

ANNUAL REPORT

# FRANKLIN INCOME 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 Income VIP Fund

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

## Fund Overview

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

**A.** The Fund seeks to maximize income, while maintaining prospects for capital appreciation. We search for undervalued or out-of-favor securities we believe offer opportunities for income today and significant growth tomorrow. In analyzing corporate debt and equity securities, we consider such factors as a security's relative value based on anticipated cash flow, interest or dividend coverage, asset coverage and earnings prospects; the experience and strength of the company's management; the company's changing financial condition and market recognition of the change; the company's sensitivity to changes in interest rates and business conditions; and the company's debt maturity schedules and borrowing requirements. When choosing investments for the Fund, we apply a bottom-up, value oriented, long-term approach, focusing on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. We also consider a company's price/earnings ratio, profit margins and liquidation value, and we perform independent analysis of the debt securities being considered for the Fund's portfolio, rather than relying principally on the ratings assigned by rating organizations.

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

**A.** The Fund generated positive returns during the period, driven by strong performance from fixed income holdings. Relative to the Fund's blended benchmark, stock selection within its underweight equity allocation supported absolute performance. Throughout the period, the Federal Reserve (Fed) continued to increase interest rates from 2022 levels to counteract stubborn inflation. The U.S. economy remained resilient and continued to grow with gross domestic product in excess of 2%, which was largely driven by a balanced labor market and robust consumption in goods and services. The Fund used interest rate futures to hedge duration in the period. However, this did not cause the change to Net Assets from Operations for the fiscal year to exceed 5%.

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

**A.** The Fund entered the period with an equity weighting of 42.5% and a fixed income weighting of 55.9% (while holding 1.6% in cash equivalents). As interest rates rose during the period, the Fund took advantage of higher yield investment opportunities within fixed income and ended the period with a considerable shift in asset allocation. By period-end, equity allocation was 34.9% and fixed income allocation reached 61.9%, while cash equivalents comprised 3.2% of the Fund.

## Performance Overview

You can find the Fund's one-year total return for all share classes in the Performance Summary. In comparison, the Standard & Poor's® 500 Index (S&P 500®), posted a +26.29% total return.<sup>1</sup> The Blended Benchmark, which consists of 50% MSCI USA High Dividend Yield Index + 25% Bloomberg U.S. High Yield Very Liquid Index + 25% Bloomberg U.S. Aggregate Bond Index, posted a +8.29% total return.<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.** Fixed income holdings contributed the highest returns to the Fund during the year, led by the health care, consumer discretionary, and financials sectors. Within health care, Community Health Systems and Tenet Healthcare performed best, while Ford Motor Company and Barclays aided returns within the consumer discretionary and financials sectors, respectively. JBS S.A. also contributed to absolute performance within the consumer staples sector. In terms of the Fund's equity allocation, the information technology (IT), financials, and communication services sectors performed best. Broadcom and Intel added value within IT, while JP Morgan Chase & Co contributed within financials, and Comcast aided returns within communication services.

1. Source: Morningstar. The 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.

2. Source: FactSet. The Fund's Blended Benchmark was calculated internally and was composed of 50% MSCI USA High Dividend Yield Index + 25% Bloomberg U.S. High Yield Very Liquid Index + 25% Bloomberg U.S. Aggregate Bond 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).

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

**A.** U.S. Treasuries were the largest detractors within the Fund's fixed income allocation. CommScope Holding Co. and First Quantum Minerals also hindered returns within the communication services and materials sectors, respectively. Within equities, the health care, utilities, and energy sectors were the leading detractors. Pfizer and Bristol-Myers Squibb weakened returns within health care, while Dominion Energy and Chevron were the worst performers within the utilities and energy sectors, respectively.

**Portfolio Composition**

12/31/23

	<b>% of Total Net Assets</b>
Corporate Bonds	49.0%
Common Stocks	24.8%
U.S. Government and Agency Securities	11.3%
Equity-Linked Securities	10.0%
Other*	0.6%
Short-Term Investments & Other Net Assets	4.3%

\*Categories within the Other category are listed in full in the Fund's Schedule of Investments (SOI), which can be found later in this report.

**Top Five Fixed Income Holdings**

12/31/23

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
U.S. Treasury Notes <i>Financial Services, United States</i>	8.0%
U.S. Treasury Bonds <i>Financial Services, United States</i>	3.3%
CHS/Community Health Systems, Inc. <i>Health Care Providers &amp; Services, United States</i>	2.9%
Tenet Healthcare Corp. <i>Health Care Providers &amp; Services, United States</i>	1.4%
Boeing Co. (The) <i>Aerospace &amp; Defense, United States</i>	1.2%

**Top Five Equity Holdings**

12/31/23

<b>Company Industry, Country</b>	<b>% of Total Net Assets</b>
Texas Instruments, Inc. <i>Semiconductors &amp; Semiconductor Equipment, United States</i>	1.9%
Chevron Corp. <i>Oil, Gas &amp; Consumable Fuels, United States</i>	1.4%
Bank of America Corp. <i>Banks, United States</i>	1.4%
Morgan Stanley <i>Capital Markets, United States</i>	1.3%
Exxon Mobil Corp. <i>Oil, Gas &amp; Consumable Fuels, United States</i>	1.2%

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

*The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 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 4
1-Year	+8.87%	+8.62%	+8.55%
5-Year	+7.25%	+6.98%	+6.88%
10-Year	+5.28%	+5.01%	+4.90%

1. The total annual operating expenses are as of the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

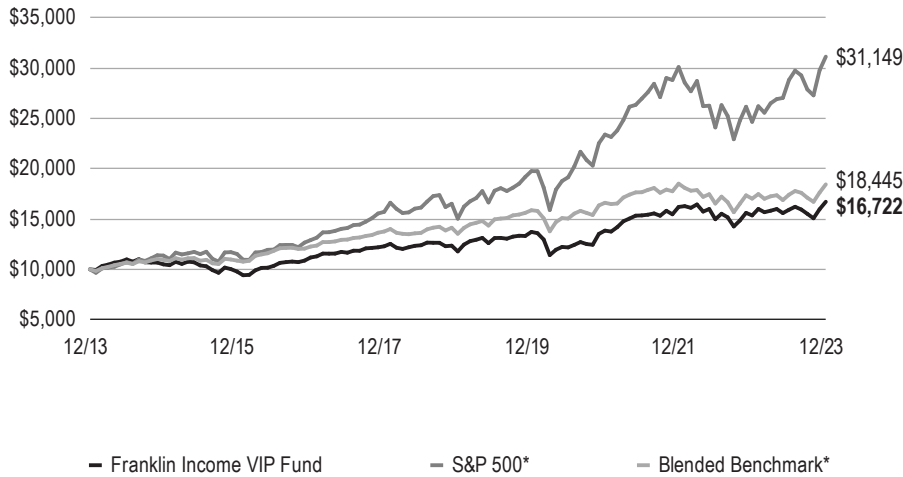
*Performance reflects the Fund's class operating expenses, but does **not** include any contract fees, expenses or sales charges. If they had been included, performance would be lower. These charges and deductions, particularly for variable life policies, can have a significant effect on contract values 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.*

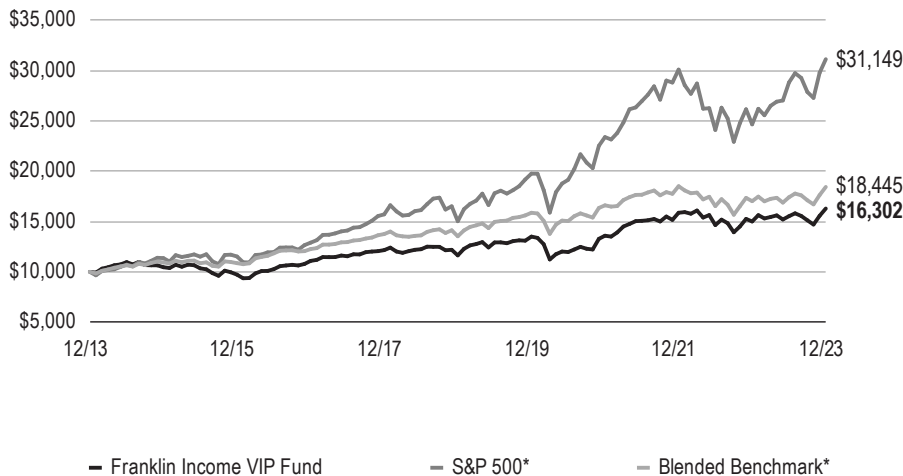
**Total Return Index Comparison for a Hypothetical \$10,000 Investment (12/31/13–12/31/23)<sup>1</sup>**

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®) 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)**



