ANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

December 31, 2022

FRANKLIN TEMPLETON

Franklin Templeton Variable Insurance Products Trust Annual Report

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Not FDIC Insured | May Lose Value | No Bank Guarantee

Important Notes to Performance Information

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

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

Franklin Mutual Global Discovery VIP Fund

This annual report for Franklin Mutual Global Discovery VIP Fund covers the fiscal year ended December 31, 2022.

Class 2 Performance Summary as of December 31, 2022

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

Share Class	Average Annual Total Return
2	
1-Year	-4.75%
5-Year	+3.66%
10-Year	+6.60%

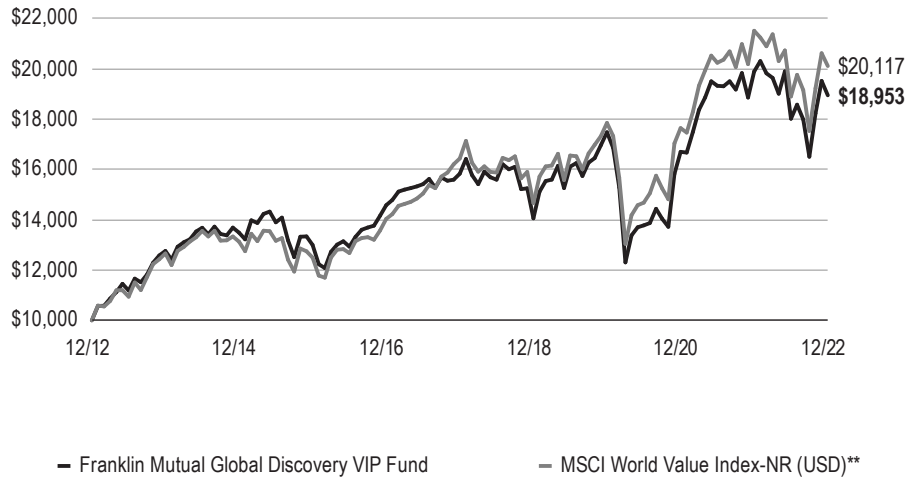
*The total annual operating expenses are as of the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns.

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

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

Total Return Index Comparison for a Hypothetical $10,000 Investment (12/31/12–12/31/22)

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



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

Franklin Mutual Global Discovery VIP Fund

Fund Goal and Main Investments

The Fund seeks capital appreciation. Under normal market conditions, the Fund invests primarily in equity securities of U.S. and foreign companies that we believe are available at market prices less than their fundamental value. The equity securities in which the Fund invests are primarily common stock, with a current focus on mid- and large cap companies. To a lesser extent, the Fund also invests in merger arbitrage securities and the debt and equity of distressed companies. The Fund may invest substantially and potentially up to 100% of its assets in foreign securities, which may include sovereign debt and participations in foreign government debt.

Fund Risks

All investments involve risks, including possible loss of principal. Events such as the spread of deadly diseases, disasters, and financial, political or social disruptions, may heighten risks and adversely affect performance. Value securities may not increase in price as anticipated, or may decline further in value. The Fund's investments in foreign securities involve certain risks including currency fluctuations, and economic and political uncertainties. Smaller company stocks have exhibited greater price volatility than larger company stocks, particularly over the short term. The Fund's investments in companies engaged in mergers, reorganizations or liquidations also involve special risks as pending deals may not be completed on time or on favorable terms. The Fund may invest in lower rated bonds, which entail higher credit risk. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The manager's portfolio selection strategy is not solely based on ESG considerations, and therefore the issuers in which the Fund invests may not be considered ESG-focused companies. Integrating ESG considerations into the investment process is not a guarantee that better performance will be achieved. The Fund's prospectus also includes a description of the main investment risks.

Russia's military invasion of Ukraine in February 2022, the resulting responses by the United States and other countries, and the potential for wider conflict could increase volatility and uncertainty in the financial markets and adversely affect regional and global economies. The United States and other countries have imposed broad-ranging economic sanctions on Russia and certain Russian individuals, banking entities and corporations as a response to its invasion of Ukraine. The United States and other countries have also imposed economic sanctions on Belarus and may impose sanctions on other countries that support Russia's military invasion. These sanctions, as well as any other economic consequences related to the invasion, such as additional sanctions, boycotts or changes in consumer or purchaser preferences or cyberattacks on governments, companies or individuals, may further decrease the value and liquidity of certain Russian securities and securities of issuers in other countries that are subject to economic sanctions related to the invasion.

Performance Overview

You can find the Fund's one-year total return in the Performance Summary. In comparison, the Fund's benchmark, the MSCI World Value Index-NR (USD) posted a -6.52% total return for the period under review.[1]

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI All Country World Index-NR, posted a -18.36% total return for the 12 months ended December 31, 2022.[1] The combination of resilient consumer demand and persistent supply-chain disruptions contributed to higher inflation in many countries. This inflationary pressure led many of the world's central banks to adopt less accommodative monetary policy in 2022, which hindered stocks and the outlook for economic growth. Russia's invasion of Ukraine and the subsequent escalation of the war also increased investor uncertainty, as international sanctions on Russia disrupted global trade and commodity markets. Meanwhile, shifting public health policy in China added volatility to the global economy, as lockdowns early in the period to quell the spread of the Omicron variant of COVID-19 slowed economic activity, while widespread protests late in the period led the government to relax its strict "zero-COVID" policy.

