

ANNUAL REPORT

# FRANKLIN VOLSMART ALLOCATION VIP FUND

A Series of Franklin Templeton Variable Insurance  
Products Trust

December 31, 2023



FRANKLIN  
TEMPLETON

The Securities and Exchange Commission has adopted new regulations that will result in changes to the design and delivery of annual and semiannual shareholder reports beginning in July 2024.

If you have previously elected to receive shareholder reports electronically, you will continue to do so and need not take any action.

Otherwise, paper copies of the Fund's shareholder reports will be mailed to you beginning in July 2024. If you would like to receive shareholder reports and other communications from the Fund electronically instead of by mail, you may make that request at any time by contacting your insurance company or your financial intermediary (such as a broker-dealer or bank).

**Not FDIC Insured | May Lose Value | No Bank Guarantee**



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# Franklin VolSmart Allocation VIP Fund

This annual report for Franklin VolSmart Allocation VIP Fund covers the fiscal year ended December 31, 2023.

## Fund Overview

### Q. What is the Fund's investment strategy?

**A.** The Fund seeks total return (including income and capital gains) while seeking to manage volatility. Under normal market conditions, the Fund seeks to achieve its investment goal by allocating its assets across certain asset classes, sectors and strategies in an attempt to produce a diversified portfolio that will generate returns, while minimizing the expected volatility of the Fund's returns so that volatility does not exceed a target of 10% per year (volatility within the 10% target is referred to as "Target Volatility"). The Fund's assets are primarily invested in its "core portfolio," which is principally composed of various U.S. equity and fixed income investments and strategies, including investments in other mutual funds and ETFs that provide exposure to such investments and strategies.

In addition, the Fund employs a volatility management strategy, which is designed to manage the expected volatility of the Fund's returns so that volatility remains within the Fund's Target Volatility. Thus, the Fund may utilize certain derivative instruments (primarily futures contracts on indexes) in an effort to adjust the Fund's expected volatility to within the Target Volatility. There is no guarantee that the Fund will stay within its Target Volatility.

### Q. What were the overall market conditions during the Fund's reporting period?

**A.** Global developed and emerging market equities, as measured by the MSCI All Country World Index, posted a strong total return for the 12 months ended December 31, 2023. While inflation remained elevated in most parts of the world, it moderated substantially, bolstering equities. This inflationary pressure had led many of the world's central banks to tighten monetary policy, driving interest rates significantly higher and pressuring economic growth. However, monetary tightening eased as the year progressed, and investors foresaw an end to major central banks' rate-hiking cycles. Equity performance varied notably by region,

as the impact of changing economic conditions differed depending on local circumstances.

Towards the end of the 12-month period, major fixed income sectors experienced significant spread tightening as volatility measures remained stable.

### Q. How did we respond to these changing market conditions?

**A.** The Fund makes use of two hedging strategies to reduce risk during periods of market volatility: a volatility overlay for risk mitigation and a VIX-linked strategy for tail-risk protection.

## Performance Overview

You can find the Fund's one-year total return for all share classes in the Performance Summary. For comparison, the Fund's equity benchmark, the Standard & Poor's® 500 Index (S&P 500®), posted a +26.29% total return, while the Fund's fixed income benchmark, the Bloomberg U.S. Aggregate Index, posted a +5.53% total return for the period under review.<sup>1</sup> The Fund's Blended Benchmark, a combination of leading stock and bond indexes that better reflects the asset allocation of the Fund's portfolio, posted a +17.67% total return for the same period.<sup>2</sup>

*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. Inception date of the Fund may have preceded the effective dates of the subaccounts, contracts or their availability in all states.*

### Q. What were the leading contributors to performance?

**A.** The Fund's cross-asset allocation positioning, in aggregate, contributed to relative performance for the period. The overweight exposure to equities had a positive impact on relative performance as global equities advanced overall. The Fund's cash exposure also added value.

Fund selection within fixed income supported relative performance. The Fund's core bond fixed income strategy outperformed due to its credit mix and duration positioning.

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

2. Source: FactSet. The Fund's Blended Benchmark was calculated internally and was composed of 60% S&P 500, 30% Bloomberg U.S. Aggregate Index and 10% Bloomberg 1-3 Month U.S. Treasury Bill Index.

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.

Important data provider notices and terms available at [www.franklintempletondatasources.com](http://www.franklintempletondatasources.com).

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

Franklin Income Fund contributed on an absolute basis, though its equity exposure weighed on performance.

**Q. What were the leading detractors from performance?**

**A.** During the 12-month period, fund selection with equities detracted from relative performance. The Franklin Rising Dividends Strategy, the largest underlying equity strategy in the Fund, was a significant laggard. Security selection and allocation, particularly in the information technology and consumer discretionary sectors, drove the strategy's underperformance. The Franklin Smart Beta equity strategy also detracted due in part to its value style bias, which underperformed growth. The Fund was short equities during the first few months of the period. As equities rose, the hedges had a negative impact on relative performance.

**Q. Were there any significant changes to the Fund during the reporting period?**

**A.** In the second half of the 12-month period, we decreased our allocations to fixed income and added to our positions in equities.

**Portfolio Composition\***

12/31/23

	<b>% of Total Net Assets</b>
Common Stocks	68.4%
Domestic Fixed Income	22.6%
Domestic Hybrid	7.6%
Short-Term Investments & Other Net Assets	1.4%

\*The portfolio composition is based on the Schedule of Investments (SOI), which classifies each underlying fund into a broad asset class.

**Top 10 Holdings**

12/31/23

<b>Issuer</b>	<b>% of Total Net Assets</b>
Franklin U.S. Core Bond ETF	15.3%
Franklin Income VIP Fund, Class 1	7.6%
Western Asset Core Plus Bond Fund, Class IS	7.3%
Microsoft Corp.	5.8%
Apple, Inc.	2.7%
Stryker Corp.	1.5%
Roper Technologies, Inc.	1.5%
Visa, Inc.	1.5%
UnitedHealth Group, Inc.	1.4%
Linde plc	1.3%

Thank you for your participation in Franklin VolSmart Allocation 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, 2023, 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.*

## Performance Summary as of December 31, 2023<sup>1</sup>

Average annual total return of each share class 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.

Average Annual Total Return	Class 1	Class 2	Class 5
1-Year	+11.78%	+11.72%	+11.57%
5-Year	+9.66%	+9.71%	+9.61%
10-Year	+6.04%	+6.00%	+6.01%

1. Prior to 5/1/15, the Fund followed different investment strategies, had different subadvisory arrangements, allocated its core portfolio differently, had a different current target volatility goal and made different use of derivative instruments. As a result, the Fund generally held different investments and had a different investment profile. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual fees may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 4/30/24 without Board consent. For the period beginning 5/20/22, Class 1 performance reflects no 12b-1 fee expenses, which affects future performance. Class 1 performance prior to 5/20/22 reflects historical Class 5 performance, which includes a 12b-1 fee expense of 0.15% per year.