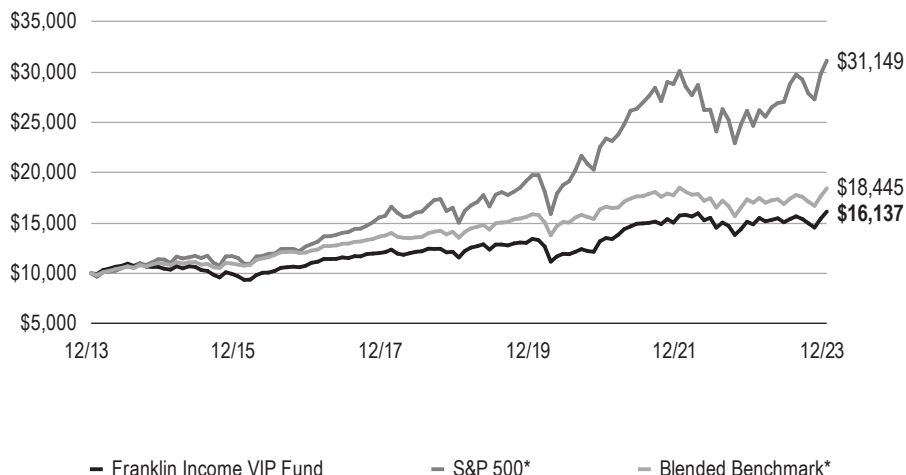
**Class 2 (12/31/13–12/31/23)**



\*Source: FactSet

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

**Class 4 (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. Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. **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. **Changes in the credit rating** of a bond, or in the credit rating or financial strength of a bond’s issuer, insurer or guarantor, may affect the bond’s value. **Equity securities** are subject to price fluctuation and possible loss of principal. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. 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	\$1,050.00	\$2.36	\$1,022.90	\$2.33	0.46%
2	\$1,000	\$1,049.50	\$3.65	\$1,021.64	\$3.60	0.71%
4	\$1,000	\$1,048.60	\$4.17	\$1,021.14	\$4.11	0.81%

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 Income VIP Fund

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Class 1</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$15.39	\$17.47	\$15.65	\$16.52	\$15.26
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.64	0.62	0.53	0.59	0.75
Net realized and unrealized gains (losses) . . . . .	0.64	(1.55)	2.09	(0.54)	1.68
Total from investment operations . . . . .	1.28	(0.93)	2.62	0.05	2.43
Less distributions from:					
Net investment income . . . . .	(0.82)	(0.83)	(0.80)	(0.91)	(0.91)
Net realized gains . . . . .	(0.94)	(0.32)	—	(0.01)	(0.26)
Total distributions . . . . .	(1.76)	(1.15)	(0.80)	(0.92)	(1.17)
Net asset value, end of year . . . . .	\$14.91	\$15.39	\$17.47	\$15.65	\$16.52
Total return <sup>c</sup> . . . . .	8.87%	(5.24)%	17.00%	0.97%	16.42%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.46%	0.45%	0.47%	0.47%	0.46%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.46% <sup>e</sup>	0.45% <sup>e</sup>	0.47% <sup>e</sup>	0.46%	0.45%
Net investment income . . . . .	4.35%	3.82%	3.20%	3.96%	4.38%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$291,326	\$220,272	\$243,732	\$306,641	\$309,330
Portfolio turnover rate . . . . .	34.98%	64.51%	39.27%	45.93%	25.16%

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

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

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

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

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Income 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 . . . . .	\$14.73	\$16.76	\$15.04	\$15.91	\$14.74
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.58	0.55	0.47	0.53	0.64
Net realized and unrealized gains (losses) . . . . .	0.61	(1.48)	2.02	(0.53)	1.66
Total from investment operations . . . . .	1.19	(0.93)	2.49	—	2.30
Less distributions from:					
Net investment income . . . . .	(0.78)	(0.78)	(0.77)	(0.86)	(0.87)
Net realized gains . . . . .	(0.94)	(0.32)	—	(0.01)	(0.26)
Total distributions . . . . .	(1.72)	(1.10)	(0.77)	(0.87)	(1.13)
Net asset value, end of year . . . . .	\$14.20	\$14.73	\$16.76	\$15.04	\$15.91
Total return <sup>c</sup> . . . . .	8.62%	(5.47)%	16.75%	0.69%	16.06%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.71%	0.70%	0.72%	0.72%	0.71%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.71% <sup>e</sup>	0.70% <sup>e</sup>	0.72% <sup>e</sup>	0.71%	0.70%
Net investment income . . . . .	4.09%	3.56%	2.95%	3.73%	4.13%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$2,546,077	\$2,545,382	\$3,026,228	\$3,852,709	\$4,318,156
Portfolio turnover rate . . . . .	34.98%	64.51%	39.27%	45.93%	25.16%

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

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

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

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

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

**Franklin Income VIP Fund** (continued)

	Year Ended December 31,				
	2023	2022	2021	2020	2019
<b>Class 4</b>					
<b>Per share operating performance</b>					
(for a share outstanding throughout the year)					
Net asset value, beginning of year . . . . .	\$15.16	\$17.23	\$15.45	\$16.32	\$15.08
Income from investment operations <sup>a</sup> :					
Net investment income <sup>b</sup> . . . . .	0.58	0.55	0.46	0.53	0.64
Net realized and unrealized gains (losses) . . . . .	0.64	(1.53)	2.07	(0.54)	1.71
Total from investment operations . . . . .	1.22	(0.98)	2.53	(0.01)	2.35
Less distributions from:					
Net investment income . . . . .	(0.77)	(0.77)	(0.75)	(0.85)	(0.85)
Net realized gains . . . . .	(0.94)	(0.32)	—	(0.01)	(0.26)
Total distributions . . . . .	(1.71)	(1.09)	(0.75)	(0.86)	(1.11)
Net asset value, end of year . . . . .	\$14.67	\$15.16	\$17.23	\$15.45	\$16.32
Total return <sup>c</sup> . . . . .	8.55%	(5.59)%	16.59%	0.58%	16.05%
<b>Ratios to average net assets</b>					
Expenses before waiver and payments by affiliates . . . . .	0.81%	0.80%	0.82%	0.82%	0.81%
Expenses net of waiver and payments by affiliates <sup>d</sup> . . . . .	0.81% <sup>e</sup>	0.80% <sup>e</sup>	0.82% <sup>e</sup>	0.81%	0.80%
Net investment income . . . . .	3.99%	3.49%	2.82%	3.62%	4.03%
<b>Supplemental data</b>					
Net assets, end of year (000's) . . . . .	\$352,794	\$325,205	\$333,522	\$302,474	\$323,582
Portfolio turnover rate . . . . .	34.98%	64.51%	39.27%	45.93%	25.16%

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

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

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

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

<sup>e</sup>Benefit of waiver and payments by affiliates rounds to less than 0.01%.

## Schedule of Investments, December 31, 2023

## Franklin Income VIP Fund

	Country	Shares	Value
<b>Common Stocks 24.8%</b>			
<b>Aerospace &amp; Defense 1.2%</b>			
Lockheed Martin Corp. ....	United States	65,000	\$29,460,600
RTX Corp. ....	United States	100,000	8,414,000
			37,874,600
<b>Air Freight &amp; Logistics 0.3%</b>			
United Parcel Service, Inc., B .....	United States	60,000	9,433,800
<b>Banks 2.3%</b>			
Bank of America Corp. ....	United States	600,000	20,202,000
Citigroup, Inc. ....	United States	250,000	12,860,000
Fifth Third Bancorp. ....	United States	300,000	10,347,000
JPMorgan Chase & Co. ....	United States	120,000	20,412,000
Truist Financial Corp. ....	United States	250,000	9,230,000
			73,051,000
<b>Beverages 0.7%</b>			
Coca-Cola Co. (The) .....	United States	100,000	5,893,000
PepsiCo, Inc. ....	United States	90,000	15,285,600
			21,178,600
<b>Biotechnology 0.2%</b>			
AbbVie, Inc. ....	United States	50,000	7,748,500
<b>Building Products 0.4%</b>			
Johnson Controls International plc. ....	United States	200,000	11,528,000
<b>Capital Markets 1.6%</b>			
<sup>a</sup> Charles Schwab Corp. (The) .....	United States	205,000	14,104,000
Goldman Sachs Group, Inc. (The) .....	United States	26,054	10,050,852
Morgan Stanley. ....	United States	275,000	25,643,750
			49,798,602
<b>Communications Equipment 0.6%</b>			
Cisco Systems, Inc. ....	United States	350,000	17,682,000
<b>Consumer Staples Distribution &amp; Retail 0.4%</b>			
Target Corp. ....	United States	100,000	14,242,000
<b>Containers &amp; Packaging 0.2%</b>			
International Paper Co. ....	United States	200,000	7,230,000
<b>Diversified Telecommunication Services 0.5%</b>			
Verizon Communications, Inc. ....	United States	400,000	15,080,000
<b>Electric Utilities 2.6%</b>			
American Electric Power Co., Inc. ....	United States	100,000	8,122,000
Duke Energy Corp. ....	United States	150,000	14,556,000
Edison International .....	United States	100,000	7,149,000
Entergy Corp. ....	United States	100,000	10,119,000
NextEra Energy, Inc. ....	United States	259,379	15,754,680
Southern Co. (The) .....	United States	400,000	28,048,000
			83,748,680
<b>Ground Transportation 0.6%</b>			
Union Pacific Corp. ....	United States	75,000	18,421,500
<b>Health Care Providers &amp; Services 0.3%</b>			
CVS Health Corp. ....	United States	125,000	9,870,000
<b>Household Products 0.5%</b>			
Procter & Gamble Co. (The) .....	United States	120,000	17,584,800