In the U.S., gross domestic product (GDP) expanded in the second half of the calendar year, recovering from a slight contraction in the first half of the year when high inflation, supply constraints and record trade deficits weighed on economic output. Rising prices precipitated a notable decline in consumer confidence despite high spending levels, robust job growth and low unemployment. In an effort to control inflation, the U.S. Federal Reserve (Fed) raised the federal

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

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).

funds target rate in March 2022 for the first time since 2018. The Fed raised the federal funds rate again at its subsequent six meetings to end the period at a range of 4.25%–4.50%. Furthermore, the Fed said it would continue to reduce its bond holdings and anticipated additional interest-rate increases at future meetings to curtail inflation.

Geographic Composition
12/31/22

	% of Total Net Assets
United States	54.5%
Germany	10.1%
United Kingdom	5.8%
France	5.4%
Japan	4.8%
Netherlands	3.7%
Israel	2.5%
Switzerland	2.5%
Ireland	2.4%
Australia	2.2%
South Korea	1.6%
Canada	1.5%
Spain	1.2%
Other*	0.0%
Short-Term Investments & Other Net Assets	1.8%

*Rounds to less than 0.1% of net assets.

Economic growth in the eurozone decelerated to a slightly positive growth rate during the year. The lifting of COVID-related restrictions in some European countries and the summer tourism season strengthened economies. However, the war in Ukraine disrupted supply chains, weakened the economic outlook and contributed to record high inflation across the eurozone, as energy prices soared. Electricity prices hit record highs in Germany and France as coal futures and natural gas prices climbed. Consequently, the European Central Bank raised interest rates in July 2022 for the first time in 11 years to curtail growing inflation and raised rates in three subsequent meetings. In this environment, European developed market equities, as measured by the MSCI Europe Index-NR, posted a -15.06% total return for the 12 months under review.[1]

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR, posted a -18.61% total return for the 12-month period.[1] Growth in Japan remained slow, alternating between positive quarterly GDP growth and contraction. China's economy contracted sharply in 2022 as COVID-related restrictions in many major cities, including Shanghai, weakened consumer demand. Investor concerns about the solvency of several large property developers in China further pressured stocks in that country.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR, posted a -20.09% total return for the 12 months under review.[1] Central bank tightening, the threat of recession, and weakening demand for semiconductors in technology-heavy countries contributed to the downturn. Following Russia's invasion of Ukraine, climbing food and energy prices kindled inflationary pressures and raised concerns over the possibility of government debt defaults in some countries. However, some emerging economies, particularly in Latin America, as well as South Africa and Saudi Arabia, benefited from rising commodity prices.

Top 10 Industries
12/31/22

	% of Total Net Assets
Health Care Providers & Services	7.6%
Banks	7.6%
Pharmaceuticals	6.4%
Insurance	6.0%
Oil, Gas & Consumable Fuels	5.8%
IT Services	4.9%
Food Products	4.3%
Entertainment	3.1%
Technology Hardware, Storage & Peripherals	2.8%
Automobiles	2.8%

Investment Strategy

At Franklin Mutual Advisors, we are committed to our distinctive value approach to investing. Our major investment strategy is investing in undervalued stocks. When selecting undervalued equities, we are attracted to what we believe are fundamentally strong companies with healthy balance sheets, high-quality assets, substantial free cash flow and shareholder-oriented management teams and whose stocks are trading at discounts to our assessment of the companies' fundamental or business value. We also look for asset-rich companies whose shares may be trading at depressed levels due to concerns over short-term earnings disappointments, litigation, management strategy or other perceived negatives. While the vast majority of our undervalued equity and debt investments are made in publicly traded companies globally, we may invest occasionally in privately held companies as well.

We complement this more traditional investment strategy with two others. One is distressed investing, which is complex and can take many forms. The most common distressed investment the Fund undertakes is the purchase of financially troubled or bankrupt companies' debt at a substantial discount to face value. After the financially distressed company is reorganized, often in bankruptcy court, the old debt is typically replaced with new securities issued by the financially stronger company.

The other piece of our investment strategy is participating in arbitrage situations, another highly specialized field. When companies announce proposed mergers or takeovers, commonly referred to as deals, the target company may trade at a discount to the bid it ultimately accepts. One form of arbitrage involves purchasing the target company's stock when it is trading below the value we believe it would receive in a deal. In keeping with our commitment to a relatively conservative investment approach, we typically focus our arbitrage efforts on announced deals, and eschew rumored deals or other situations we consider relatively risky.

In addition, it is our practice to hedge the Fund's currency exposure when we deem it advantageous for our shareholders.

Manager's Discussion

Stock selection in the financials and consumer staples sectors, as well as an underweight in real estate, contributed to relative returns during 2022. Conversely, stock selection and an overweight in communication services, as well as stock selection in materials and energy curbed relative results.

Top positive contributors to performance relative to the Fund's benchmark index during the 12-month period included BP, Canadian Natural Resources and Williams.

U.K.-based global integrated oil company BP contributed to relative returns, as it delivered repeated, strong earnings reports driven by positive results in its refining, trading, and retail businesses, along with the benefit of higher commodity prices. Results at its natural gas business were also ahead of expectations. BP continues to pay down debt and use its excess cash to buy back shares, while also hiking its dividend 10%, and it continues to execute on transforming the company into an integrated energy company.

Canadian Natural Resources, an oil and gas company, bolstered relative performance during the period as rising oil prices supported the sector. The company further benefited from robust earnings and news it was raising its dividend significantly. Canadian Natural Resources generates significant amounts of excess free cash flow and is highly disciplined with its capital. Its carbon footprint also is improving faster than generally perceived. During the year, we sold the position given the strength in the share price.