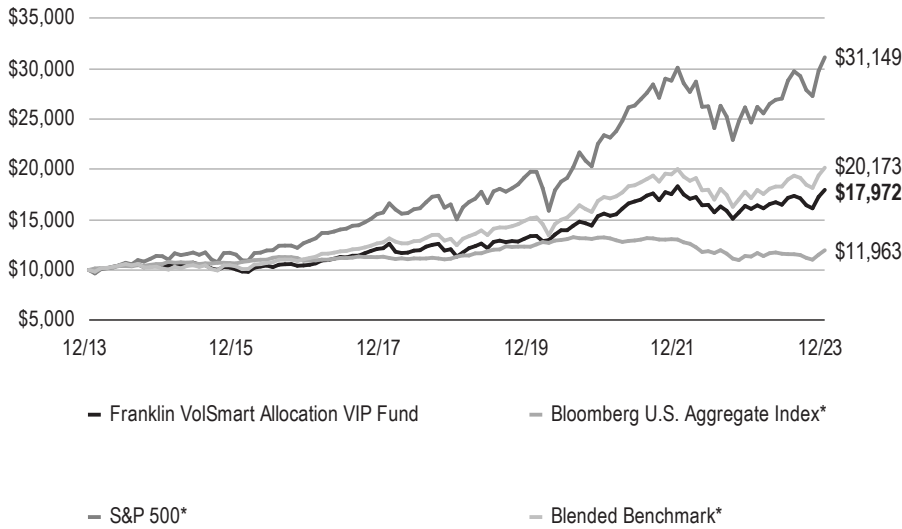
*Performance reflects the Fund's class operating expenses, but does **not** include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values 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. Inception date of the Fund may have preceded the effective dates of the subaccounts, contracts or their availability in all states.*

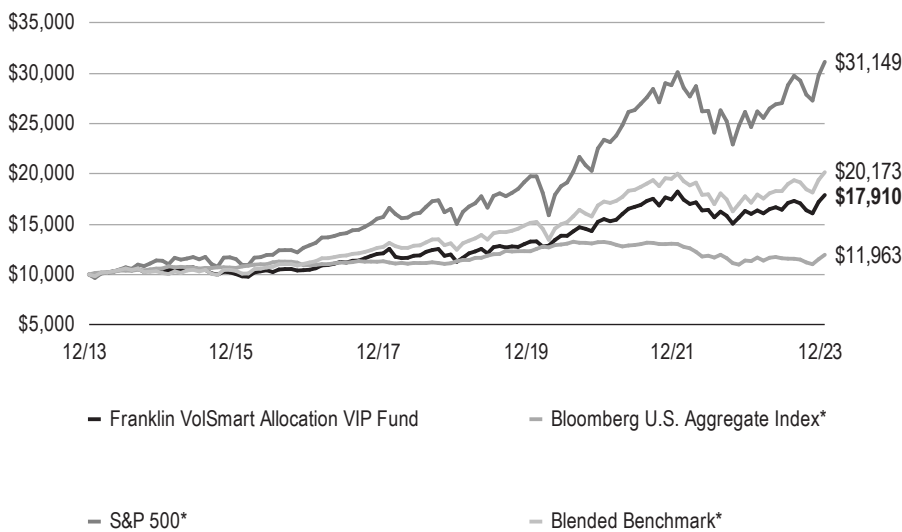
**Total Return Index Comparison for a Hypothetical \$10,000 Investment (12/31/13–12/31/23)<sup>1</sup>**

The graphs below show the change in value of a hypothetical \$10,000 investment in the Fund over the indicated period and include reinvestment of any income or distributions. The Fund's performance is compared to the performance of the Standard & Poor's® 500 Index (S&P 500®), the Bloomberg U.S. Aggregate Index and the Blended Benchmark. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio.

**Class 1 (12/31/13–12/31/23)**



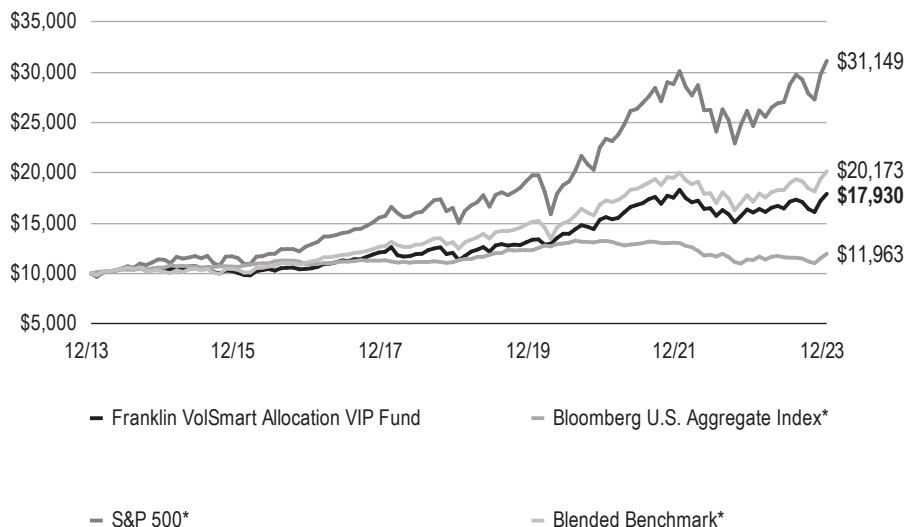
**Class 2 (12/31/13–12/31/23)**



<sup>1</sup>Source: FactSet

**Total Return Index Comparison for a Hypothetical \$10,000 Investment (12/31/13–12/31/23)<sup>1</sup>(continued)**

**Class 5 (12/31/13–12/31/23)**



**Fund Risks**

Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance.

**All investments involve risks, including possible loss of principal.** There can be no guarantee that the Fund will stay within its **target volatility**. There can be no guarantee that the Fund's **volatility strategy** will be successful, and achieving the Fund's volatility strategy does not mean the Fund will achieve a positive or competitive return. The volatility strategy can also be expected to limit the Fund's participation in market price appreciation when compared to similar funds that do not attempt this strategy. **Equity securities** are subject to price fluctuation and possible loss of principal. **Fixed income securities** involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Derivative instruments** can be illiquid, may disproportionately increase losses, and have a potentially large impact on performance. Investments in **underlying funds** are subject to the same risks as, and indirectly bear the fees and expenses of, the underlying funds. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the Fund's prospectus.



## Your Fund's Expenses

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

### Actual Fund Expenses

The table below provides information about the actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the "Ending Account Value." You can estimate the Fund-level expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then  $\$8,600 \div \$1,000 = 8.6$* ). Then multiply the result by the number under the headings "Actual" and "Fund-Level Expenses Paid During Period" (*if Fund-Level Expenses Paid During Period were \$7.50, then  $8.6 \times \$7.50 = \$64.50$* ). In this illustration, the estimated expenses paid this period at the Fund level are \$64.50.

### Hypothetical Example for Comparison with Other Mutual Funds

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

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

Share Class	Beginning Account Value 7/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio <sup>2</sup>
		Ending Account Value 12/31/23	Fund-Level Expenses Paid During Period 7/1/23–12/31/23 <sup>1,2</sup>	Ending Account Value 12/31/23	Fund-Level Expenses Paid During Period 7/1/23–12/31/23 <sup>1,2</sup>	
1	\$1,000	\$1,046.40	\$3.35	\$1,021.93	\$3.31	0.65%
2	\$1,000	\$1,046.10	\$3.35	\$1,021.93	\$3.31	0.65%
5	\$1,000	\$1,045.40	\$4.12	\$1,021.18	\$4.07	0.80%

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 184/365 to reflect the one-half year period.