**Franklin Income VIP Fund** (continued)

	Country	Shares	Value
<b>Common Stocks</b> (continued)			
<b>Industrial Conglomerates 0.3%</b>			
Honeywell International, Inc. . . . .	United States	45,391	\$9,518,947
<b>IT Services 0.3%</b>			
International Business Machines Corp. . . . .	United States	50,000	8,177,500
<b>Media 0.3%</b>			
Comcast Corp., A . . . . .	United States	225,000	9,866,250
<b>Metals &amp; Mining 0.9%</b>			
Rio Tinto plc, ADR. . . . .	Australia	365,529	27,217,289
<b>Multi-Utilities 1.2%</b>			
Dominion Energy, Inc. . . . .	United States	300,000	14,100,000
DTE Energy Co. . . . .	United States	100,000	11,026,000
Sempra. . . . .	United States	180,000	13,451,400
			38,577,400
<b>Oil, Gas &amp; Consumable Fuels 3.2%</b>			
Chevron Corp. . . . .	United States	297,636	44,395,386
Exxon Mobil Corp. . . . .	United States	250,000	24,995,000
Shell plc, ADR. . . . .	Netherlands	200,000	13,160,000
TotalEnergies SE, ADR . . . . .	France	300,000	20,214,000
			102,764,386
<b>Pharmaceuticals 1.9%</b>			
<sup>b</sup> Bausch Health Cos., Inc. . . . .	United States	750,000	6,015,000
Bristol-Myers Squibb Co. . . . .	United States	389,706	19,995,815
Johnson & Johnson . . . . .	United States	100,000	15,674,000
Merck & Co., Inc. . . . .	United States	75,000	8,176,500
Pfizer, Inc. . . . .	United States	360,000	10,364,400
			60,225,715
<b>Semiconductors &amp; Semiconductor Equipment 3.1%</b>			
Analog Devices, Inc. . . . .	United States	80,000	15,884,800
Intel Corp. . . . .	United States	300,000	15,075,000
QUALCOMM, Inc. . . . .	United States	45,000	6,508,350
Texas Instruments, Inc. . . . .	United States	363,966	62,041,644
			99,509,794
<b>Software 0.3%</b>			
Oracle Corp. . . . .	United States	100,000	10,543,000
<b>Specialty Retail 0.3%</b>			
Home Depot, Inc. (The). . . . .	United States	32,000	11,089,600
<b>Tobacco 0.6%</b>			
Philip Morris International, Inc. . . . .	United States	200,000	18,816,000
<b>Total Common Stocks (Cost \$631,093,677)</b> . . . . .			<b>790,777,963</b>
<b><sup>c</sup>Equity-Linked Securities 10.0%</b>			
<b>Aerospace &amp; Defense 0.9%</b>			
<sup>d</sup> Barclays Bank plc into Northrop Grumman Corp., 144A, 7%, 11/08/24 . . . . .	United States	20,000	9,716,013
<sup>d</sup> Merrill Lynch International & Co. CV into Raytheon Technologies Corp., 144A, 7.5%, 5/08/24 . . . . .	United States	210,000	18,295,483
			28,011,496
<b>Air Freight &amp; Logistics 0.2%</b>			
<sup>d</sup> J.P. Morgan Structured Products BV into United Parcel Service, Inc., 144A, 9%, 10/22/24 . . . . .	United States	39,000	6,242,555

Franklin Income VIP Fund (continued)

	Country	Shares	Value
<b>Equity-Linked Securities (continued)</b>			
<b>Automobiles 0.6%</b>			
<sup>d</sup> Barclays Bank plc into Ford Motor Co., 144A, 12%, 2/09/24 . . . . .	United States	590,500	\$7,288,564
<sup>d</sup> Royal Bank of Canada into General Motors Co., 144A, 12%, 6/18/24 . . . . .	United States	340,000	11,852,716
			<u>19,141,280</u>
<b>Banks 0.7%</b>			
<sup>d</sup> Citigroup Global Markets Holdings, Inc. into Bank of America Corp., 144A, 8%, 8/16/24 . . . . .	United States	340,600	11,350,030
<sup>d</sup> JPMorgan Chase Bank NA into Bank of America Corp., 144A, 9%, 2/02/24 . . . . .	United States	328,400	11,260,855
			<u>22,610,885</u>
<b>Biotechnology 1.0%</b>			
<sup>d</sup> Barclays Bank plc into Amgen, Inc., 144A, 8%, 9/20/24 . . . . .	United States	45,000	12,309,834
<sup>d</sup> BNP Paribas Issuance BV into AbbVie, Inc., 144A, 8%, 3/12/24 . . . . .	United States	128,500	20,067,627
			<u>32,377,461</u>
<b>Broadline Retail 0.7%</b>			
<sup>d</sup> Royal Bank of Canada into Amazon.com, Inc., 144A, 10%, 4/05/24 . . . . .	United States	176,390	20,664,437
<b>Capital Markets 0.9%</b>			
<sup>d</sup> Merrill Lynch International & Co. CV into Morgan Stanley, 144A, 10%, 6/04/24 . . . . .	United States	160,000	14,501,181
<sup>d</sup> UBS AG into Charles Schwab Corp. (The), 144A, 10%, 7/17/24 . . . . .	United States	200,000	12,462,746
			<u>26,963,927</u>
<b>Chemicals 0.3%</b>			
<sup>d</sup> JPMorgan Chase Bank NA into LyondellBasell Industries NV, 144A, 11%, 1/22/24 . . . . .	United States	110,000	10,716,268
<b>Containers &amp; Packaging 0.3%</b>			
<sup>d</sup> Mizuho Markets Cayman LP into International Paper Co., 144A, 10%, 1/22/25 . . . . .	United States	215,000	7,901,255
<b>Electric Utilities 0.4%</b>			
<sup>d</sup> Mizuho Markets Cayman LP into NextEra Energy, Inc., 144A, 8%, 3/19/24 . . . . .	United States	200,000	12,322,810
<b>Ground Transportation 0.5%</b>			
<sup>d</sup> Merrill Lynch BV into Union Pacific Corp., 144A, 8%, 11/05/24 . . . . .	United States	55,000	12,695,940
<sup>d</sup> UBS AG into Union Pacific Corp., 144A, 8%, 3/13/24 . . . . .	United States	20,000	4,516,840
			<u>17,212,780</u>
<b>Insurance 0.5%</b>			
<sup>d</sup> BNP Paribas Issuance BV into MetLife, Inc., 144A, 9%, 10/23/24 . . . . .	United States	238,200	15,837,280
<b>Machinery 0.5%</b>			
<sup>d</sup> National Bank of Canada into Cummins, Inc., 144A, 8.5%, 2/13/24 . . . . .	United States	69,700	17,030,372
<b>Media 0.5%</b>			
<sup>d</sup> J.P. Morgan Structured Products BV into Comcast Corp., 144A, 8%, 9/12/24 . . . . .	United States	350,000	15,635,337
<b>Metals &amp; Mining 0.5%</b>			
<sup>d</sup> Royal Bank of Canada into Barrick Gold Corp., 144A, 11%, 3/07/24 . . . . .	Canada	574,000	10,437,645
<sup>d</sup> UBS AG into Newmont Corp., 144A, 11%, 1/16/25 . . . . .	United States	143,000	5,854,151
			<u>16,291,796</u>
<b>Oil, Gas &amp; Consumable Fuels 0.4%</b>			
<sup>d</sup> Citigroup Global Markets Holdings, Inc. into Exxon Mobil Corp., 144A, 9.5%, 2/22/24 . . . . .	United States	123,425	12,546,757

Franklin Income VIP Fund (continued)

	Country	Shares	Value
<b>Equity-Linked Securities (continued)</b>			
<b>Pharmaceuticals 0.2%</b>			
<sup>d</sup> BNP Paribas Issuance BV into Pfizer, Inc., 144A, 8.5%, 6/10/24 . . .	United States	260,000	\$7,684,081
<b>Semiconductors &amp; Semiconductor Equipment 0.9%</b>			
<sup>d</sup> Citigroup Global Markets Holdings, Inc. into Intel Corp., 144A, 10%, 10/03/24 . . . . .	United States	364,780	15,995,809
<sup>d</sup> Mizuho Markets Cayman LP into Microchip Technology, Inc., 144A, 10%, 11/12/24 . . . . .	United States	146,000	12,569,537
			28,565,346
<b>Total Equity-Linked Securities (Cost \$312,692,573) . . . . .</b>			<b>317,756,123</b>
<b>Convertible Preferred Stocks 0.1%</b>			
<b>Financial Services 0.1%</b>			
<sup>b</sup> FNMA, 5.375% . . . . .	United States	475	4,322,500
<b>Total Convertible Preferred Stocks (Cost \$37,356,042) . . . . .</b>			<b>4,322,500</b>
		<b>Principal Amount<sup>f</sup></b>	
<b>Corporate Bonds 49.0%</b>			
<b>Aerospace &amp; Defense 1.9%</b>			
Boeing Co. (The),			
Senior Note, 5.04%, 5/01/27 . . . . .	United States	11,500,000	11,606,522
Senior Note, 5.15%, 5/01/30 . . . . .	United States	25,000,000	25,464,384
RTX Corp., Senior Note, 3.95%, 8/16/25 . . . . .	United States	7,500,000	7,393,226
<sup>d</sup> TransDigm, Inc.,			
Senior Secured Note, 144A, 6.25%, 3/15/26 . . . . .	United States	11,000,000	10,992,160
Senior Secured Note, 144A, 6.75%, 8/15/28 . . . . .	United States	5,000,000	5,121,660
			60,577,952
<b>Automobile Components 0.8%</b>			
<sup>d</sup> Dornoch Debt Merger Sub, Inc., Senior Note, 144A, 6.625%, 10/15/29 . . . . .	United States	11,945,000	10,784,175
Goodyear Tire & Rubber Co. (The), Senior Note, 5%, 7/15/29 . . . . .	United States	15,000,000	14,190,992
			24,975,167
<b>Automobiles 1.1%</b>			
Ford Motor Co.,			
Senior Bond, 4.346%, 12/08/26 . . . . .	United States	7,000,000	6,825,169
Senior Bond, 3.25%, 2/12/32 . . . . .	United States	3,000,000	2,496,364
<sup>e</sup> Senior Bond, 6.1%, 8/19/32 . . . . .	United States	7,000,000	7,059,703
General Motors Co.,			
<sup>e</sup> Senior Bond, 5.6%, 10/15/32 . . . . .	United States	5,000,000	5,114,682
Senior Bond, 5.15%, 4/01/38 . . . . .	United States	13,500,000	12,799,858
			34,295,776
<b>Banks 3.9%</b>			
Bank of America Corp.,			
<sup>f</sup> AA, Junior Sub. Bond, 6.1% to 3/16/25, FRN thereafter, Perpetual	United States	8,000,000	7,944,064
<sup>f</sup> X, Junior Sub. Bond, 6.25% to 9/04/24, FRN thereafter, Perpetual	United States	6,000,000	5,959,736
Senior Bond, 3.419% to 12/19/27, FRN thereafter, 12/20/28 . . . . .	United States	5,000,000	4,713,170
Senior Bond, 4.571% to 4/26/32, FRN thereafter, 4/27/33 . . . . .	United States	6,500,000	6,198,839
Barclays plc,			
Senior Bond, 5.746% to 8/08/32, FRN thereafter, 8/09/33 . . . . .	United Kingdom	15,000,000	15,186,408
Senior Bond, 7.437% to 11/01/32, FRN thereafter, 11/02/33 . . . . .	United Kingdom	10,000,000	11,204,648
Senior Note, 5.501% to 8/08/27, FRN thereafter, 8/09/28 . . . . .	United Kingdom	2,300,000	2,311,859
Citigroup, Inc., Senior Bond, 6.27% to 11/16/32, FRN thereafter, 11/17/33 . . . . .	United States	24,500,000	26,226,826