Energy infrastructure company Williams was a significant relative contributor, amid improving investor sentiment toward the energy sector. Greater appreciation of both continued growth prospects and the strong contribution Williams' assets can make to decarbonization also benefited the company's share price performance. Additionally, Williams stands to benefit from an expected increase in liquid natural gas exports from the United States as efforts to reduce Europe's reliance on Russian gas take hold. Williams generates good free cash flow, financial results tend to be stable, and it is our opinion the reinvestment opportunities have been underappreciated.

Top 10 Holdings
12/31/22

Company *Industry, Country*	% of Total Net Assets
BP plc *Oil, Gas & Consumable Fuels, United Kingdom*	2.7%
Deutsche Telekom AG *Diversified Telecommunication Services, Germany*	2.6%
Novartis AG *Pharmaceuticals, Switzerland*	2.5%
AerCap Holdings NV *Trading Companies & Distributors, Ireland*	2.4%
Parker-Hannifin Corp. *Machinery, United States*	2.4%
Kraft Heinz Co. (The) *Food Products, United States*	2.3%
Siemens AG *Industrial Conglomerates, Germany*	2.3%
Schlumberger Ltd. *Energy Equipment & Services, United States*	2.3%
Willis Towers Watson plc *Insurance, United States*	2.2%
DR Horton, Inc. *Household Durables, United States*	2.2%

During the 12-month period, investments that detracted from relative Fund performance included Charter Communications, Walt Disney and Western Digital.

Charter Communications, a U.S.-based cable company, hampered relative results for the year. Its financial results showed weak broadband subscriber growth and the company announced in December 2022 that capital spending would be higher than previous forecasts over the next three years, reducing free cash flow. The company is unlikely to see revenue growth or operating expense savings to offset the higher capital spending. Over the longer term, we expect to see improved subscriber growth trends driving

higher revenue and free cash flow growth. We anticipate Charter's share price appreciation will depend on growth in subscribers, revenue, and earnings before interest, taxes, depreciation and amortization (EBITDA) over the next few years.

Also in the communication services sector, Walt Disney, a media and entertainment company, was a detractor in 2022, following disappointing quarterly results late in the year. The company saw higher losses at its direct-to-consumer (DTC) business and lower operating income at its theme parks. Disney believes losses have peaked in its DTC business, while its parks business saw higher expenses but also record high attendance and guest spending. Forward bookings continued to be strong. In November 2022, following the earnings report, Disney announced that it would be bringing back Bob Iger as chief executive officer.

Western Digital, a hard drive and data storage company, was a relative detractor. The company's near-term outlook was much weaker than analysts' expectations in its latest quarter, and order cuts in its consumer-focused businesses as well as weaker pricing negatively impacted revenues and margins. We believe the tougher macroeconomic conditions will hinder results over the next few quarters.

During the period, the Fund held currency forwards and futures, seeking to hedge a significant portion of the currency risk in the portfolio. The hedges had a positive overall impact on the Fund's performance as the dollar rose against most currencies during the period.

Thank you for your participation in Franklin Mutual Global Discovery 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, 2022, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Class 2 Fund Expenses

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

Actual Fund Expenses

The table below provides information about the actual account values and actual expenses in the columns under the heading "Actual." In these columns the Fund's actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the "Ending Account Value." You can estimate the Fund-level expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by $1,000 (*if your account had an $8,600 value, then $8,600 ÷ $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 x $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.

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	**Beginning Account Value 7/1/22**	**Ending Account Value 12/31/22**	**Fund-Level Expenses Paid During Period 7/1/22–12/31/22[1,2]**	**Ending Account Value 12/31/22**	**Fund-Level Expenses Paid During Period 7/1/22–12/31/22[1,2]**	**Net Annualized Expense Ratio[2]**
2	$1,000	$1,051.70	$5.61	$1,019.74	$5.52	1.08%

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 Mutual Global Discovery VIP Fund

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Class 1					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$20.32	$17.50	$19.17	$17.47	$20.38
Income from investment operations[a]:					
Net investment income[b]	0.39	0.25	0.57[c]	0.43	0.36
Net realized and unrealized gains (losses)	(1.53)	3.14	(1.52)	3.64	(2.50)
Total from investment operations	(1.14)	3.39	(0.95)	4.07	(2.14)
Less distributions from:					
Net investment income	(0.32)	(0.57)	(0.42)	(0.37)	(0.52)
Net realized gains	(1.58)	—	(0.30)	(2.00)	(0.25)
Total distributions	(1.90)	(0.57)	(0.72)	(2.37)	(0.77)
Net asset value, end of year	$17.28	$20.32	$17.50	$19.17	$17.47
Total return[d]	(4.52)%	19.43%	(4.22)%	24.71%	(11.01)%
Ratios to average net assets					
Expenses[e,f,g]	0.89%	0.98%	0.97%	0.94%	0.96%
Expenses - incurred in connection with securities sold short	—%[h]	0.02%	0.01%	0.02%	0.01%
Net investment income	2.05%	1.29%	3.57%[c]	2.22%	1.81%
Supplemental data					
Net assets, end of year (000's)	$3,851	$4,166	$3,788	$3,878	$3,282
Portfolio turnover rate	55.49%	41.58%	34.79%	21.82%	29.84%

[a]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.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.24 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.07%.
[d]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.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Includes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).
[h]Rounds to less than 0.01%.

