884

Franklin VolSmart Allocation VIP Fund (continued)

2. Shares of Beneficial Interest (continued)

	Six Months Ended June 30, 2024		Year Ended December 31, 2023	
	Shares	Amount	Shares	Amount
Class 5 Shares:				
Shares sold	283,385	\$3,644,527	707,720	\$8,518,306
Shares issued in reinvestment of distributions	394,652	5,130,477	1,184,610	14,013,933
Shares redeemed	(1,521,858)	(19,598,686)	(3,103,202)	(37,394,664)
Net increase (decrease)	(843,821)	\$(10,823,682)	(1,210,872)	\$(14,862,425)

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, directors and/or trustees of certain of the Underlying Funds and of the following subsidiaries:

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

a. Management Fees

The Fund pays an investment management fee, calculated daily and paid monthly, to Advisers of 0.80% per year of the average daily net assets of the Fund.

b. Administrative Fees

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

c. Distribution Fees

The Board has adopted distribution plans for Class 2 and Class 5 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% and 0.15% per year of its average daily net assets of Class 2 and Class 5, respectively. 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 FT Underlying Funds

The Fund invests in Underlying Funds which are managed by affiliates of the Fund's administrative manager, Franklin Templeton Services, LLC. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the Underlying Fund's outstanding shares or has the power to exercise control over management or policies of such Underlying Fund. The Fund does not invest in Underlying Funds for

Franklin VolSmart Allocation VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in FT Underlying Funds (continued)

the purpose of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the Underlying Funds, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by the Underlying Funds.

Investments in Underlying Funds for the period ended June 30, 2024, were as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Dividend Income
Franklin VolSmart Allocation VIP Fund								
Non-Controlled Affiliates								
Franklin Income VIP Fund, Class 1	\$12,043,626	\$689,965	\$(168,000)	\$(18,428)	\$(275,874)	\$12,271,289	843,968	\$689,964 ^a
Franklin U.S. Core Bond ETF . . .	24,391,684	—	(336,119)	(70,333)	(478,635)	23,506,597	1,112,475	408,781
Institutional Fiduciary Trust - Money Market Portfolio, 4.972%	2,608,818	15,964,628	(15,189,890)	—	—	3,383,556	3,383,556	92,308
Western Asset Core Plus Bond Fund, Class IS	11,707,211	261,221	(163,000)	(45,162)	(441,247)	11,319,023	1,233,009	265,660
Total Affiliated Securities	\$50,751,339	\$16,915,814	\$(15,857,009)	\$(133,923)	\$(1,195,756)	\$50,480,465		\$1,456,713

^aDividend income includes capital gain distributions received, if any, from underlying funds, and are presented in corresponding line item in the Statement of Operations.

f. Waiver and Expense Reimbursements

Advisers has contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding interest expense, distribution fees, acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund do not exceed 0.65% based on the average net assets of each class until April 30, 2025. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

4. Income Taxes

At June 30, 2024, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$116,541,658
Unrealized appreciation	\$49,651,387
Unrealized depreciation	(10,226,368)
Net unrealized appreciation (depreciation)	\$39,425,019

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.

Franklin VolSmart Allocation VIP Fund (continued)

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2024, aggregated \$10,619,266 and \$25,479,436, respectively.

6. Other Derivative Information

At June 30, 2024, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Franklin VolSmart Allocation VIP Fund				
Equity contracts				
	Unrealized appreciation on OTC swap contracts	\$—	Unrealized depreciation on OTC swap contracts	\$989
Total		<u>\$—</u>		<u>\$989</u>

For the period ended June 30, 2024, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Franklin VolSmart Allocation VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Equity contracts				
	Swap contracts	<u>\$(4,988)</u>	Swap contracts	<u>\$(3)</u>
Total		<u>\$(4,988)</u>		<u>\$(3)</u>

For the period ended June 30, 2024, the average month end notional amount of swap contracts represented \$4,000,000.

See Note 1(c) regarding derivative financial instruments.

7. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures on January 31, 2025. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2024, the Fund did not use the Global Credit Facility.