Franklin Income VIP Fund (continued)

	Country	Principal Amount <sup>†</sup>	Value
<b>Corporate Bonds</b> (continued)			
<b>Banks</b> (continued)			
JPMorgan Chase & Co.,			
<sup>†g</sup> R, Junior Sub. Bond, FRN, 8.939%, (3-month SOFR + 3.562%), Perpetual	United States	3,200,000	\$3,236,000
Senior Bond, 6.254% to 10/22/33, FRN thereafter, 10/23/34	United States	3,000,000	3,253,705
PNC Financial Services Group, Inc. (The), Senior Bond, 6.037% to 10/27/32, FRN thereafter, 10/28/33	United States	8,000,000	8,362,808
Truist Financial Corp., Sub. Bond, 4.916% to 7/27/32, FRN thereafter, 7/28/33	United States	4,000,000	3,727,106
US Bancorp, Senior Bond, 5.85% to 10/20/32, FRN thereafter, 10/21/33	United States	10,000,000	10,308,380
Wells Fargo & Co., Senior Bond, 5.557% to 7/24/33, FRN thereafter, 7/25/34	United States	15,500,000	15,788,772
			<u>124,422,321</u>
<b>Beverages 0.2%</b>			
Coca-Cola Co. (The), Senior Bond, 1.65%, 6/01/30	United States	7,500,000	6,426,726
<b>Biotechnology 0.6%</b>			
AbbVie, Inc., Senior Note, 3.8%, 3/15/25	United States	10,500,000	10,363,641
Amgen, Inc., Senior Note, 5.25%, 3/02/30	United States	10,000,000	10,284,619
			<u>20,648,260</u>
<b>Broadline Retail 0.1%</b>			
Amazon.com, Inc., Senior Bond, 3.6%, 4/13/32	United States	4,000,000	3,812,078
<b>Building Products 0.7%</b>			
<sup>d</sup> Camelot Return Merger Sub, Inc., Senior Secured Note, 144A, 8.75%, 8/01/28	United States	8,000,000	8,130,593
Carrier Global Corp., Senior Note, 2.722%, 2/15/30	United States	2,500,000	2,237,889
<sup>d</sup> Emerald Debt Merger Sub LLC, Senior Secured Note, 144A, 6.625%, 12/15/30	United States	11,000,000	11,248,820
			<u>21,617,302</u>
<b>Capital Markets 1.5%</b>			
Charles Schwab Corp. (The), Senior Note, 5.643% to 5/18/28, FRN thereafter, 5/19/29	United States	7,000,000	7,184,283
Goldman Sachs Group, Inc. (The), Senior Bond, 6.561% to 10/23/33, FRN thereafter, 10/24/34	United States	17,000,000	18,688,833
Morgan Stanley,			
Senior Bond, 6.342% to 10/17/32, FRN thereafter, 10/18/33	United States	8,650,000	9,331,370
Senior Bond, 5.25% to 4/20/33, FRN thereafter, 4/21/34	United States	5,700,000	5,702,097
Senior Bond, 6.627% to 10/31/33, FRN thereafter, 11/01/34	United States	6,000,000	6,646,191
			<u>47,552,774</u>
<b>Chemicals 1.7%</b>			
Celanese US Holdings LLC, Senior Note, 6.165%, 7/15/27	United States	12,000,000	12,311,038
<sup>d</sup> Consolidated Energy Finance SA, Senior Note, 144A, 6.5%, 5/15/26	Switzerland	10,000,000	9,139,800
<sup>d</sup> International Flavors & Fragrances, Inc., Senior Bond, 144A, 2.3%, 11/01/30	United States	10,000,000	8,277,011
<sup>d</sup> Rain Carbon, Inc., Senior Secured Note, 144A, 12.25%, 9/01/29	United States	7,300,000	7,144,875
<sup>d</sup> SCIH Salt Holdings, Inc.,			
Senior Note, 144A, 6.625%, 5/01/29	United States	10,000,000	9,345,719
Senior Secured Note, 144A, 4.875%, 5/01/28	United States	8,888,000	8,324,113
			<u>54,542,556</u>
<b>Commercial Services &amp; Supplies 0.4%</b>			
<sup>d</sup> APX Group, Inc., Senior Note, 144A, 5.75%, 7/15/29	United States	15,000,000	14,003,081

**Franklin Income VIP Fund** (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Corporate Bonds</b> (continued)			
<b>Communications Equipment 0.8%</b>			
<sup>d</sup> CommScope Technologies LLC,			
Senior Bond, 144A, 6%, 6/15/25 .....	United States	9,602,868	\$7,835,364
Senior Bond, 144A, 5%, 3/15/27 .....	United States	2,500,000	1,042,962
<sup>d</sup> CommScope, Inc.,			
Senior Note, 144A, 8.25%, 3/01/27 .....	United States	20,000,000	10,578,200
Senior Note, 144A, 7.125%, 7/01/28 .....	United States	7,546,000	3,591,783
Senior Secured Note, 144A, 6%, 3/01/26 .....	United States	5,000,000	4,461,000
			27,509,309
<b>Construction &amp; Engineering 0.1%</b>			
Quanta Services, Inc., Senior Bond, 2.9%, 10/01/30 .....	United States	4,287,000	3,764,137
<b>Consumer Finance 2.4%</b>			
Capital One Financial Corp.,			
Senior Note, 4.927% to 5/09/27, FRN thereafter, 5/10/28 .....	United States	10,398,356	10,225,812
Senior Note, 3.273% to 2/28/29, FRN thereafter, 3/01/30 .....	United States	7,000,000	6,257,704
Senior Note, 5.247% to 7/25/29, FRN thereafter, 7/26/30 .....	United States	6,070,000	5,969,974
Sub. Bond, 4.2%, 10/29/25 .....	United States	8,000,000	7,849,828
Ford Motor Credit Co. LLC,			
Senior Note, 5.125%, 6/16/25 .....	United States	20,000,000	19,757,285
Senior Note, 4.95%, 5/28/27 .....	United States	15,000,000	14,645,313
Senior Note, 7.35%, 3/06/30 .....	United States	1,500,000	1,612,648
General Motors Financial Co., Inc.,			
Senior Bond, 6.4%, 1/09/33 .....	United States	5,000,000	5,324,416
Senior Note, 4.3%, 4/06/29 .....	United States	5,000,000	4,819,851
			76,462,831
<b>Consumer Staples Distribution &amp; Retail 0.2%</b>			
<sup>d</sup> 7-Eleven, Inc., Senior Bond, 144A, 1.8%, 2/10/31 .....	United States	3,000,000	2,439,897
Target Corp., Senior Bond, 4.5%, 9/15/32 .....	United States	4,000,000	4,042,319
			6,482,216
<b>Containers &amp; Packaging 1.3%</b>			
<sup>d</sup> Ardagh Packaging Finance plc / Ardagh Holdings USA, Inc.,			
Senior Note, 144A, 5.25%, 8/15/27 .....	United States	5,700,000	4,434,826
Senior Secured Note, 144A, 4.125%, 8/15/26 .....	United States	5,000,000	4,566,725
<sup>d</sup> Mauser Packaging Solutions Holding Co.,			
Secured Note, 144A, 9.25%, 4/15/27 .....	United States	16,932,000	16,638,059
Senior Secured Note, 144A, 7.875%, 8/15/26 .....	United States	11,000,000	11,204,391
<sup>d</sup> Pactiv Evergreen Group Issuer, Inc. / Pactiv Evergreen Group Issuer LLC, Senior Secured Note, 144A, 4%, 10/15/27 .....			
	United States	5,000,000	4,678,125
			41,522,126
<b>Diversified REITs 0.3%</b>			
VICI Properties LP, Senior Bond, 5.125%, 5/15/32 .....	United States	10,000,000	9,759,236
<b>Electric Utilities 0.8%</b>			
Pacific Gas and Electric Co., Senior Bond, 4.55%, 7/01/30 .....	United States	5,000,000	4,766,560
Southern Co. (The), Senior Bond, 5.7%, 10/15/32 .....	United States	10,000,000	10,505,322
<sup>d</sup> Vistra Operations Co. LLC, Senior Note, 144A, 4.375%, 5/01/29 ..	United States	10,505,000	9,818,171
			25,090,053
<b>Electrical Equipment 0.2%</b>			
<sup>d</sup> Regal Rexnord Corp., Senior Bond, 144A, 6.4%, 4/15/33 .....	United States	5,000,000	5,215,419
<b>Energy Equipment &amp; Services 0.5%</b>			
<sup>d</sup> Weatherford International Ltd., Senior Note, 144A, 8.625%, 4/30/30 ..	United States	14,500,000	15,151,978