Franklin Mutual Global Discovery VIP Fund (continued)

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Class 2					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$19.61	$16.91	$18.54	$16.96	$19.80
Income from investment operations[a]:					
Net investment income[b]	0.33	0.20	0.51[c]	0.37	0.30
Net realized and unrealized gains (losses)	(1.48)	3.02	(1.47)	3.53	(2.42)
Total from investment operations	(1.15)	3.22	(0.96)	3.90	(2.12)
Less distributions from:					
Net investment income	(0.26)	(0.52)	(0.37)	(0.32)	(0.47)
Net realized gains	(1.58)	—	(0.30)	(2.00)	(0.25)
Total distributions	(1.84)	(0.52)	(0.67)	(2.32)	(0.72)
Net asset value, end of year	$16.62	$19.61	$16.91	$18.54	$16.96
Total return[d]	(4.75)%	19.13%	(4.46)%	24.37%	(11.22)%
Ratios to average net assets					
Expenses[e,f,g]	1.14%	1.22%	1.22%	1.19%	1.21%
Expenses - incurred in connection with securities sold short	—%[h]	0.02%	0.01%	0.02%	0.01%
Net investment income	1.80%	1.05%	3.33%[c]	1.97%	1.56%
Supplemental data					
Net assets, end of year (000's)	$398,802	$477,214	$467,653	$539,759	$500,607
Portfolio turnover rate	55.49%	41.58%	34.79%	21.82%	29.84%

[a]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.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.24 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.83%.
[d]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.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Includes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).
[h]Rounds to less than 0.01%.

Franklin Mutual Global Discovery VIP Fund (continued)

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Class 4					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	$20.12	$17.34	$18.98	$17.30	$20.17
Income from investment operations[a]:					
Net investment income[b]	0.32	0.19	0.51[c]	0.36	0.29
Net realized and unrealized gains (losses)	(1.51)	3.09	(1.50)	3.61	(2.47)
Total from investment operations	(1.19)	3.28	(0.99)	3.97	(2.18)
Less distributions from:					
Net investment income	(0.23)	(0.50)	(0.35)	(0.29)	(0.44)
Net realized gains	(1.58)	—	(0.30)	(2.00)	(0.25)
Total distributions	(1.81)	(0.50)	(0.65)	(2.29)	(0.69)
Net asset value, end of year	$17.12	$20.12	$17.34	$18.98	$17.30
Total return[d]	(4.85)%	18.98%	(4.54)%	24.28%	(11.31)%
Ratios to average net assets					
Expenses[e,f,g]	1.25%	1.32%	1.32%	1.29%	1.31%
Expenses - incurred in connection with securities sold short	—%[h]	0.02%	0.01%	0.02%	0.01%
Net investment income	1.71%	0.95%	3.22%[c]	1.87%	1.46%
Supplemental data					
Net assets, end of year (000's)	$20,123	$25,930	$26,688	$30,865	$30,094
Portfolio turnover rate	55.49%	41.58%	34.79%	21.82%	29.84%

[a]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.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.24 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.72%.
[d]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.
[e]Benefit of expense reduction rounds to less than 0.01%.
[f]Benefit of waiver and payments by affiliates rounds to less than 0.01%.
[g]Includes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(d).
[h]Rounds to less than 0.01%.

Schedule of Investments, December 31, 2022

Franklin Mutual Global Discovery VIP Fund

	Country	Shares	Value
Common Stocks 96.3%			
Aerospace & Defense 1.8%			
Airbus SE	France	63,047	$7,496,096
Auto Components 1.7%			
Denso Corp.	Japan	142,872	7,004,016
[a,b,c] International Automotive Components Group Brazil LLC	Brazil	424,073	14,927
			7,018,943
Automobiles 1.5%			
General Motors Co.	United States	187,978	6,323,580
Banks 7.6%			
CaixaBank SA.	Spain	1,297,971	5,088,838
First Horizon Corp.	United States	125,693	3,079,478
ING Groep NV	Netherlands	615,032	7,491,456
JPMorgan Chase & Co.	United States	66,966	8,980,141
Wells Fargo & Co.	United States	179,033	7,392,273
			32,032,186
Building Products 2.0%			
Johnson Controls International plc	United States	134,170	8,586,880
Capital Markets 2.1%			
BlackRock, Inc.	United States	12,407	8,791,972
Chemicals 1.9%			
[d] Covestro AG, 144A, Reg S	Germany	207,548	8,084,873
Consumer Finance 0.5%			
Capital One Financial Corp.	United States	23,820	2,214,307
Diversified Financial Services 2.1%			
[e] Voya Financial, Inc.	United States	146,195	8,989,531
Diversified Telecommunication Services 2.6%			
Deutsche Telekom AG	Germany	552,902	11,000,348
Electrical Equipment 1.5%			
Mitsubishi Electric Corp.	Japan	654,693	6,485,090
Energy Equipment & Services 2.3%			
Schlumberger Ltd.	United States	179,446	9,593,183
Entertainment 3.1%			
Activision Blizzard, Inc.	United States	109,659	8,394,396
[b] Walt Disney Co. (The)	United States	54,343	4,721,320
			13,115,716
Food Products 4.3%			
Danone SA	France	160,348	8,450,864
Kraft Heinz Co. (The)	United States	237,959	9,687,311
			18,138,175
Health Care Equipment & Supplies 1.8%			
Medtronic plc	United States	99,787	7,755,446
Health Care Providers & Services 7.6%			
CVS Health Corp.	United States	95,573	8,906,448
Elevance Health, Inc.	United States	14,607	7,492,953
Fresenius SE & Co. KGaA.	Germany	310,528	8,673,238