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

## Financial Highlights

### Franklin VolSmart Allocation VIP Fund

	Year Ended December 31,	
	2023	2022 <sup>a</sup>
<b>Class 1</b>		
<b>Per share operating performance</b>		
(for a share outstanding throughout the year)		
Net asset value, beginning of year . . . . .	\$12.13	\$13.60
Income from investment operations <sup>b</sup> :		
Net investment income <sup>c,d</sup> . . . . .	0.25	0.17
Net realized and unrealized gains (losses) . . . . .	1.13	(0.18)
Total from investment operations . . . . .	1.38	(0.01)
Less distributions from:		
Net investment income . . . . .	(0.26)	(0.25)
Net realized gains . . . . .	(0.84)	(1.21)
Total distributions . . . . .	(1.10)	(1.46)
Net asset value, end of year . . . . .	\$12.41	\$12.13
Total return <sup>e</sup> . . . . .	11.78%	0.15%
<b>Ratios to average net assets<sup>f</sup></b>		
Expenses before waiver and payments by affiliates <sup>g</sup> . . . . .	0.81%	0.81%
Expenses net of waiver and payments by affiliates <sup>g,h</sup> . . . . .	0.65%	0.65%
Net investment income . . . . .	2.06%	2.20%
<b>Supplemental data</b>		
Net assets, end of year (000's) . . . . .	\$5	\$4
Portfolio turnover rate . . . . .	22.91%	37.75%

<sup>a</sup>For the period May 20, 2022 (effective date) to December 31, 2022.

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

<sup>d</sup>Recognition 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.

<sup>e</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. Total return is not annualized for periods less than one year.

<sup>f</sup>Ratios are annualized for periods less than one year.

<sup>g</sup>Does 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 year ended December 31, 2023.

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

**Franklin VolSmart Allocation VIP Fund** (continued)

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

<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>Recognition 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.

<sup>d</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>e</sup>Does 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 year ended December 31, 2023.

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

**Franklin VolSmart Allocation VIP Fund** (continued)

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

<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>Recognition 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.

<sup>d</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>e</sup>Does 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 year ended December 31, 2023.

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

## Schedule of Investments, December 31, 2023

## Franklin VolSmart Allocation VIP Fund

	Shares	Value
<b>Common Stocks 68.4%</b>		
<b>Aerospace &amp; Defense 1.1%</b>		
General Dynamics Corp. . . . .	3,156	\$819,518
RTX Corp. . . . .	11,256	947,080
		<u>1,766,598</u>
<b>Air Freight &amp; Logistics 0.7%</b>		
Expeditors International of Washington, Inc. . . . .	548	69,706
FedEx Corp. . . . .	488	123,449
United Parcel Service, Inc., B . . . . .	5,919	930,644
		<u>1,123,799</u>
<b>Automobile Components 0.0%†</b>		
Gentex Corp. . . . .	1,658	54,150
<b>Automobiles 0.4%</b>		
<sup>a</sup> Tesla, Inc. . . . .	2,834	704,192
<b>Banks 1.2%</b>		
Citigroup, Inc. . . . .	7,359	378,547
First Citizens BancShares, Inc., A . . . . .	48	68,111
JPMorgan Chase & Co. . . . .	8,242	1,401,964
New York Community Bancorp, Inc. . . . .	5,808	59,416
		<u>1,908,038</u>
<b>Beverages 0.6%</b>		
PepsiCo, Inc. . . . .	5,584	948,387
<b>Biotechnology 2.1%</b>		
AbbVie, Inc. . . . .	11,161	1,729,620
Amgen, Inc. . . . .	1,869	538,309
<sup>a</sup> Exelixis, Inc. . . . .	2,477	59,423
<sup>a</sup> Neurocrine Biosciences, Inc. . . . .	464	61,137
<sup>a</sup> Regeneron Pharmaceuticals, Inc. . . . .	530	465,494
<sup>a</sup> Vertex Pharmaceuticals, Inc. . . . .	1,375	559,474
		<u>3,413,457</u>
<b>Broadline Retail 1.0%</b>		
<sup>a</sup> Amazon.com, Inc. . . . .	9,987	1,517,425
Macy's, Inc. . . . .	3,419	68,790
		<u>1,586,215</u>
<b>Building Products 1.3%</b>		
Armstrong World Industries, Inc. . . . .	638	62,728
<sup>a</sup> Builders FirstSource, Inc. . . . .	764	127,542
Carlisle Cos., Inc. . . . .	2,206	689,221
Fortune Brands Innovations, Inc. . . . .	783	59,618
Johnson Controls International plc. . . . .	13,237	762,981
Lennox International, Inc. . . . .	154	68,918
Masco Corp. . . . .	902	60,416
Owens Corning. . . . .	536	79,451
Trane Technologies plc . . . . .	481	117,316
<sup>a</sup> Trex Co., Inc. . . . .	761	63,003
		<u>2,091,194</u>
<b>Capital Markets 1.0%</b>		
Cboe Global Markets, Inc. . . . .	348	62,139
Charles Schwab Corp. (The) . . . . .	3,694	254,147
Evercore, Inc., A . . . . .	391	66,881
LPL Financial Holdings, Inc. . . . .	364	82,854

**Franklin VolSmart Allocation VIP Fund** (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Capital Markets</b> (continued)		
Moody's Corp. . . . .	681	\$265,971
Nasdaq, Inc. . . . .	14,005	814,251
Tradeweb Markets, Inc., A. . . . .	563	51,165
		1,597,408
<b>Chemicals 3.2%</b>		
Air Products and Chemicals, Inc. . . . .	4,559	1,248,254
Albemarle Corp. . . . .	1,817	262,520
Celanese Corp., A. . . . .	391	60,750
CF Industries Holdings, Inc. . . . .	994	79,023
Ecolab, Inc. . . . .	3,690	731,911
Linde plc. . . . .	5,165	2,121,317
LyondellBasell Industries NV, A. . . . .	1,358	129,119
NewMarket Corp. . . . .	114	62,225
Sherwin-Williams Co. (The). . . . .	1,328	414,203
		5,109,322
<b>Commercial Services &amp; Supplies 1.1%</b>		
Cintas Corp. . . . .	1,639	987,760
<sup>a</sup> Clean Harbors, Inc. . . . .	324	56,541
<sup>a</sup> Copart, Inc. . . . .	3,979	194,971
Republic Services, Inc., A. . . . .	942	155,345
Veralto Corp. . . . .	623	51,248
Waste Management, Inc. . . . .	2,063	369,484
		1,815,349
<b>Communications Equipment 0.7%</b>		
<sup>a</sup> Arista Networks, Inc. . . . .	1,339	315,348
Cisco Systems, Inc. . . . .	15,973	806,956
		1,122,304
<b>Construction &amp; Engineering 0.0%<sup>†</sup></b>		
EMCOR Group, Inc. . . . .	256	55,150
<b>Construction Materials 0.0%<sup>†</sup></b>		
Eagle Materials, Inc. . . . .	288	58,418
<b>Consumer Finance 0.1%</b>		
OneMain Holdings, Inc. . . . .	1,326	65,239
Synchrony Financial . . . . .	2,059	78,633
		143,872
<b>Consumer Staples Distribution &amp; Retail 1.1%</b>		
Albertsons Cos., Inc., A. . . . .	2,453	56,419
Casey's General Stores, Inc. . . . .	197	54,124
Target Corp. . . . .	5,395	768,356
Walmart, Inc. . . . .	5,173	815,523
		1,694,422
<b>Containers &amp; Packaging 0.0%<sup>†</sup></b>		
Packaging Corp. of America . . . . .	325	52,946
<b>Diversified Consumer Services 0.1%</b>		
<sup>a</sup> Grand Canyon Education, Inc. . . . .	448	59,154
H&R Block, Inc. . . . .	1,200	58,044
		117,198