Franklin Income VIP Fund (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Corporate Bonds</b> (continued)			
<b>Entertainment 1.1%</b>			
Netflix, Inc., Senior Bond, 4.875%, 4/15/28	United States	22,000,000	\$22,308,264
Warnermedia Holdings, Inc., WI, Senior Note, 3.755%, 3/15/27	United States	6,500,000	6,230,512
WI, Senior Note, 4.279%, 3/15/32	United States	6,500,000	5,950,894
			34,489,670
<b>Financial Services 0.1%</b>			
<sup>d</sup> Woodside Finance Ltd., Senior Bond, 144A, 4.5%, 3/04/29	Australia	4,685,000	4,505,586
<b>Food Products 0.4%</b>			
JBS USA LUX SA / JBS USA Food Co. / JBS USA Finance, Inc., Senior Note, 5.75%, 4/01/33	United States	8,000,000	7,934,692
Pilgrim's Pride Corp., Senior Bond, 6.25%, 7/01/33	United States	4,000,000	4,120,696
			12,055,388
<b>Ground Transportation 0.4%</b>			
<sup>d</sup> Ashtead Capital, Inc., Senior Note, 144A, 4.25%, 11/01/29	United Kingdom	4,500,000	4,207,003
Union Pacific Corp., Senior Bond, 4.5%, 1/20/33	United States	8,000,000	8,049,620
			12,256,623
<b>Health Care Equipment &amp; Supplies 1.0%</b>			
<sup>d</sup> Bausch & Lomb Escrow Corp., Senior Secured Note, 144A, 8.375%, 10/01/28	United States	4,500,000	4,752,855
GE HealthCare Technologies, Inc., WI, Senior Note, 5.905%, 11/22/32	United States	7,500,000	8,003,648
<sup>d</sup> Medline Borrower LP, Senior Note, 144A, 5.25%, 10/01/29	United States	4,000,000	3,775,666
Senior Secured Note, 144A, 3.875%, 4/01/29	United States	17,000,000	15,391,021
			31,923,190
<b>Health Care Providers &amp; Services 7.3%</b>			
Centene Corp., Senior Bond, 2.5%, 3/01/31	United States	6,380,000	5,324,245
Senior Note, 4.625%, 12/15/29	United States	10,000,000	9,599,824
<sup>d</sup> CHS/Community Health Systems, Inc., Secured Note, 144A, 6.875%, 4/15/29	United States	42,000,000	27,149,484
Senior Note, 144A, 6.875%, 4/01/28	United States	20,000,000	12,313,700
Senior Secured Note, 144A, 8%, 3/15/26	United States	19,749,000	19,700,965
Senior Secured Note, 144A, 8%, 12/15/27	United States	10,000,000	9,662,247
Senior Secured Note, 144A, 10.875%, 1/15/32	United States	24,000,000	25,113,120
CVS Health Corp., Senior Bond, 4.3%, 3/25/28	United States	8,000,000	7,869,339
Senior Bond, 5.25%, 2/21/33	United States	5,000,000	5,113,059
<sup>d</sup> DaVita, Inc., Senior Bond, 144A, 3.75%, 2/15/31	United States	2,500,000	2,057,201
Senior Note, 144A, 4.625%, 6/01/30	United States	20,000,000	17,477,496
HCA, Inc., Senior Bond, 5%, 3/15/24	United States	10,400,000	10,382,055
Senior Bond, 5.5%, 6/01/33	United States	10,000,000	10,161,238
<sup>d</sup> MPH Acquisition Holdings LLC, Senior Note, 144A, 5.75%, 11/01/28	United States	7,750,000	6,305,377
Senior Secured Note, 144A, 5.5%, 9/01/28	United States	8,890,000	7,970,374
Tenet Healthcare Corp., Secured Note, 6.25%, 2/01/27	United States	24,031,000	24,165,718
Senior Note, 6.125%, 10/01/28	United States	9,400,000	9,381,670
Senior Secured Note, 6.125%, 6/15/30	United States	12,500,000	12,654,212

**Franklin Income VIP Fund** (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Corporate Bonds</b> (continued)			
<b>Health Care Providers &amp; Services</b> (continued)			
UnitedHealth Group, Inc., Senior Bond, 5.35%, 2/15/33 . . . . .	United States	10,000,000	\$10,583,464
			<u>232,984,788</u>
<b>Health Care REITs 0.2%</b>			
MPT Operating Partnership LP / MPT Finance Corp., Senior Bond, 5%, 10/15/27 . . . . .	United States	2,750,000	2,248,790
Senior Bond, 3.5%, 3/15/31 . . . . .	United States	5,000,000	3,132,936
			<u>5,381,726</u>
<b>Hotels, Restaurants &amp; Leisure 3.2%</b>			
<sup>d</sup> Caesars Entertainment, Inc., Senior Secured Note, 144A, 6.25%, 7/01/25 . . . . .	United States	15,000,000	15,052,110
Senior Secured Note, 144A, 7%, 2/15/30 . . . . .	United States	6,250,000	6,412,887
<sup>d</sup> Carnival Corp., Senior Note, 144A, 7.625%, 3/01/26 . . . . .	United States	20,000,000	20,374,120
Expedia Group, Inc., Senior Note, 5%, 2/15/26 . . . . .	United States	7,000,000	6,996,038
<sup>d</sup> Fertitta Entertainment LLC / Fertitta Entertainment Finance Co., Inc., Senior Note, 144A, 6.75%, 1/15/30 . . . . .	United States	4,100,000	3,604,505
Senior Secured Note, 144A, 4.625%, 1/15/29 . . . . .	United States	7,000,000	6,357,785
McDonald's Corp., Senior Bond, 4.6%, 9/09/32 . . . . .	United States	8,000,000	8,080,958
<sup>d</sup> Penn Entertainment, Inc., Senior Note, 144A, 4.125%, 7/01/29 . . . . .	United States	8,000,000	6,849,151
<sup>d</sup> Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp., Senior Bond, 144A, 5.5%, 3/01/25 . . . . .	United States	22,408,000	22,308,007
Senior Bond, 144A, 5.25%, 5/15/27 . . . . .	United States	6,000,000	5,843,540
			<u>101,879,101</u>
<b>Independent Power and Renewable Electricity Producers 0.5%</b>			
<sup>d</sup> Calpine Corp., Senior Note, 144A, 5.125%, 3/15/28 . . . . .	United States	5,000,000	4,797,017
Senior Secured Note, 144A, 4.5%, 2/15/28 . . . . .	United States	5,000,000	4,758,874
<sup>d</sup> Vistra Corp., Junior Sub. Bond, 144A, 7% to 12/14/26, FRN thereafter, Perpetual . . . . .	United States	7,800,000	7,693,686
			<u>17,249,577</u>
<b>Media 1.1%</b>			
<sup>d</sup> Clear Channel Outdoor Holdings, Inc., Senior Note, 144A, 7.75%, 4/15/28 . . . . .	United States	2,800,000	2,416,832
Senior Note, 144A, 7.5%, 6/01/29 . . . . .	United States	7,000,000	5,826,977
Senior Secured Note, 144A, 5.125%, 8/15/27 . . . . .	United States	6,000,000	5,731,541
DISH DBS Corp., Senior Note, 5.875%, 11/15/24 . . . . .	United States	5,500,000	5,162,012
<sup>d</sup> Senior Secured Note, 144A, 5.25%, 12/01/26 . . . . .	United States	1,500,000	1,287,938
<sup>d</sup> Stagwell Global LLC, Senior Note, 144A, 5.625%, 8/15/29 . . . . .	United States	5,000,000	4,604,662
<sup>d</sup> Univision Communications, Inc., Senior Secured Note, 144A, 5.125%, 2/15/25 . . . . .	United States	1,628,000	1,623,336
Senior Secured Note, 144A, 6.625%, 6/01/27 . . . . .	United States	8,500,000	8,482,981
			<u>35,136,279</u>
<b>Metals &amp; Mining 1.9%</b>			
<sup>d</sup> Alcoa Nederland Holding BV, Senior Note, 144A, 4.125%, 3/31/29 . . . . .	United States	8,500,000	7,894,533
ArcelorMittal SA, Senior Bond, 6.8%, 11/29/32 . . . . .	Luxembourg	12,000,000	12,985,446
<sup>d</sup> Cleveland-Cliffs, Inc., Senior Secured Note, 144A, 6.75%, 3/15/26 . . . . .	United States	5,000,000	5,024,715
<sup>d</sup> First Quantum Minerals Ltd., Senior Note, 144A, 8.625%, 6/01/31 . . . . .	Zambia	9,000,000	7,638,750
<sup>d</sup> FMG Resources August 2006 Pty. Ltd., Senior Bond, 144A, 4.375%, 4/01/31 . . . . .	Australia	6,000,000	5,496,563
Senior Note, 144A, 5.875%, 4/15/30 . . . . .	Australia	5,000,000	4,961,139
Freeport-McMoRan, Inc., Senior Bond, 4.625%, 8/01/30 . . . . .	United States	8,000,000	7,829,573