Franklin Mutual Global Discovery VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Health Care Providers & Services (continued)			
Humana, Inc.	United States	13,792	$7,064,124
			32,136,763
Household Durables 2.2%			
DR Horton, Inc.	United States	104,537	9,318,428
Household Products 1.4%			
Reckitt Benckiser Group plc	United Kingdom	84,171	5,834,187
Industrial Conglomerates 2.3%			
Siemens AG	Germany	69,823	9,624,743
Insurance 6.0%			
Everest Re Group Ltd.	United States	23,799	7,883,895
NN Group NV	Netherlands	197,491	8,075,464
Willis Towers Watson plc	United States	38,606	9,442,256
			25,401,615
Interactive Media & Services 1.9%			
[b]Meta Platforms, Inc., A	United States	65,477	7,879,502
IT Services 4.9%			
Capgemini SE	France	40,896	6,836,518
[b]Fiserv, Inc.	United States	66,605	6,731,767
Global Payments, Inc.	United States	71,699	7,121,145
			20,689,430
Machinery 2.4%			
Parker-Hannifin Corp.	United States	34,625	10,075,875
Media 2.1%			
[b]Charter Communications, Inc., A	United States	25,731	8,725,382
Metals & Mining 2.1%			
Rio Tinto plc	Australia	129,382	9,106,051
Oil, Gas & Consumable Fuels 5.8%			
BP plc	United Kingdom	1,995,757	11,514,925
Suncor Energy, Inc.	Canada	201,272	6,384,515
Williams Cos., Inc. (The)	United States	202,478	6,661,526
			24,560,966
Personal Products 2.1%			
[b]Haleon plc	United States	2,267,494	8,971,232
Pharmaceuticals 6.0%			
GSK plc	United States	538,177	9,301,055
Merck & Co., Inc.	United States	50,518	5,604,972
Novartis AG, ADR	Switzerland	114,942	10,427,538
			25,333,565
Real Estate Management & Development 1.7%			
[b]CBRE Group, Inc., A	United States	94,115	7,243,090
Semiconductors & Semiconductor Equipment 2.6%			
[b]Renesas Electronics Corp.	Japan	751,901	6,643,222
[b]Tower Semiconductor Ltd.	Israel	104,822	4,528,310
			11,171,532

Franklin Mutual Global Discovery VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Software 1.4%			
[b]Avaya Holdings Corp.	United States	4	$1
[b]Check Point Software Technologies Ltd.	Israel	47,254	5,961,564
			5,961,565
Technology Hardware, Storage & Peripherals 2.8%			
Samsung Electronics Co. Ltd.	South Korea	158,379	6,981,000
[b]Western Digital Corp.	United States	157,314	4,963,257
			11,944,257
Tobacco 1.8%			
British American Tobacco plc	United Kingdom	193,273	7,645,207
Trading Companies & Distributors 2.4%			
[b]AerCap Holdings NV	Ireland	173,498	10,118,403
Total Common Stocks (Cost $344,910,386)			**407,368,119**
Preferred Stocks 1.3%			
Automobiles 1.3%			
[f]Volkswagen AG, 22.97%	Germany	43,326	5,374,326
Total Preferred Stocks (Cost $6,841,027)			**5,374,326**
		Principal Amount*	
Corporate Bonds 0.6%			
Airlines 0.1%			
[d]American Airlines, Inc., Senior Secured Note, 144A, 11.75%, 7/15/25	United States	484,000	520,218
Pharmaceuticals 0.4%			
[d]Bausch Health Americas, Inc.,			
Senior Note, 144A, 9.25%, 4/01/26	United States	1,707,000	1,197,595
Senior Note, 144A, 8.5%, 1/31/27	United States	784,000	411,388
[d]Bausch Health Cos., Inc., Senior Note, 144A, 9%, 12/15/25	United States	65,000	51,398
			1,660,381
Software 0.1%			
[d]Veritas US, Inc. / Veritas Bermuda Ltd., Senior Secured Note, 144A, 7.5%, 9/01/25	United States	402,000	277,729
Total Corporate Bonds (Cost $3,412,978)			**2,458,328**
		Shares	
Companies in Liquidation 0.0%			
[a,b,g]Walter Energy, Inc., Litigation Trust, Contingent Distribution	United States	966,000	—
Total Companies in Liquidation (Cost $–)			**—**
Total Long Term Investments (Cost $355,164,391)			**415,200,773**
Short Term Investments 1.9%			
	Country	**Principal Amount***	**Value**
U.S. Government and Agency Securities 1.9%			
[h]FHLB, 1/03/23	United States	5,200,000	5,200,000

Franklin Mutual Global Discovery VIP Fund (continued)

Short Term Investments (continued)

	Country	Principal Amount*	Value
U.S. Government and Agency Securities (continued)			
[h,i]U.S. Treasury Bills,			
1/05/23	United States	1,000,000	$999,798
5/18/23	United States	1,000,000	983,090
6/22/23	United States	1,000,000	978,627
			2,961,515
Total U.S. Government and Agency Securities (Cost $8,160,221)			**8,161,515**
Total Short Term Investments (Cost $8,160,221)			**8,161,515**
Total Investments (Cost $363,324,612) 100.1%			**$423,362,288**
Other Assets, less Liabilities (0.1)%			**(587,002)**
Net Assets 100.0%			**$422,775,286**

* The principal amount is stated in U.S. dollars unless otherwise indicated.
[a] Fair valued using significant unobservable inputs. See Note 14 regarding fair value measurements.
[b] Non-income producing.
[c] See Note 11 regarding restricted securities.
[d] 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, 2022, the aggregate value of these securities was $10,543,201, representing 2.5% of net assets.
[e] A portion or all of the security is on loan at December 31, 2022. See Note 1(e).
[f] Variable rate security. The rate shown represents the yield at period end.
[g] Contingent distributions represent the right to receive additional distributions, if any, during the reorganization of the underlying company. Shares represent total underlying principal of debt securities.
[h] The security was issued on a discount basis with no stated coupon rate.
[i] A portion or all of the security has been segregated as collateral for open forward exchange contracts. At December 31, 2022, the aggregate value of these securities pledged amounted to $1,698,466, representing 0.4% of net assets.