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Diversified Telecommunication Services 0.5%</b>		
Verizon Communications, Inc. . . . .	19,047	\$718,072
<b>Electric Utilities 0.2%</b>		
Pinnacle West Capital Corp. . . . .	702	50,432
Southern Co. (The) . . . . .	4,015	281,532
		331,964
<b>Electrical Equipment 0.6%</b>		
Eaton Corp. plc. . . . .	1,311	315,715
nVent Electric plc . . . . .	10,775	636,695
		952,410
<b>Electronic Equipment, Instruments &amp; Components 0.3%</b>		
Amphenol Corp., A . . . . .	1,235	122,425
Avnet, Inc. . . . .	1,069	53,878
CDW Corp. . . . .	274	62,286
Jabil, Inc. . . . .	747	95,168
Vontier Corp. . . . .	1,609	55,591
		389,348
<b>Energy Equipment &amp; Services 0.0%<sup>†</sup></b>		
TechnipFMC plc . . . . .	2,924	58,889
<b>Financial Services 2.5%</b>		
<sup>a</sup> Berkshire Hathaway, Inc., B. . . . .	1,611	574,579
Mastercard, Inc., A . . . . .	2,311	985,665
MGIC Investment Corp. . . . .	3,095	59,703
Visa, Inc., A. . . . .	9,004	2,344,191
Western Union Co. (The) . . . . .	4,370	52,090
		4,016,228
<b>Food Products 0.9%</b>		
Ingredion, Inc. . . . .	525	56,979
McCormick & Co., Inc. . . . .	8,572	586,496
Mondelez International, Inc., A. . . . .	11,065	801,438
		1,444,913
<b>Gas Utilities 0.1%</b>		
Atmos Energy Corp. . . . .	633	73,365
National Fuel Gas Co. . . . .	1,024	51,374
		124,739
<b>Ground Transportation 1.1%</b>		
JB Hunt Transport Services, Inc. . . . .	2,636	526,515
Norfolk Southern Corp. . . . .	2,742	648,154
Old Dominion Freight Line, Inc. . . . .	433	175,508
Ryder System, Inc. . . . .	539	62,017
<sup>a</sup> Saia, Inc. . . . .	156	68,362
<sup>a</sup> Uber Technologies, Inc. . . . .	3,961	243,879
		1,724,435
<b>Health Care Equipment &amp; Supplies 3.9%</b>		
Abbott Laboratories. . . . .	9,195	1,012,094
Becton Dickinson & Co. . . . .	5,073	1,236,950
<sup>a</sup> IDEXX Laboratories, Inc. . . . .	366	203,148
<sup>a</sup> Intuitive Surgical, Inc. . . . .	1,336	450,713
Medtronic plc . . . . .	9,080	748,010
STERIS plc. . . . .	314	69,033

**Franklin VolSmart Allocation VIP Fund** (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Health Care Equipment &amp; Supplies</b> (continued)		
Stryker Corp. . . . .	8,232	\$2,465,155
		6,185,103
<b>Health Care Providers &amp; Services 1.9%</b>		
Cardinal Health, Inc. . . . .	1,413	142,430
Chemed Corp. . . . .	107	62,568
Encompass Health Corp. . . . .	756	50,440
HCA Healthcare, Inc. . . . .	967	261,748
Laboratory Corp. of America Holdings . . . . .	248	56,368
McKesson Corp. . . . .	300	138,894
<sup>a</sup> Molina Healthcare, Inc. . . . .	153	55,281
UnitedHealth Group, Inc. . . . .	4,339	2,284,353
		3,052,082
<b>Health Care REITs 0.0%†</b>		
Omega Healthcare Investors, Inc. . . . .	1,730	53,042
<b>Hotels, Restaurants &amp; Leisure 1.8%</b>		
<sup>a</sup> Booking Holdings, Inc. . . . .	184	652,688
<sup>a</sup> Chipotle Mexican Grill, Inc., A . . . . .	107	244,705
Darden Restaurants, Inc. . . . .	414	68,020
Domino's Pizza, Inc. . . . .	143	58,949
<sup>a</sup> Expedia Group, Inc. . . . .	394	59,805
Marriott International, Inc., A . . . . .	748	168,682
McDonald's Corp. . . . .	4,032	1,195,528
Starbucks Corp. . . . .	2,988	286,878
Texas Roadhouse, Inc., A . . . . .	530	64,782
		2,800,037
<b>Household Durables 0.6%</b>		
DR Horton, Inc. . . . .	1,636	248,639
Garmin Ltd. . . . .	446	57,329
Lennar Corp., A . . . . .	1,277	190,324
Lennar Corp., B . . . . .	495	66,355
<sup>a</sup> NVR, Inc. . . . .	16	112,007
PulteGroup, Inc. . . . .	1,168	120,561
Toll Brothers, Inc. . . . .	732	75,242
<sup>a</sup> TopBuild Corp. . . . .	192	71,858
		942,315
<b>Household Products 1.6%</b>		
Colgate-Palmolive Co. . . . .	9,181	731,818
Procter & Gamble Co. (The) . . . . .	12,345	1,809,036
Spectrum Brands Holdings, Inc. . . . .	660	52,648
		2,593,502
<b>Independent Power and Renewable Electricity Producers 0.1%</b>		
Vistra Corp. . . . .	1,721	66,293
<b>Industrial Conglomerates 1.1%</b>		
General Electric Co. . . . .	3,957	505,032
Honeywell International, Inc. . . . .	6,037	1,266,019
		1,771,051
<b>Industrial REITs 0.1%</b>		
EastGroup Properties, Inc. . . . .	308	56,530



Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Industrial REITs</b> (continued)		
STAG Industrial, Inc. ....	1,507	\$59,165
		<u>115,695</u>
<b>Insurance 0.9%</b>		
Aflac, Inc. ....	1,246	102,795
<sup>a</sup> Arch Capital Group Ltd. ....	1,631	121,134
Arthur J Gallagher & Co. ....	899	202,167
Assurant, Inc. ....	322	54,254
Erie Indemnity Co., A. ....	1,434	480,275
Loews Corp. ....	775	53,932
Marsh & McLennan Cos., Inc. ....	1,625	307,889
Primerica, Inc. ....	267	54,938
Reinsurance Group of America, Inc. ....	382	61,800
		<u>1,439,184</u>
<b>Interactive Media &amp; Services 1.9%</b>		
<sup>a</sup> Alphabet, Inc., A. ....	7,802	1,089,861
<sup>a</sup> Alphabet, Inc., C. ....	6,683	941,835
<sup>a</sup> Meta Platforms, Inc., A. ....	2,631	931,269
		<u>2,962,965</u>
<b>IT Services 1.5%</b>		
Accenture plc, A. ....	4,565	1,601,904
<sup>a</sup> Akamai Technologies, Inc. ....	508	60,122
Cognizant Technology Solutions Corp., A. ....	1,665	125,757
<sup>a</sup> Gartner, Inc. ....	159	71,727
International Business Machines Corp. ....	3,117	509,785
		<u>2,369,295</u>
<b>Life Sciences Tools &amp; Services 1.1%</b>		
Danaher Corp. ....	2,746	635,260
<sup>a</sup> ICON plc. ....	202	57,180
<sup>a</sup> Medpace Holdings, Inc. ....	221	67,743
West Pharmaceutical Services, Inc. ....	2,985	1,051,078
		<u>1,811,261</u>
<b>Machinery 1.6%</b>		
Allison Transmission Holdings, Inc. ....	887	51,579
Caterpillar, Inc. ....	1,580	467,159
Donaldson Co., Inc. ....	4,950	323,482
Dover Corp. ....	4,570	702,912
Illinois Tool Works, Inc. ....	1,324	346,809
ITT, Inc. ....	497	59,302
Lincoln Electric Holdings, Inc. ....	288	62,628
Oshkosh Corp. ....	550	59,626
<sup>a</sup> PACCAR, Inc. ....	2,811	274,494
Parker-Hannifin Corp. ....	276	127,153
Pentair plc. ....	810	58,895
Snap-on, Inc. ....	250	72,210
		<u>2,606,249</u>
<b>Media 0.4%</b>		
Comcast Corp., A. ....	13,949	611,664
New York Times Co. (The), A. ....	1,153	56,485
		<u>668,149</u>

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Metals &amp; Mining 0.4%</b>		
Nucor Corp. ....	1,352	\$235,302
Reliance Steel & Aluminum Co. ....	320	89,497
Southern Copper Corp. ....	686	59,044
Steel Dynamics, Inc. ....	930	109,833
United States Steel Corp. ....	1,698	82,608
		576,284
<b>Mortgage Real Estate Investment Trusts (REITs) 0.0%†</b>		
Rithm Capital Corp. ....	5,310	56,711
<b>Multi-Utilities 0.1%</b>		
Consolidated Edison, Inc. ....	1,660	151,010
Public Service Enterprise Group, Inc. ....	1,034	63,229
		214,239
<b>Office REITs 0.2%</b>		
Cousins Properties, Inc. ....	2,351	57,247
Kilroy Realty Corp. ....	1,504	59,919
NET Lease Office Properties. ....	3,272	60,467
Vornado Realty Trust. ....	2,341	66,133
		243,766
<b>Oil, Gas &amp; Consumable Fuels 1.7%</b>		
Antero Midstream Corp. ....	4,114	51,548
Chesapeake Energy Corp. ....	676	52,011
Chevron Corp. ....	4,420	659,287
EOG Resources, Inc. ....	4,167	503,999
Exxon Mobil Corp. ....	4,328	432,713
Marathon Petroleum Corp. ....	2,093	310,518
Ovintiv, Inc. ....	1,239	54,417
Phillips 66. ....	1,958	260,688
Pioneer Natural Resources Co. ....	745	167,536
<sup>a</sup> Southwestern Energy Co. ....	8,265	54,136
Valero Energy Corp. ....	1,583	205,790
		2,752,643
<b>Pharmaceuticals 2.7%</b>		
Eli Lilly & Co. ....	1,525	888,953
Johnson & Johnson. ....	12,088	1,894,673
Merck & Co., Inc. ....	8,281	902,795
Organon & Co. ....	4,694	67,687
Pfizer, Inc. ....	9,604	276,499
Zoetis, Inc., A. ....	1,518	299,608
		4,330,215
<b>Professional Services 0.2%</b>		
Broadridge Financial Solutions, Inc. ....	444	91,353
Leidos Holdings, Inc. ....	511	55,311
Robert Half, Inc. ....	667	58,642
Science Applications International Corp. ....	465	57,809
		263,115
<b>Retail REITs 0.2%</b>		
NNN REIT, Inc. ....	1,382	59,564
Simon Property Group, Inc. ....	1,494	213,104
Spirit Realty Capital, Inc. ....	1,410	61,603
		334,271

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
<b>Common Stocks (continued)</b>		
<b>Semiconductors &amp; Semiconductor Equipment 5.8%</b>		
Analog Devices, Inc. . . . .	6,897	\$1,369,468
Applied Materials, Inc. . . . .	4,318	699,818
Broadcom, Inc. . . . .	1,116	1,245,735
Intel Corp. . . . .	14,011	704,053
KLA Corp. . . . .	749	435,394
Lam Research Corp. . . . .	700	548,282
Microchip Technology, Inc. . . . .	2,449	220,851
NVIDIA Corp. . . . .	2,533	1,254,392
QUALCOMM, Inc. . . . .	5,253	759,741
Skyworks Solutions, Inc. . . . .	664	74,647
Texas Instruments, Inc. . . . .	11,549	1,968,643
		9,281,024
<b>Software 9.3%</b>		
<sup>a</sup> Adobe, Inc. . . . .	1,422	848,365
<sup>a</sup> Cadence Design Systems, Inc. . . . .	1,385	377,233
<sup>a</sup> CrowdStrike Holdings, Inc., A . . . . .	465	118,724
<sup>a</sup> Dropbox, Inc., A . . . . .	1,993	58,754
<sup>a</sup> Fair Isaac Corp. . . . .	118	137,353
Intuit, Inc. . . . .	604	377,518
<sup>a</sup> Manhattan Associates, Inc. . . . .	354	76,223
Microsoft Corp. . . . .	24,455	9,196,058
Oracle Corp. . . . .	6,542	689,723
<sup>a</sup> Palo Alto Networks, Inc. . . . .	674	198,749
Roper Technologies, Inc. . . . .	4,491	2,448,359
<sup>a</sup> Synopsys, Inc. . . . .	712	366,616
		14,893,675
<b>Specialized REITs 0.2%</b>		
EPR Properties . . . . .	1,217	58,963
Gaming and Leisure Properties, Inc. . . . .	1,259	62,132
Public Storage . . . . .	691	210,755
		331,850
<b>Specialty Retail 2.0%</b>		
<sup>a</sup> AutoNation, Inc. . . . .	340	51,061
Lowe's Cos., Inc. . . . .	4,897	1,089,828
Murphy USA, Inc. . . . .	170	60,615
<sup>a</sup> O'Reilly Automotive, Inc. . . . .	301	285,974
Penske Automotive Group, Inc. . . . .	329	52,808
Ross Stores, Inc. . . . .	7,752	1,072,799
TJX Cos., Inc. (The) . . . . .	5,089	477,399
Williams-Sonoma, Inc. . . . .	388	78,291
		3,168,775
<b>Technology Hardware, Storage &amp; Peripherals 2.9%</b>		
Apple, Inc. . . . .	22,546	4,340,781
Hewlett Packard Enterprise Co. . . . .	6,634	112,645
HP, Inc. . . . .	4,645	139,768
NetApp, Inc. . . . .	1,135	100,062
		4,693,256
<b>Textiles, Apparel &amp; Luxury Goods 0.6%</b>		
<sup>a</sup> Deckers Outdoor Corp. . . . .	109	72,859
NIKE, Inc., B. . . . .	8,109	880,394
		953,253