Franklin Income VIP Fund (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Corporate Bonds</b> (continued)			
<b>Metals &amp; Mining</b> (continued)			
<sup>d</sup> Glencore Funding LLC, Senior Bond, 144A, 2.5%, 9/01/30 . . . . .	Australia	10,000,000	\$8,587,331
			60,418,050
<b>Oil, Gas &amp; Consumable Fuels 2.0%</b>			
<sup>d</sup> Calumet Specialty Products Partners LP / Calumet Finance Corp., Senior Note, 144A, 11%, 4/15/25 . . . . .	United States	15,000,000	15,219,384
Senior Note, 144A, 8.125%, 1/15/27 . . . . .	United States	8,820,000	8,674,250
Senior Secured Note, 144A, 9.25%, 7/15/24 . . . . .	United States	5,185,000	5,204,314
<sup>d</sup> Chesapeake Energy Corp., Senior Note, 144A, 5.875%, 2/01/29 . .	United States	9,500,000	9,319,955
Occidental Petroleum Corp., Senior Bond, 6.625%, 9/01/30 . . . . .	United States	6,000,000	6,388,380
<sup>d</sup> Venture Global LNG, Inc., Senior Secured Note, 144A, 8.125%, 6/01/28 . . . . .	United States	6,500,000	6,570,246
Williams Cos., Inc. (The), Senior Bond, 3.5%, 11/15/30 . . . . .	United States	7,053,000	6,460,316
Senior Bond, 5.65%, 3/15/33 . . . . .	United States	5,000,000	5,226,347
			63,063,192
<b>Passenger Airlines 1.0%</b>			
<sup>d</sup> American Airlines, Inc., Senior Secured Note, 144A, 8.5%, 5/15/29	United States	5,000,000	5,283,120
<sup>d</sup> American Airlines, Inc. / AAdvantage Loyalty IP Ltd., Senior Secured Note, 144A, 5.5%, 4/20/26 . . . . .	United States	12,500,000	12,419,019
<sup>d</sup> Delta Air Lines, Inc. / SkyMiles IP Ltd., Senior Secured Note, 144A, 4.75%, 10/20/28 . . . . .	United States	13,687,000	13,468,750
			31,170,889
<b>Personal Care Products 0.2%</b>			
Haleon US Capital LLC, Senior Note, 3.625%, 3/24/32 . . . . .	United States	8,500,000	7,845,357
<b>Pharmaceuticals 2.0%</b>			
<sup>d</sup> 1375209 BC Ltd., Senior Secured Note, 144A, 9%, 1/30/28 . . . . .	Canada	6,374,000	6,220,100
<sup>d</sup> Bausch Health Cos., Inc., Senior Secured Note, 144A, 6.125%, 2/01/27 . . . . .	United States	12,000,000	8,112,720
Senior Secured Note, 144A, 11%, 9/30/28 . . . . .	United States	13,865,000	10,114,240
<sup>d</sup> Bayer US Finance II LLC, Senior Note, 144A, 4.25%, 12/15/25 . . .	Germany	11,000,000	10,723,910
<sup>d,h</sup> Endo Dac / Endo Finance LLC / Endo Finco, Inc., Senior Secured Note, 144A, 5.875%, 10/15/24 . . . . .	United States	4,500,000	2,891,250
<sup>d,h</sup> Par Pharmaceutical, Inc., Senior Secured Note, 144A, 8.5%, 4/01/27	United States	8,429,000	5,403,115
Teva Pharmaceutical Finance Netherlands III BV, Senior Note, 6.75%, 3/01/28 . . . . .	Israel	10,000,000	10,230,000
Utah Acquisition Sub, Inc., Senior Note, 3.95%, 6/15/26 . . . . .	United States	10,000,000	9,668,529
			63,363,864
<b>Semiconductors &amp; Semiconductor Equipment 1.0%</b>			
<sup>d</sup> Broadcom, Inc., Senior Bond, 144A, 2.45%, 2/15/31 . . . . .	United States	5,000,000	4,278,377
Senior Bond, 144A, 4.15%, 4/15/32 . . . . .	United States	10,000,000	9,434,395
Senior Note, 144A, 4%, 4/15/29 . . . . .	United States	5,000,000	4,829,786
Micron Technology, Inc., Senior Bond, 5.875%, 2/09/33 . . . . .	United States	4,000,000	4,160,153
Senior Note, 6.75%, 11/01/29 . . . . .	United States	8,000,000	8,650,623
			31,353,334
<b>Software 1.1%</b>			
Oracle Corp., Senior Bond, 3.25%, 11/15/27 . . . . .	United States	5,000,000	4,749,533
Senior Bond, 2.875%, 3/25/31 . . . . .	United States	15,000,000	13,294,827
Senior Bond, 6.25%, 11/09/32 . . . . .	United States	6,750,000	7,345,856

**Franklin Income VIP Fund** (continued)

	Country	Principal Amount <sup>1</sup>	Value
<b>Corporate Bonds</b> (continued)			
<b>Software</b> (continued)			
Workday, Inc., Senior Bond, 3.8%, 4/01/32 .....	United States	10,000,000	\$9,317,449
			<u>34,707,665</u>
<b>Specialized REITs 0.5%</b>			
American Tower Corp.,			
Senior Bond, 2.9%, 1/15/30 .....	United States	8,000,000	7,126,912
Senior Bond, 5.65%, 3/15/33 .....	United States	5,000,000	5,199,495
Crown Castle, Inc., Senior Bond, 3.3%, 7/01/30 .....	United States	5,000,000	4,486,405
			<u>16,812,812</u>
<b>Specialty Retail 0.4%</b>			
Lowe's Cos., Inc., Senior Bond, 5%, 4/15/33 .....	United States	13,000,000	13,282,126
<sup>d</sup> Michaels Cos., Inc. (The), Senior Secured Note, 144A, 5.25%, 5/01/28 .....	United States	1,300,000	1,028,729
			<u>14,310,855</u>
<b>Technology Hardware, Storage &amp; Peripherals 0.7%</b>			
Apple, Inc., Senior Bond, 3.35%, 8/08/32 .....	United States	8,000,000	7,523,206
HP, Inc.,			
Senior Bond, 5.5%, 1/15/33 .....	United States	10,000,000	10,269,979
Senior Note, 4%, 4/15/29 .....	United States	5,000,000	4,851,397
			<u>22,644,582</u>
<b>Tobacco 1.4%</b>			
BAT Capital Corp.,			
Senior Bond, 6.421%, 8/02/33 .....	United Kingdom	6,000,000	6,283,192
Senior Note, 3.557%, 8/15/27 .....	United Kingdom	30,000,000	28,649,832
Philip Morris International, Inc., Senior Note, 5.125%, 2/15/30 .....	United States	9,000,000	9,152,817
			<u>44,085,841</u>
<b>Trading Companies &amp; Distributors 1.1%</b>			
United Rentals North America, Inc.,			
Senior Bond, 4.875%, 1/15/28 .....	United States	12,800,000	12,505,727
<sup>d</sup> Senior Secured Note, 144A, 6%, 12/15/29 .....	United States	8,000,000	8,127,984
<sup>d</sup> WESCO Distribution, Inc., Senior Note, 144A, 7.125%, 6/15/25 .....	United States	14,000,000	14,112,588
			<u>34,746,299</u>
<b>Wireless Telecommunication Services 0.9%</b>			
Sprint LLC,			
Senior Note, 7.125%, 6/15/24 .....	United States	8,200,000	8,241,098
Senior Note, 7.625%, 3/01/26 .....	United States	7,500,000	7,840,140
T-Mobile USA, Inc.,			
Senior Bond, 5.2%, 1/15/33 .....	United States	7,500,000	7,691,879
Senior Note, 3.375%, 4/15/29 .....	United States	4,500,000	4,186,072
			<u>27,959,189</u>
<b>Total Corporate Bonds (Cost \$1,579,298,340) .....</b>			<b><u>1,564,175,155</u></b>
<b>U.S. Government and Agency Securities 11.3%</b>			
U.S. Treasury Bonds,			
3.375%, 8/15/42 .....	United States	15,000,000	13,381,347
3%, 8/15/52 .....	United States	40,000,000	32,721,875
3.625%, 5/15/53 .....	United States	42,500,000	39,302,539
4.125%, 8/15/53 .....	United States	21,000,000	21,232,969
U.S. Treasury Notes,			
4.375%, 10/31/24 .....	United States	50,000,000	49,789,108

Franklin Income VIP Fund (continued)