Franklin Mutual Global Discovery VIP Fund (continued)

At December 31, 2022, 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)
Foreign exchange contracts					
Foreign Exchange EUR/USD	Short	68	$9,140,900	3/13/23	$(125,203)
Foreign Exchange GBP/USD	Short	7	528,675	3/13/23	9,608
Total Futures Contracts					$(115,595)

*As of period end.

At December 31, 2022, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counter-party[a]	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Euro	BOFA	Buy	2,084,983	2,111,317	1/09/23	$121,295	$—
Euro	BOFA	Sell	481,424	491,068	1/09/23	—	(24,444)
Euro	HSBK	Buy	688,179	676,828	1/09/23	60,078	—
Euro	HSBK	Sell	18,093	18,857	1/09/23	—	(518)
Euro	UBSW	Buy	593,785	631,647	1/09/23	4,182	—
Euro	UBSW	Sell	16,504,929	16,142,808	1/09/23	—	(1,530,779)
British Pound	BOFA	Buy	150,000	170,590	1/17/23	10,813	—
British Pound	BOFA	Sell	2,116,816	2,602,201	1/17/23	42,396	(176)
British Pound	HSBK	Buy	715,000	784,319	1/17/23	80,370	—
British Pound	UBSW	Buy	31,941	37,782	1/17/23	846	—
British Pound	UBSW	Sell	232,834	283,483	1/17/23	2,586	(682)
Japanese Yen	BOFA	Buy	28,704,994	215,491	2/17/23	4,486	—
Japanese Yen	BOFA	Sell	828,305,659	6,006,104	2/17/23	—	(341,489)
Japanese Yen	UBSW	Buy	5,237,544	39,882	2/17/23	256	—
Japanese Yen	UBSW	Sell	65,576,135	475,651	2/17/23	—	(26,882)
South Korean Won	HSBK	Buy	454,468,541	360,325	5/12/23	2,308	(186)
South Korean Won	HSBK	Sell	6,575,847,958	4,758,872	5/12/23	—	(485,485)
South Korean Won	UBSW	Sell	447,389,608	323,677	5/12/23	—	(33,124)
Total Forward Exchange Contracts						$329,616	$(2,443,765)
Net unrealized appreciation (depreciation)							$(2,114,149)

*In U.S. dollars unless otherwise indicated.
[a]May be comprised of multiple contracts with the same counterparty, currency and settlement date.

See Note 12 regarding other derivative information.

See Abbreviations on page MGD-31.

Statement of Assets and Liabilities

December 31, 2022

	Franklin Mutual Global Discovery VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$363,324,612
Value - Unaffiliated issuers (Includes securities loaned of $4,851,561)	$423,362,288
Cash	100,435
Foreign currency, at value (cost $265,466)	266,508
Receivables:	
Investment securities sold	652,924
Capital shares sold	92,381
Dividends and interest	1,636,749
European Union tax reclaims (Note 1f)	283,860
Deposits with brokers for:	
Futures contracts	207,825
Unrealized appreciation on OTC forward exchange contracts	329,616
Total assets	426,932,586
Liabilities:	
Payables:	
Investment securities purchased	2,468
Capital shares redeemed	1,053,011
Management fees	319,000
Distribution fees	92,422
Trustees' fees and expenses	1,144
Variation margin on futures contracts	17,794
Unrealized depreciation on OTC forward exchange contracts	2,443,765
Accrued expenses and other liabilities	227,696
Total liabilities	4,157,300
Net assets, at value	$422,775,286
Net assets consist of:	
Paid-in capital	$332,321,302
Total distributable earnings (losses)	90,453,984
Net assets, at value	$422,775,286

	Franklin Mutual Global Discovery VIP Fund
Class 1:	
Net assets, at value	$3,850,925
Shares outstanding	222,916
Net asset value and maximum offering price per share	$17.28
Class 2:	
Net assets, at value	$398,801,623
Shares outstanding	23,996,196
Net asset value and maximum offering price per share	$16.62
Class 4:	
Net assets, at value	$20,122,738
Shares outstanding	1,175,517
Net asset value and maximum offering price per share	$17.12

Statement of Operations

for the year ended December 31, 2022

	Franklin Mutual Global Discovery VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $1,176,167)	
Unaffiliated issuers	$12,520,896
Interest:	
Unaffiliated issuers	335,202
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	27,617
Non-controlled affiliates (Note 3e)	3,534
Other income (Note 1f)	466,439
Total investment income	13,353,688
Expenses:	
Management fees (Note 3a)	3,968,978
Distribution fees: (Note 3c)	
Class 2	1,068,176
Class 4	78,551
Custodian fees (Note 4)	19,318
Reports to shareholders fees	(115,036)
Professional fees	125,393
Trustees' fees and expenses	6,070
Dividends on securities sold short	5,441
Other	49,200
Total expenses	5,206,091
Expense reductions (Note 4)	(265)
Expenses waived/paid by affiliates (Note 3e)	(12,940)
Net expenses	5,192,886
Net investment income	8,160,802
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	14,909,442
Foreign currency transactions	(412,113)
Forward exchange contracts	11,783,292
Futures contracts	1,843,317
Securities sold short	(2,003,644)
Net realized gain (loss)	26,120,294
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(58,134,976)
Translation of other assets and liabilities denominated in foreign currencies	116,414
Forward exchange contracts	(3,694,564)
Futures contracts	116,990
Securities sold short	3,495,780
Net change in unrealized appreciation (depreciation)	(58,100,356)
Net realized and unrealized gain (loss)	(31,980,062)
Net increase (decrease) in net assets resulting from operations	$(23,819,260)