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
<b>Common Stocks</b> (continued)		
<b>Tobacco 0.7%</b>		
Altria Group, Inc. . . . .	9,912	\$399,850
Philip Morris International, Inc. . . . .	7,098	667,780
		<u>1,067,630</u>
<b>Trading Companies &amp; Distributors 1.0%</b>		
Fastenal Co. . . . .	1,806	116,975
MSC Industrial Direct Co., Inc., A. . . . .	537	54,377
United Rentals, Inc. . . . .	306	175,466
Watsco, Inc. . . . .	170	72,840
WW Grainger, Inc. . . . .	1,379	1,142,763
		<u>1,562,421</u>
<b>Total Common Stocks (Cost \$64,758,103)</b> . . . . .		<b><u>109,282,768</u></b>
<b>Investments In Underlying Funds 30.2%</b>		
<b>Domestic Fixed Income 22.6%</b>		
<sup>b</sup> Franklin U.S. Core Bond ETF . . . . .	1,128,200	24,391,684
<sup>b</sup> Western Asset Core Plus Bond Fund, Class IS . . . . .	1,222,047	11,707,211
		<u>36,098,895</u>
<b>Domestic Hybrid 7.6%</b>		
<sup>b</sup> Franklin Income VIP Fund, Class 1 . . . . .	807,755	12,043,626
<b>Total Investments In Underlying Funds (Cost \$55,532,050)</b> . . . . .		<b><u>48,142,521</u></b>
<b>Total Long Term Investments (Cost \$120,290,153)</b> . . . . .		<b><u>157,425,289</u></b>
<b>Short Term Investments 1.6%</b>		
<b>Money Market Funds 1.6%</b>		
<sup>b,c</sup> Institutional Fiduciary Trust - Money Market Portfolio, 5.034% . . . . .	2,608,818	2,608,818
<b>Total Money Market Funds (Cost \$2,608,818)</b> . . . . .		<b><u>2,608,818</u></b>
<b>Total Short Term Investments (Cost \$2,608,818)</b> . . . . .		<b><u>2,608,818</u></b>
<b>Total Investments (Cost \$122,898,971) 100.2%</b> . . . . .		<b><u>\$160,034,107</u></b>
<b>Other Assets, less Liabilities (0.2%)</b> . . . . .		<b><u>(298,218)</u></b>
<b>Net Assets 100.0%</b> . . . . .		<b><u>\$159,735,889</u></b>

<sup>†</sup>Rounds to less than 0.1% of net assets.

<sup>a</sup>Non-income producing.

<sup>b</sup>See Note 3(e) regarding investments in FT Underlying Funds.

<sup>c</sup>The rate shown is the annualized seven-day effective yield at period end.

**Franklin VolSmart Allocation VIP Fund** (continued)

At December 31, 2023, 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)
<b>OTC Swap Contracts</b>						
<b>Long</b>						
Dynamic VIX Backwardation (BEFSDVB1 Index) . . . . .	—	Monthly	BZWS	2/26/24	4,000,000	\$(986)
Total Return Swap Contracts . . . . .						\$(986)

\*In U.S. dollars unless otherwise indicated.

See Note 7 regarding other derivative information.

See Abbreviations on page 31.

## Statement of Assets and Liabilities

December 31, 2023

	<b>Franklin VolSmart Allocation VIP Fund</b>
<b>Assets:</b>	
Investments in securities:	
Cost - Unaffiliated issuers . . . . .	\$64,758,103
Cost - Non-controlled affiliates (Note 3e) . . . . .	58,140,868
Value - Unaffiliated issuers . . . . .	\$109,282,768
Value - Non-controlled affiliates (Note 3e) . . . . .	50,751,339
Cash . . . . .	12,456
Receivables:	
Capital shares sold . . . . .	3,272
Dividends and interest . . . . .	101,426
Total assets . . . . .	<u>160,151,261</u>
<b>Liabilities:</b>	
Payables:	
Investment securities purchased . . . . .	116,670
Capital shares redeemed . . . . .	124,810
Management fees . . . . .	85,653
Distribution fees . . . . .	20,195
Professional fees . . . . .	59,458
Trustees' fees and expenses . . . . .	219
Unrealized depreciation on OTC swap contracts . . . . .	986
Accrued expenses and other liabilities . . . . .	7,381
Total liabilities . . . . .	<u>415,372</u>
Net assets, at value . . . . .	<u>\$159,735,889</u>
<b>Net assets consist of:</b>	
Paid-in capital . . . . .	\$118,307,800
Total distributable earnings (losses) . . . . .	41,428,089
Net assets, at value . . . . .	<u>\$159,735,889</u>
	<b>Franklin VolSmart Allocation VIP Fund</b>
<b>Class 1:</b>	
Net assets, at value . . . . .	\$4,563
Shares outstanding . . . . .	368
Net asset value and maximum offering price per share . . . . .	<u>\$12.41</u>
<b>Class 2:</b>	
Net assets, at value . . . . .	\$110,669
Shares outstanding . . . . .	8,874
Net asset value and maximum offering price per share . . . . .	<u>\$12.47</u>
<b>Class 5:</b>	
Net assets, at value . . . . .	\$159,620,657
Shares outstanding . . . . .	12,839,497
Net asset value and maximum offering price per share . . . . .	<u>\$12.43</u>

## Statement of Operations

for the year ended December 31, 2023

**Franklin  
VolSmart  
Allocation VIP  
Fund**

Investment income:	
Dividends: (net of foreign taxes of \$152)	
Unaffiliated issuers . . . . .	\$2,012,885
Non-controlled affiliates (Note 3e) . . . . .	2,349,277
Interest:	
Unaffiliated issuers . . . . .	31,553
Total investment income . . . . .	<u>4,393,715</u>
Expenses:	
Management fees (Note 3a) . . . . .	1,308,445
Distribution fees: (Note 3c)	
Class 5 . . . . .	245,272
Custodian fees (Note 4) . . . . .	4,891
Reports to shareholders fees . . . . .	3,890
Professional fees . . . . .	75,303
Trustees' fees and expenses . . . . .	1,593
Other . . . . .	3,103
Total expenses . . . . .	<u>1,642,497</u>
Expense reductions (Note 4) . . . . .	(40)
Expenses waived/paid by affiliates (Note 3e and 3f) . . . . .	<u>(335,293)</u>
Net expenses . . . . .	<u>1,307,164</u>
Net investment income . . . . .	<u>3,086,551</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers . . . . .	5,346,437
Non-controlled affiliates (Note 3e) . . . . .	(1,898,045)
Foreign currency transactions . . . . .	(2)
Futures contracts . . . . .	(529,756)
Swap contracts . . . . .	(9,969)
Capital gain distributions from Underlying Funds:	
Non-controlled affiliates (Note 3e) . . . . .	799,950
Net realized gain (loss) . . . . .	<u>3,708,615</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers . . . . .	10,695,254
Non-controlled affiliates (Note 3e) . . . . .	2,131,970
Futures contracts . . . . .	(1,801,411)
Swap contracts . . . . .	(2)
Net change in unrealized appreciation (depreciation) . . . . .	<u>11,025,811</u>
Net realized and unrealized gain (loss) . . . . .	<u>14,734,426</u>
Net increase (decrease) in net assets resulting from operations . . . . .	<u>\$17,820,977</u>