	Country	Principal Amount <sup>†</sup>	Value
<b>U.S. Government and Agency Securities (continued)</b>			
U.S. Treasury Notes, (continued)			
4.125%, 8/31/30 . . . . .	United States	15,000,000	\$15,191,602
2.875%, 5/15/32 . . . . .	United States	130,000,000	120,511,524
2.75%, 8/15/32 . . . . .	United States	75,000,000	68,705,566
<b>Total U.S. Government and Agency Securities (Cost \$369,511,473)</b> . . . . .			<b>360,836,530</b>
<b>Asset-Backed Securities 0.4%</b>			
<b>Passenger Airlines 0.4%</b>			
United Airlines Pass-Through Trust,			
2020-1, A, 5.875%, 10/15/27 . . . . .	United States	6,469,833	6,557,790
2023-1, A, 5.8%, 1/15/36 . . . . .	United States	6,300,000	6,413,449
			12,971,239
<b>Total Asset-Backed Securities (Cost \$12,769,833)</b> . . . . .			<b>12,971,239</b>
<b>Mortgage-Backed Securities 0.1%</b>			
<b>Federal National Mortgage Association (FNMA) Fixed Rate 0.1%</b>			
FNMA, 30 Year, 4%, 8/01/49 . . . . .	United States	1,449,899	1,398,695
<b>Total Mortgage-Backed Securities (Cost \$1,535,987)</b> . . . . .			<b>1,398,695</b>
<b>Total Long Term Investments (Cost \$2,944,257,925)</b> . . . . .			<b>3,052,238,205</b>
<b>Short Term Investments 3.3%</b>			
	Country	Shares	Value
<b>Money Market Funds 3.3%</b>			
<sup>h)</sup> Institutional Fiduciary Trust - Money Market Portfolio, 5.034% . . . . .	United States	104,664,771	104,664,771
<b>Total Money Market Funds (Cost \$104,664,771)</b> . . . . .			<b>104,664,771</b>
<b>Total Short Term Investments (Cost \$104,664,771)</b> . . . . .			<b>104,664,771</b>
<b>Total Investments (Cost \$3,048,922,696) 99.0%</b> . . . . .			<b>\$3,156,902,976</b>
<b>Options Written (0.0)%<sup>†</sup></b> . . . . .			<b>(299,000)</b>
<b>Other Assets, less Liabilities 1.0%</b> . . . . .			<b>33,594,229</b>
<b>Net Assets 100.0%</b> . . . . .			<b>\$3,190,198,205</b>
	Number of Contracts	Notional Amount <sup>‡</sup>	
<b><sup>k</sup>Options Written (0.0)%<sup>†</sup></b>			
<b>Calls - Exchange-Traded</b>			
<b>Equity Options</b>			
Charles Schwab Corp. (The), January Strike Price \$67.50, Expires 1/19/24 . . . . .	1,000	6,880,000	(299,000)
			(299,000)
<b>Total Options Written (Premiums received \$123,830)</b> . . . . .			<b>\$(299,000)</b>

**Franklin Income VIP Fund** (continued)

<sup>#</sup>Notional amount is the number of contracts multiplied by contract size, and may be multiplied by the underlying price. May include currency units, bushels, shares, pounds, barrels or other units. Currency units are stated in U.S. dollars unless otherwise indicated.

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

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

<sup>§</sup>A portion or all of the security is held in connection with written option contracts open at year end.

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

<sup>¶</sup>See Note 1(d) regarding equity-linked securities.

<sup>‡</sup>Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At December 31, 2023, the aggregate value of these securities was \$1,017,372,337, representing 31.9% of net assets.

<sup>¶</sup>A portion or all of the security is on loan at December 31, 2023. See Note 1(e).

<sup>†</sup>Perpetual security with no stated maturity date.

<sup>§</sup>The coupon rate shown represents the rate at period end.

<sup>||</sup>See Note 7 regarding credit risk and defaulted securities.

<sup>¶</sup>See Note 3(e) regarding investments in affiliated management investment companies.

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

<sup>¶</sup>See Note 1(c) regarding written options.

At December 31, 2023, the Fund had the following futures contracts outstanding. See Note 1(c).

**Futures Contracts**

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
<b>Interest rate contracts</b>					
U.S. Treasury 10 Year Notes . . . . .	Long	500	\$56,445,312	3/19/24	\$1,917,104
U.S. Treasury Ultra Bonds . . . . .	Long	437	58,380,469	3/19/24	5,681,641
Total Futures Contracts . . . . .					\$7,598,745

\*As of period end.

See Note 8 regarding other derivative information.

See Abbreviations on page 35.



## Statement of Assets and Liabilities

December 31, 2023

**Franklin Income  
VIP Fund**

Assets:

Investments in securities:

Cost - Unaffiliated issuers . . . . .	\$2,944,257,925
Cost - Non-controlled affiliates (Note 3e) . . . . .	104,664,771
Value - Unaffiliated issuers (Includes securities loaned of \$3,585,932) . . . . .	\$3,052,238,205
Value - Non-controlled affiliates (Note 3e) . . . . .	104,664,771
Cash . . . . .	59,667

Receivables:

Capital shares sold . . . . .	2,925,119
Dividends and interest . . . . .	27,991,666
European Union tax reclaims (Note 1f) . . . . .	1,978,430
Deposits with brokers for:	
Futures contracts . . . . .	3,859,300
Total assets . . . . .	3,193,717,158

Liabilities:

Payables:

Capital shares redeemed . . . . .	1,045,891
Management fees . . . . .	1,191,234
Distribution fees . . . . .	632,439
Trustees' fees and expenses . . . . .	3,865
Variation margin on futures contracts . . . . .	232,156
Options written, at value (premiums received \$123,830) . . . . .	299,000
Accrued expenses and other liabilities . . . . .	114,368
Total liabilities . . . . .	3,518,953
Net assets, at value . . . . .	\$3,190,198,205

Net assets consist of:

Paid-in capital . . . . .	\$2,920,886,142
Total distributable earnings (losses) . . . . .	269,312,063
Net assets, at value . . . . .	\$3,190,198,205

**Franklin Income  
VIP Fund**

**Class 1:**

Net assets, at value . . . . .	\$291,326,387
Shares outstanding . . . . .	19,537,201
Net asset value and maximum offering price per share . . . . .	\$14.91

**Class 2:**

Net assets, at value . . . . .	\$2,546,077,493
Shares outstanding . . . . .	179,327,176
Net asset value and maximum offering price per share . . . . .	\$14.20

**Class 4:**

Net assets, at value . . . . .	\$352,794,325
Shares outstanding . . . . .	24,050,658
Net asset value and maximum offering price per share . . . . .	\$14.67

## Statement of Operations

for the year ended December 31, 2023

	<b>Franklin Income VIP Fund</b>
<b>Investment income:</b>	
Dividends: (net of foreign taxes of \$167,295)	
Unaffiliated issuers . . . . .	\$27,995,081
Non-controlled affiliates (Note 3e) . . . . .	2,237,187
Interest:	
Unaffiliated issuers . . . . .	119,204,063
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates) . . . . .	8,134
Non-controlled affiliates (Note 3e) . . . . .	194,437
Other income (Note 1f) . . . . .	206,060
Total investment income . . . . .	<u>149,844,962</u>
<b>Expenses:</b>	
Management fees (Note 3a) . . . . .	14,302,159
Distribution fees: (Note 3c)	
Class 2 . . . . .	6,319,766
Class 4 . . . . .	1,173,595
Custodian fees (Note 4) . . . . .	20,175
Reports to shareholders fees . . . . .	25,600
Professional fees . . . . .	73,249
Trustees' fees and expenses . . . . .	41,733
Interest expense . . . . .	8,971
Other . . . . .	27,044
Total expenses . . . . .	<u>21,992,292</u>
Expense reductions (Note 4) . . . . .	(9,975)
Expenses waived/paid by affiliates (Note 3e) . . . . .	<u>(190,157)</u>
Net expenses . . . . .	<u>21,792,160</u>
Net investment income . . . . .	<u>128,052,802</u>
<b>Realized and unrealized gains (losses):</b>	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers . . . . .	53,612,056
Written options . . . . .	513,433
Foreign currency transactions . . . . .	22,125
Futures contracts . . . . .	<u>(10,629,499)</u>
Net realized gain (loss) . . . . .	<u>43,518,115</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers . . . . .	73,857,566
Translation of other assets and liabilities denominated in foreign currencies . . . . .	61,225
Written options . . . . .	(175,170)
Futures contracts . . . . .	<u>7,860,193</u>
Net change in unrealized appreciation (depreciation) . . . . .	<u>81,603,814</u>
Net realized and unrealized gain (loss) . . . . .	<u>125,121,929</u>
Net increase (decrease) in net assets resulting from operations . . . . .	<u>\$253,174,731</u>

## Statements of Changes in Net Assets

	Franklin Income VIP Fund	
	Year Ended December 31, 2023	Year Ended December 31, 2022
Increase (decrease) in net assets:		
Operations:		
Net investment income . . . . .	\$128,052,802	\$118,081,375
Net realized gain (loss) . . . . .	43,518,115	239,032,131
Net change in unrealized appreciation (depreciation) . . . . .	81,603,814	(551,797,026)
Net increase (decrease) in net assets resulting from operations . . . . .	253,174,731	(194,683,520)
Distributions to shareholders:		
Class 1 . . . . .	(30,336,593)	(15,259,288)
Class 2 . . . . .	(289,624,489)	(187,850,088)
Class 4 . . . . .	(36,680,873)	(21,816,089)
Total distributions to shareholders . . . . .	(356,641,955)	(224,925,465)
Capital share transactions: (Note 2)		
Class 1 . . . . .	79,739,805	4,063,250
Class 2 . . . . .	86,181,715	(129,750,272)
Class 4 . . . . .	36,884,838	32,673,363
Total capital share transactions . . . . .	202,806,358	(93,013,659)
Net increase (decrease) in net assets . . . . .	99,339,134	(512,622,644)
Net assets:		
Beginning of year . . . . .	3,090,859,071	3,603,481,715
End of year . . . . .	\$3,190,198,205	\$3,090,859,071

# Notes to Financial Statements

## Franklin Income 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 Income VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

#### a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the 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.

Equity securities 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.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

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

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 Income 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.

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.