Statements of Changes in Net Assets

	Franklin Mutual Global Discovery VIP Fund	
	Year Ended December 31, 2022	Year Ended December 31, 2021
Increase (decrease) in net assets:		
Operations:		
Net investment income	$8,160,802	$5,398,915
Net realized gain (loss)	26,120,294	65,601,434
Net change in unrealized appreciation (depreciation)	(58,100,356)	19,012,410
Net increase (decrease) in net assets resulting from operations	(23,819,260)	90,012,759
Distributions to shareholders:		
Class 1	(379,372)	(112,415)
Class 2	(40,928,754)	(12,672,652)
Class 4	(2,013,657)	(650,689)
Total distributions to shareholders	(43,321,783)	(13,435,756)
Capital share transactions: (Note 2)		
Class 1	247,164	(216,018)
Class 2	(15,079,255)	(62,330,624)
Class 4	(2,561,043)	(4,849,570)
Total capital share transactions	(17,393,134)	(67,396,212)
Net increase (decrease) in net assets	(84,534,177)	9,180,791
Net assets:		
Beginning of year	507,309,463	498,128,672
End of year	$422,775,286	$507,309,463

Notes to Financial Statements

Franklin Mutual Global Discovery 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 Standard 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 Mutual Global Discovery VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. At December 31, 2022, 44.1% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers three classes of shares: Class 1, Class 2 and Class 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.

Investments in open-end mutual funds are valued at the closing NAV. Investments in repurchase agreements are valued at cost, which approximates fair value.

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

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the Fund primarily employs a market-based approach which may use related or comparable assets or liabilities,

Franklin Mutual Global Discovery VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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 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. At December 31, 2022, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 inputs within the fair value hierarchy (referred to as “market level fair value”). See the Fair Value Measurements note for more information.

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

Franklin Mutual Global Discovery VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement. At December 31, 2022, the Fund had OTC derivatives in a net liability position of $2,114,149 and the aggregate value of collateral pledged for such contracts was $1,698,466.

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

The Fund entered into exchange traded futures contracts primarily to manage exposure to certain foreign currencies. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. Required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statement of Assets and Liabilities.

The Fund entered into OTC forward exchange contracts primarily to manage exposure to certain foreign currencies. A forward exchange contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency at a specific exchange rate on a future date.

See Note 12 regarding other derivative information.

d. Securities Sold Short

The Fund is engaged in selling securities short, which obligates the Fund to replace a borrowed security with the same security at current fair value. The Fund incurs a loss if the price of the security increases between the date of the short sale and the date on which the Fund replaces the borrowed security. The Fund realizes a gain if the price of the security declines between those dates. Gains are limited to the price at which the Fund sold the security short, while losses are potentially unlimited in size.

The Fund is required to establish a margin account with the broker lending the security sold short. While the short sale is outstanding, the broker retains the proceeds of the short sale to the extent necessary to meet margin requirements until the short position is closed out. A deposit must also be maintained with the Fund's custodian/counterparty broker consisting of cash and/or securities having a value equal to a specified percentage of the value of the securities sold short. The Fund is obligated to pay fees for borrowing the securities sold short and is required to pay the counterparty any dividends and/or interest due on securities sold short.

Franklin Mutual Global Discovery VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Securities Sold Short (continued)

Such dividends and/or interest and any security borrowing fees are recorded as an expense to the Fund. At December 31, 2022, the Fund had no securities sold short.

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, the Fund held $5,023,698 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 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, 2022, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

Franklin Mutual Global Discovery VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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. Dividend income and dividends declared on securities sold short are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

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

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 Mutual Global Discovery VIP Fund (continued)

2. Shares of Beneficial Interest

At December 31, 2022, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31, 2022		Year Ended December 31, 2021	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	72,224	$1,477,140	21,257	$414,362
Shares issued in reinvestment of distributions	24,603	379,372	5,686	112,415
Shares redeemed	(78,944)	(1,609,348)	(38,354)	(742,795)
Net increase (decrease)	17,883	$247,164	(11,411)	$(216,018)
Class 2 Shares:				
Shares sold	691,307	$12,736,312	769,967	$14,519,351
Shares issued in reinvestment of distributions	2,758,002	40,928,754	663,490	12,672,652
Shares redeemed	(3,783,395)	(68,744,321)	(4,752,157)	(89,522,627)
Net increase (decrease)	(334,086)	$(15,079,255)	(3,318,700)	$(62,330,624)
Class 4 Shares:				
Shares sold	69,866	$1,303,124	14,869	$289,930
Shares issued in reinvestment of distributions	131,698	2,013,657	33,198	650,689
Shares redeemed	(314,761)	(5,877,824)	(298,686)	(5,790,189)
Net increase (decrease)	(113,197)	$(2,561,043)	(250,619)	$(4,849,570)