## Statements of Changes in Net Assets

	<b>Franklin VolSmart Allocation VIP Fund</b>	
	<b>Year Ended December 31, 2023</b>	<b>Year Ended December 31, 2022</b>
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$3,086,551	\$2,825,092
Net realized gain (loss) . . . . .	3,708,615	9,030,798
Net change in unrealized appreciation (depreciation) . . . . .	11,025,811	(37,121,635)
Net increase (decrease) in net assets resulting from operations . . . . .	17,820,977	(25,265,745)
Distributions to shareholders:		
Class 1 . . . . .	(402)	(536)
Class 2 . . . . .	(2,944)	(3,925)
Class 5 . . . . .	(14,013,933)	(18,414,714)
Total distributions to shareholders . . . . .	(14,017,279)	(18,419,175)
Capital share transactions: (Note 2)		
Class 1 . . . . .	—	5,000
Class 2 . . . . .	74,884	(5,000)
Class 5 . . . . .	(14,862,425)	4,572,930
Total capital share transactions . . . . .	(14,787,541)	4,572,930
Net increase (decrease) in net assets . . . . .	(10,983,843)	(39,111,990)
Net assets:		
Beginning of year . . . . .	170,719,732	209,831,722
End of year . . . . .	\$159,735,889	\$170,719,732



# Notes to Financial Statements

## 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 December 31, 2023, 98.1% 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](http://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 December 31, 2023, the Fund had OTC derivatives in a net liability position of \$986.

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 the agreement. Generally, collateral is determined at the close of Fund business each day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the counterparty the next business day, or within a few business days. Collateral pledged and/or received by the Fund 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 exchange traded futures contracts primarily to manage and/or gain exposure to interest rate and equity price risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. Required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statement of Assets and Liabilities. At December 31, 2023, the Fund had no futures contracts.

The Fund entered into OTC total return swap contracts primarily to manage and/or gain exposure to credit and other market 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 7 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 December 31, 2023, the Fund

## Franklin VolSmart Allocation VIP Fund (continued)

### 1. Organization and Significant Accounting Policies

(continued)

#### d. Income and Deferred Taxes (continued)

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.

#### 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.

**Franklin VolSmart Allocation VIP Fund** (continued)

**2. Shares of Beneficial Interest**

At December 31, 2023, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31, 2023		Year Ended December 31, 2022 <sup>a</sup>	
	Shares	Amount	Shares	Amount
<b>Class 1 Shares:</b>				
Shares sold	—	\$—	368	\$5,000
Net increase (decrease)	—	\$—	368	\$5,000
<b>Class 2 Shares:</b>				
Shares sold	6,182	\$74,924	—	\$—
Shares redeemed	(3)	(40)	(366)	(5,000)
Net increase (decrease)	6,179	\$74,884	(366)	\$(5,000)
<b>Class 5 Shares:</b>				
Shares sold	707,720	\$8,518,306	1,453,858	\$18,425,871
Shares issued in reinvestment of distributions	1,184,610	14,013,933	1,550,060	18,414,714
Shares redeemed	(3,103,202)	(37,394,664)	(2,469,708)	(32,267,655)
Net increase (decrease)	(1,210,872)	\$(14,862,425)	534,210	\$4,572,930

<sup>a</sup>For the period May 20, 2022 (effective date) to December 31, 2022 for Class 1.

**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.

**Franklin VolSmart Allocation VIP Fund** (continued)

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

**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 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 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 year ended December 31, 2023, were as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Dividend Income
<b>Franklin VolSmart Allocation VIP Fund</b>								
<b>Non-Controlled Affiliates</b>								
Franklin Income VIP Fund, Class 1	\$13,893,295	\$1,494,507	\$(2,885,400)	\$(412,904)	\$(45,872)	\$12,043,626	807,755	\$1,494,507 <sup>a</sup>
Franklin U.S. Core Bond ETF . . .	27,245,261	—	(3,324,841)	(781,508)	1,252,772	24,391,684	1,128,200	904,548
Institutional Fiduciary Trust - Money Market Portfolio, 5.034% . . . . .	5,320,470	31,727,851	(34,439,503)	—	—	2,608,818	2,608,818	186,808
Western Asset Core Plus Bond Fund, Class IS . . . . .	13,168,638	562,080	(2,244,944)	(703,633)	925,070	11,707,211	1,222,047	563,364
<b>Total Affiliated Securities . . . . .</b>	<b>\$59,627,664</b>	<b>\$33,784,438</b>	<b>\$(42,894,688)</b>	<b>\$(1,898,045)</b>	<b>\$2,131,970</b>	<b>\$50,751,339</b>		<b>\$3,149,227</b>

<sup>a</sup>Dividend income includes capital gain distributions received, if any, from underlying funds, and are presented in corresponding line item in 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, 2024. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.



**Franklin VolSmart Allocation VIP Fund** (continued)**4. Expense Offset Arrangement**

The Fund has previously 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, 2023, the custodian fees were reduced as noted in the Statement of Operations. Effective June 12, 2023, earned credits, if any, will be recognized as income.

**5. Income Taxes**

The tax character of distributions paid during the years ended December 31, 2023 and 2022, was as follows:

	2023	2022
Distributions paid from:		
Ordinary income . . . . .	\$3,075,035	\$4,908,576
Long term capital gain . . . . .	10,942,244	13,510,599
	<u>\$14,017,279</u>	<u>\$18,419,175</u>

At December 31, 2023, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

Cost of investments . . . . .	<u>\$123,577,106</u>
Unrealized appreciation . . . . .	\$45,083,276
Unrealized depreciation . . . . .	(8,627,261)
Net unrealized appreciation (depreciation) . . . . .	<u>\$36,456,015</u>
Distributable earnings:	
Undistributed ordinary income . . . . .	\$2,836,301
Undistributed long term capital gains . . . . .	2,135,774
Total distributable earnings . . . . .	<u>\$4,972,075</u>

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

**6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2023, aggregated \$36,589,543 and \$58,576,485, respectively.

**Franklin VoISmart Allocation VIP Fund** (continued)

**7. Other Derivative Information**

At December 31, 2023, 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
<b>Franklin VoISmart Allocation VIP Fund</b>				
Equity contracts . . . . .				
	Unrealized appreciation on OTC swap contracts	\$—	Unrealized depreciation on OTC swap contracts	\$986
Total . . . . .		\$—		\$986

For the year ended December 31, 2023, 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 Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
<b>Franklin VoISmart Allocation VIP Fund</b>				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Equity contracts . . . . .				
	Futures contracts	\$(529,756)	Futures contracts	\$(1,801,411)
	Swap contracts	(9,969)	Swap contracts	(2)
Total . . . . .		\$(539,725)		\$(1,801,413)

For the year ended December 31, 2023, the average month end notional amount of futures contracts and swap contracts represented \$10,914,134 and \$4,000,000, respectively.

See Note 1(c) regarding derivative financial instruments.

**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 \$2.675 billion (Global Credit Facility) which matured on February 2, 2024. 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 2, 2024, the Borrowers renewed the Global Credit Facility for a one-year term, maturing January 31, 2025, 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, 2023, the Fund did not use the Global Credit Facility.