The Fund entered into exchange traded futures contracts primarily to manage and/or gain exposure to interest rate risk. A futures contract is an agreement between the Fund

## Franklin Income VIP Fund (continued)

### 1. Organization and Significant Accounting Policies

(continued)

#### c. Derivative Financial Instruments (continued)

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.

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

See Note 8 regarding other derivative information.

#### d. Equity-Linked Securities

The Fund invests in equity-linked securities. Equity-linked securities are hybrid financial instruments that generally combine both debt and equity characteristics into a single note form. Income received from equity-linked securities is recorded as realized gains in the Statement of Operations and may be based on the performance of an underlying equity security, an equity index, or an option position. The risks of investing in equity-linked securities include unfavorable price movements in the underlying security and the credit risk of the issuing financial institution. There may be no guarantee of a return of principal with equity-linked securities and the appreciation potential may be limited. Equity-linked securities may be more volatile and less liquid than other investments held by the Fund.

#### e. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government

and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund, and/or a joint repurchase agreement. Additionally, at December 31, 2023, the Fund held \$3,731,413 in U.S. Government and Agency securities as collateral. These securities are held as collateral in segregated accounts with the Fund's custodian. The Fund cannot repledge or resell these securities held as collateral. As such, the non-cash collateral is excluded from the Statement of Assets and Liabilities. The Fund may receive income from the investment of cash collateral, in addition to lending fees and rebates paid by the borrower. Income from securities loaned, net of fees paid to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower.

#### f. 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

**Franklin Income VIP Fund** (continued)**1. Organization and Significant Accounting Policies**  
(continued)**f. Income and Deferred Taxes** (continued)

estimated deferred tax liability in an amount that would be payable if the securities were disposed of on the valuation date.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. Any fees associated with these filings are reflected in other expenses in the Statement of Operations. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, when EU reclaims are received by the Fund and the Fund previously passed foreign tax credit on to its shareholders, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund's shareholders.

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 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.

**g. Security Transactions, Investment Income, Expenses and Distributions**

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Paydown gains and losses are recorded as an adjustment to interest income. 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.

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.

**h. 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.

**i. 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 Income 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	
	Shares	Amount	Shares	Amount
<b>Class 1 Shares:</b>				
Shares sold	4,435,576	\$69,037,803	948,516	\$15,139,114
Shares issued in reinvestment of distributions	2,131,876	30,336,593	1,008,545	15,259,288
Shares redeemed	(1,343,537)	(19,634,591)	(1,594,689)	(26,335,152)
Net increase (decrease)	5,223,915	\$79,739,805	362,372	\$4,063,250
<b>Class 2 Shares:</b>				
Shares sold	15,216,333	\$219,586,688	15,467,143	\$244,219,618
Shares issued in reinvestment of distributions	21,342,998	289,624,489	12,955,179	187,850,088
Shares redeemed	(30,047,143)	(423,029,462)	(36,169,026)	(561,819,978)
Net increase (decrease)	6,512,188	\$86,181,715	(7,746,704)	\$(129,750,272)
<b>Class 4 Shares:</b>				
Shares sold	3,250,508	\$47,488,287	4,620,551	\$74,558,532
Shares issued in reinvestment of distributions	2,614,460	36,680,873	1,461,225	21,816,089
Shares redeemed	(3,259,803)	(47,284,322)	(3,991,594)	(63,701,258)
Net increase (decrease)	2,605,165	\$36,884,838	2,090,182	\$32,673,363

**3. Transactions with Affiliates**

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

Subsidiary	Affiliation
Franklin Advisers, Inc. (Advisers)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	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 based on the average daily net assets of the Fund as follows:

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



**Franklin Income VIP Fund** (continued)

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

**a. Management Fees** (continued)

For the year ended December 31, 2023, the gross effective investment management fee rate was 0.458% of the Fund's average daily net assets.

**b. Administrative Fees**

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

**c. Distribution Fees**

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

**d. Transfer Agent Fees**

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

**e. Investments in Affiliated Management Investment Companies**

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended December 31, 2023, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
<b>Franklin Income VIP Fund</b>								
<b>Non-Controlled Affiliates</b>								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 5.034%	\$46,402,687	\$744,693,826	\$(686,431,742)	\$—	\$—	\$104,664,771	104,664,771	\$2,237,187
<b>Non-Controlled Affiliates</b>								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 5.034%	\$11,170,000	\$37,369,000	\$(48,539,000)	\$—	\$—	\$—	—	\$194,437
<b>Total Affiliated Securities . . .</b>	<b>\$57,572,687</b>	<b>\$782,062,826</b>	<b>\$(734,970,742)</b>	<b>\$—</b>	<b>\$—</b>	<b>\$104,664,771</b>		<b>\$2,431,624</b>

**Franklin Income 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 July 10, 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 . . . . .	\$161,446,155	\$224,925,465
Long term capital gain . . . . .	195,195,800	—
	\$356,641,955	\$224,925,465

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 . . . . .	\$3,061,779,987
Unrealized appreciation . . . . .	\$254,250,884
Unrealized depreciation . . . . .	(151,828,150)
Net unrealized appreciation (depreciation) . . . . .	\$102,422,734
Distributable earnings:	
Undistributed ordinary income . . . . .	\$159,764,932
Undistributed long term capital gains . . . . .	5,127,655
Total distributable earnings . . . . .	\$164,892,587

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of EU reclaims, derivative financial instruments and equity-linked securities.

**6. Investment Transactions**

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2023, aggregated \$1,065,186,568 and \$1,134,613,493, respectively.

**7. Credit Risk and Defaulted Securities**

At December 31, 2023, the Fund had 22.2% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

The Fund held defaulted securities and/or other securities for which the income has been deemed uncollectible. At December 31, 2023, the aggregate value of these securities was \$8,294,365, representing 0.3% of the Fund's net assets. The Fund discontinues accruing income on securities for which income has been deemed uncollectible and provides an estimate for losses on interest receivable. The securities have been identified in the accompanying Schedule of Investments.

**Franklin Income VIP Fund** (continued)

**8. 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 Income VIP Fund</b>				
Interest rate contracts . . . . .	Variation margin on futures contracts	\$7,598,745 <sup>a</sup>	Variation margin on futures contracts	\$—
Equity contracts . . . . .	Investments in securities, at value	—	Options written, at value	299,000
Total . . . . .		<u>\$7,598,745</u>		<u>\$299,000</u>

<sup>a</sup>This amount reflects the cumulative appreciation (depreciation) of futures contracts as reported in the Schedule of Investments. Only the variation margin receivable/payable at year end is separately reported within the Statement of Assets and Liabilities. Prior variation margin movements were recorded to cash upon receipt or payment.

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 Income VIP Fund</b>				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts . . . . .	Futures contracts	\$(10,629,499)	Futures contracts	\$7,860,193
Equity Contracts . . . . .	Written options	513,433	Written options	(175,170)
Total . . . . .		<u>\$(10,116,066)</u>		<u>\$7,685,023</u>

For the year ended December 31, 2023, the average month end notional amount of futures contracts and options represented \$150,934,303 and \$48,077, respectively.

See Note 1(c) regarding derivative financial instruments.

**9. 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.

**Franklin Income VIP Fund** (continued)

**9. Credit Facility** (continued)

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.

**10. 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 Income VIP Fund</b>				
<b>Assets:</b>				
Investments in Securities:				
Common Stocks . . . . .	\$790,777,963	\$—	\$—	\$790,777,963
Equity-Linked Securities . . . . .	—	317,756,123	—	317,756,123
Convertible Preferred Stocks . . . . .	—	4,322,500	—	4,322,500
Corporate Bonds . . . . .	—	1,564,175,155	—	1,564,175,155
U.S. Government and Agency Securities . . . . .	—	360,836,530	—	360,836,530
Asset-Backed Securities . . . . .	—	12,971,239	—	12,971,239
Mortgage-Backed Securities . . . . .	—	1,398,695	—	1,398,695
Short Term Investments . . . . .	104,664,771	—	—	104,664,771
Total Investments in Securities . . . . .	\$895,442,734	\$2,261,460,242	\$—	\$3,156,902,976
Other Financial Instruments:				
Futures contracts . . . . .	\$7,598,745	\$—	\$—	\$7,598,745
Total Other Financial Instruments . . . . .	\$7,598,745	\$—	\$—	\$7,598,745
<b>Liabilities:</b>				
Other Financial Instruments:				
Options written . . . . .	\$299,000	\$—	\$—	\$299,000
Total Other Financial Instruments . . . . .	\$299,000	\$—	\$—	\$299,000

**11. Subsequent Events**

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

**Franklin Income VIP Fund** (continued)

**Abbreviations**

**Selected Portfolio**

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<b>ADR</b>	American Depositary Receipt
<b>FNMA</b>	Federal National Mortgage Association
<b>FRN</b>	Floating Rate Note
<b>REIT</b>	Real Estate Investment Trust
<b>SOFR</b>	Secured Overnight Financing Rate

## Report of Independent Registered Public Accounting Firm

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

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

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Franklin Income 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 five years in the period ended December 31, 2023 (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 five years in the period ended December 31, 2023 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 Income 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)	\$195,195,800
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$24,210,875
Interest Earned from Federal Obligations	Note (1)	\$12,894,240

Note (1) - The Law varies in each state as to whether and what percentage of dividend income attributable to Federal obligations is exempt from state income tax. Shareholders are advised to consult with their tax advisors to determine if any portion of the dividends received is exempt from state income taxes.

## 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 Income VIP Fund**

**Investment Manager**  
Franklin Advisers, Inc.

**Fund Administrator**  
Franklin Templeton Services, LLC

**Distributor**  
Franklin  
Distributors, LLC