Franklin VolSmart Allocation VIP Fund (continued)

8. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2024, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin VolSmart Allocation VIP Fund				
Assets:				
Investments in Securities: ^a				
Common Stocks	\$105,487,201	\$—	\$—	\$105,487,201
Investments in Underlying Funds and Exchange Traded Funds	47,096,909	—	—	47,096,909
Short Term Investments	3,383,556	—	—	3,383,556
Total Investments in Securities	<u>\$155,967,666</u>	<u>\$—</u>	<u>\$—</u>	<u>\$155,967,666</u>
Liabilities:				
Other Financial Instruments:				
Swap Contracts	\$—	\$989	\$—	\$989
Total Other Financial Instruments	<u>\$—</u>	<u>\$989</u>	<u>\$—</u>	<u>\$989</u>

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

9. Subsequent Events

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

Abbreviations

Counterparty

BZWS Barclays Bank plc

Selected Portfolio

ETF Exchange-Traded Fund

REIT Real Estate Investment Trust

VIX Market Volatility Index

Changes In and Disagreements with Accountants

For the period covered by this report

Not applicable.

Results of Meeting(s) of Shareholders

For the period covered by this report

Not applicable.

Remuneration Paid to Directors, Officers and Others

For the period covered by this report

Refer to the financial statements included herein.

Board Approval of Management and Subadvisory Agreements

For the period covered by this report

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST**Franklin VolSmart Allocation VIP Fund
(Fund)**

At an in-person meeting held on April 16, 2024 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Franklin Advisers, Inc. (Manager) and the Trust, on behalf of the Fund. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement.

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

In approving the continuance of the Management Agreement, the Board, including a majority of the Independent Trustees, determined, through the exercise of its business judgment, that the terms of the Management Agreement are fair and reasonable and that the continuance of the Management Agreement is in the best interests of the Fund and its shareholders.

While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

Nature, Extent and Quality of Services

The Board reviewed and considered information regarding the nature, extent and quality of investment management services provided by the Manager and its affiliates to the Fund and its shareholders. This information included, among other things, the qualifications, background and experience of the senior management and investment personnel of the Manager; as well as information on succession planning where appropriate; the structure of investment personnel compensation; oversight of third-party service providers; investment performance reports and related financial information for the Fund; reports on expenses and shareholder services; legal and compliance matters; risk controls; pricing and other services provided by the Manager and its affiliates; and management fees charged by the Manager and its affiliates to US funds and other accounts, including management's explanation of differences among accounts where relevant. The Board also reviewed and considered an annual report on payments made by Franklin Templeton (FT) or the Fund to financial intermediaries, as well as a memorandum relating to third-party servicing arrangements. The Board acknowledged the ongoing integration of the Putnam family of funds into the FT family of funds and management's continued development of strategies to address areas of heightened concern in the mutual fund industry, including various regulatory initiatives and continuing geopolitical concerns.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager's parent, and its commitment to the mutual fund business as evidenced by its continued reassessment of the fund offerings in response to FT acquisitions and the market environment, as well as project initiatives and capital investments relating to the services provided to the Fund by the FT organization. The Board specifically noted FT's commitment to technological innovation and advancement, including its initiative to create a new enterprise-wide artificial intelligence platform.

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

Fund Performance

The Board reviewed and considered the performance results of the Fund over various time periods ended December 31, 2023. The Board considered the performance returns for the Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of the Fund's performance results is below.

The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying variable insurance products (VIPs). The Board noted that the Fund's annualized income return for the one-, three- and five-year periods was above the median of its Performance Universe, but for the 10-year period was three basis points below the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the three-, five- and 10-year periods was above the median and in the first quintile (best) of its Performance Universe, but for the one-year period was below the median of its Performance Universe. The Board noted management's view regarding the income-related attributes of the Fund (e.g., a fund's investment objective) as set forth in the Fund's registration statement and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given these attributes. The Board concluded that the Fund's performance was satisfactory.

Comparative Fees and Expenses

The Board reviewed and considered information regarding the Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on

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

The Expense Group for the Fund included the Fund, three other flexible portfolio funds underlying VIPs, and three mixed-asset target allocation growth fund underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for the Fund were above the medians of its Expense Group. The Board also noted management's explanation that, unlike the peers in the Fund's Expense Group that primarily invest in underlying funds, the Fund primarily makes direct investments. Management further explained that the Fund's actual total expense ratio moves from the fifth quintile to the first quintile (least expensive) when the actual total expense ratios of the peers include underlying fund expenses. The Board also noted that the Fund's actual total expense ratio reflected an expense cap on operating expenses. After consideration of the above, the Board concluded that the Management Rate charged to the Fund is reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to the fund during the 12-month period ended September 30, 2023, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Fund's profitability report presentations from prior years. The Board also noted that an independent registered public accounting firm has been engaged to periodically review and assess the allocation methodologies to be used solely by the Fund's Board with respect to the profitability analysis.

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

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

Economies of Scale

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund

grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. The Board considered management's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the FT family of funds as a whole. The Board noted that the Fund does not currently have an asset size that would likely enable the Fund to achieve economies of scale.

Conclusion

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

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