**Franklin VoISmart Allocation VIP Fund** (continued)

**9. Fair Value Measurements**

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

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

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

A summary of inputs used as of December 31, 2023, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
<b>Franklin VoISmart Allocation VIP Fund</b>				
<b>Assets:</b>				
Investments in Securities: <sup>a</sup>				
Common Stocks . . . . .	\$109,282,768	\$—	\$—	\$109,282,768
Investments in Underlying Funds and Exchange Traded Funds . . . . .	48,142,521	—	—	48,142,521
Short Term Investments . . . . .	2,608,818	—	—	2,608,818
Total Investments in Securities . . . . .	\$160,034,107	\$—	\$—	\$160,034,107
<b>Liabilities:</b>				
Other Financial Instruments:				
Swap contracts . . . . .	\$—	\$986	\$—	\$986
Total Other Financial Instruments . . . . .	\$—	\$986	\$—	\$986

<sup>a</sup>For detailed categories, see the accompanying Schedule of Investments.

**10. 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.

**Abbreviations**

**Counterparty**

**BZWS** Barclays Bank plc

**Selected Portfolio**

**ETF** Exchange-Traded Fund

**REIT** Real Estate Investment Trust

**VIX** Market Volatility Index

## Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Templeton Variable Insurance Products Trust and Shareholders of Franklin VolSmart Allocation VIP Fund

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

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Franklin VolSmart Allocation VIP Fund (one of the funds constituting Franklin Templeton Variable Insurance Products Trust, referred to hereafter as the “Fund”) as of December 31, 2023, the related statement of operations for the year ended December 31, 2023, the statements of changes in net assets for each of the two years in the period ended December 31, 2023, including the related notes, and the financial highlights for each of the periods indicated therein (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, 2023, 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, 2023 and the financial highlights for each of the periods indicated therein 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, 2023 by correspondence with the custodian, transfer agent and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP  
San Francisco, California  
February 20, 2024

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

## Tax Information (unaudited)

### Franklin VoISmart Allocation VIP Fund

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to [www.franklintempleton.com](http://www.franklintempleton.com) for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Fund is required to be furnished to shareholders with respect to income earned and distributions paid during its fiscal year.

The Fund hereby reports the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended December 31, 2023:

	<b>Pursuant to:</b>	<b>Amount Reported</b>
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	\$10,942,244
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$1,773,972

## 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/Legg Mason 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 <sup>1</sup>	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	118	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	118	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	118	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) (2007-2020).
<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 <sup>1</sup>	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	118	Hess Corporation (exploration of oil and gas) (1993-present), Santander Holdings USA (holding company) (2019-present); and <b>formerly</b> , Santander Consumer USA Holdings, Inc. (consumer finance) (2016-2023); Canadian National Railway (railroad) (2001-2021), White Mountains Insurance Group, Ltd. (holding company) (2004-2021), 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	118	Boeing Capital Corporation (aircraft financing) (2006-2010).
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**Principal Occupation During at Least the Past 5 Years:**

Counselor and Special Advisor to the CEO and Board of Directors of The Coca-Cola Company (beverage company) (2021-present); 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 (2019-2020); 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	118	Graham Holdings Company (education and media organization) (2011-2021); The Southern Company (energy company) (2014-2020; previously 2010-2012) and 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) (2017-2020); 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).

## 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 <sup>1</sup>	Other Directorships Held During at Least the Past 5 Years
<b>Valerie M. Williams (1956)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2021	109	Omnicom Group, Inc. (advertising and marketing communications services) (2016-present), DTE Energy Co. (gas and electric utility) (2018-present), Devon Energy Corporation (exploration and production of oil and gas) (2021-present); and <b>formerly</b> , WPX Energy, Inc. (exploration and production of oil and gas) (2018-2021).

**Principal Occupation During at Least the Past 5 Years:**

Director of various companies; and **formerly**, Regional Assurance Managing Partner, Ernst & Young LLP (public accounting) (2005-2016) and various roles of increasing responsibility at Ernst & Young (1981-2005).

## 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 <sup>1</sup>	Other Directorships Held During at Least the Past 5 Years
<b>Gregory E. Johnson<sup>2</sup> (1961)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Chairman of the Board since 2023 and Trustee since 2013	128	None

**Principal Occupation During at Least the Past 5 Years:**

Executive Chairman, Chairman of the Board and Director, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex; Vice Chairman, Investment Company Institute; and **formerly**, Chief Executive Officer (2013-2020) and President (1994-2015) Franklin Resources, Inc.

<b>Rupert H. Johnson, Jr.<sup>3</sup> (1940)</b> One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	118	None
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**Principal Occupation During at Least the Past 5 Years:**

Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

<b>Ted P. Becker (1951)</b> 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since June 2023	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Vice President, Global Compliance of Franklin Templeton (since 2020); Chief Compliance Officer of Franklin Templeton Fund Adviser, LLC (since 2006); Chief Compliance Officer of certain funds associated with Legg Mason & Co. or its affiliates (since 2006); **formerly**, Director of Global Compliance at Legg Mason (2006-2020); Managing Director of Compliance of Legg Mason & Co. (2005-2020).

<b>Susan Kerr (1949)</b> 280 Park Avenue New York, NY 10017	Vice President - AML Compliance	Since 2021	Not Applicable	Not Applicable
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**Principal Occupation During at Least the Past 5 Years:**

Senior Compliance Analyst, Franklin Templeton; Chief Anti-Money Laundering Compliance Officer, Legg Mason & Co., or its affiliates; Anti Money Laundering Compliance Officer; Senior Compliance Officer, Franklin Distributors; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.

## 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 <sup>1</sup>	Other Directorships Held During at Least the Past 5 Years
<b>Christopher Kings (1974)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer - Finance and Administration	Since January 2024	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Vice President, Franklin Templeton Services, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<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
<b>Principal Occupation During at Least the Past 5 Years:</b> President and Director, Franklin Advisers, Inc.; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<b>Navid J. Tofigh (1972)</b> One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Vice President since 2015 and since June 2023	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Senior Associate General Counsel, Franklin Templeton; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
<b>Jeffrey W. White (1971)</b> One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since January 2024	Not Applicable	Not Applicable
<b>Principal Occupation During at Least the Past 5 Years:</b> Chief Financial Officer, Chief Accounting Officer & Treasurer and officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and <b>formerly</b> , Director and Assistant Treasurer within Franklin Templeton Global Fund Tax and Fund Administration and Financial Reporting (2017-2023).				

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.

- Information is for the calendar year ended December 31, 2023, unless otherwise noted. We base the number of portfolios on each separate series of the U.S. registered investment companies within the Franklin Templeton/Legg Mason 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 a major shareholder of Resources, which is the parent company of the Fund's investment manager and distributor.

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 to 2020) and formerly, Founder and Senior Advisor, Strategic Investment Group (1987 to 2017). Ms. Choksi has been a Member of the Fund's 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 Schedule of Investments

The Trust files a complete schedule 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.



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

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

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



**Annual Report**  
**Franklin VolSmart Allocation VIP Fund**

**Investment Manager**  
Franklin Advisers, Inc.

**Fund Administrator**  
Franklin Templeton Services, LLC

**Distributor**  
Franklin  
Distributors, LLC