3. Transactions with Affiliates

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

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

Franklin Mutual Global Discovery VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.875%	Up to and including $4 billion
0.845%	Over $4 billion, up to and including $7 billion
0.825%	Over $7 billion, up to and including $10 billion
0.805%	Over $10 billion, up to and including $13 billion
0.785%	Over $13 billion, up to and including $16 billion
0.765%	Over $16 billion, up to and including $19 billion
0.745%	Over $19 billion, up to and including $22 billion
0.725%	Over $22 billion, up to and including $25 billion
0.705%	Over $25 billion, up to and including $28 billion
0.685%	In excess of $28 billion

For the year ended December 31, 2022, the gross effective investment management fee rate was 0.875% of the Fund’s average daily net assets.

b. Administrative Fees

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

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, 2022, the Fund held investments in affiliated management investment companies as follows:

Franklin Mutual Global Discovery VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Franklin Mutual Global Discovery VIP Fund								
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 3.782%	$—	$32,760,000	$(32,760,000)	$—	$—	$—	—	$3,534
Total Affiliated Securities	$—	$32,760,000	$(32,760,000)	$—	$—	$—		$3,534

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2022, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

The tax character of distributions paid during the years ended December 31, 2022 and 2021, was as follows:

	2022	2021
Distributions paid from:		
Ordinary income	$11,446,719	$13,435,756
Long term capital gain	31,875,064	—
	$43,321,783	$13,435,756

At December 31, 2022, 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	$363,588,229
Unrealized appreciation	$83,275,019
Unrealized depreciation	(25,730,704)
Net unrealized appreciation (depreciation)	$57,544,315
Distributable earnings:	
Undistributed ordinary income	$10,271,016
Undistributed long term capital gains	22,565,499
Total distributable earnings	$32,836,515

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of foreign currency transactions, EU reclaims, passive foreign investment company shares, tax straddles and wash sales.

Franklin Mutual Global Discovery VIP Fund (continued)

6. Investment Transactions

Purchases and sales of investments (excluding short term securities and securities sold short) for the year ended December 31, 2022, aggregated $244,669,973 and $277,873,298, respectively.

7. Credit Risk and Defaulted Securities

The Fund may purchase the pre-default or defaulted debt of distressed companies. Distressed companies are financially troubled and could be or are already involved in financial restructuring or bankruptcy. Risks associated with purchasing these securities include the possibility that the bankruptcy or other restructuring process takes longer than expected, or that distributions in restructuring are less than anticipated, either or both of which may result in unfavorable consequences to the Fund. If it becomes probable that the income on debt securities, including those of distressed companies, will not be collected, the Fund discontinues accruing income and recognizes an adjustment for uncollectible interest.

At December 31, 2022, the Fund did not hold any distressed company securities for which interest recognition has been discontinued.

8. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local, regional and global economic, political and social conditions, which may result in greater market volatility. Political and financial uncertainty in many foreign regions may increase market volatility and the economic risk of investing in foreign securities. In addition, certain foreign securities may not be as liquid as U.S. securities.

9. Geopolitical Risk

On February 24, 2022, Russia engaged in military actions in the sovereign territory of Ukraine. The current political and financial uncertainty surrounding Russia and Ukraine may increase market volatility and the economic risk of investing in securities in these countries and may also cause uncertainty for the global economy and broader financial markets. The ultimate fallout and long-term impact from these events are not known. The Fund will continue to assess the impact on valuations and liquidity and will take any potential actions needed in accordance with procedures approved by the Board.

10. Novel Coronavirus Pandemic

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

11. Restricted Securities

The Fund invests in securities that are restricted under the Securities Act of 1933 (1933 Act). Restricted securities are often purchased in private placement transactions, and cannot be sold without prior registration unless the sale is pursuant to an exemption under the 1933 Act. Disposal of these securities may require greater effort and expense, and prompt sale at an acceptable price may be difficult. The Fund may have registration rights for restricted securities. The issuer generally incurs all registration costs.

At December 31, 2022, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Franklin Mutual Global Discovery VIP Fund (continued)

11. Restricted Securities (continued)

Shares	Issuer	Acquisition Date	Cost	Value
Franklin Mutual Global Discovery VIP Fund				
424,073	International Automotive Components Group Brazil LLC	4/13/06 - 12/26/08	$281,629	$14,927
	Total Restricted Securities (Value is 0.0%† of Net Assets)		$281,629	$14,927

† Rounds to less than 0.1% of net assets.

12. Other Derivative Information

At December 31, 2022, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

	Asset Derivatives		Liability Derivatives	
Derivative Contracts Not Accounted for as Hedging Instruments	**Statement of Assets and Liabilities Location**	**Fair Value**	**Statement of Assets and Liabilities Location**	**Fair Value**
Franklin Mutual Global Discovery VIP Fund				
Foreign exchange contracts . .				
	Variation margin on futures contracts	$9,608[a]	Variation margin on futures contracts	$125,203[a]
	Unrealized appreciation on OTC forward exchange contracts	329,616	Unrealized depreciation on OTC forward exchange contracts	2,443,765
Total		$339,224		$2,568,968

[a]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, 2022, 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**
Franklin Mutual Global Discovery VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Foreign exchange contracts				
	Futures contracts	$1,843,317	Futures contracts	$116,990
	Forward exchange contracts	11,783,292	Forward exchange contracts	(3,694,564)
Total		$13,626,609		$(3,577,574)

For the year ended December 31, 2022, the average month end notional amount of futures contracts represented $15,149,917. The average month end contract value of forward exchange contracts was $79,951,703.

See Note 1(c) regarding derivative financial instruments.

Franklin Mutual Global Discovery VIP Fund (continued)

13. 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 3, 2023. 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 3, 2023, the Borrowers renewed the Global Credit Facility for a one-year term, maturing February 2, 2024, for a total of $2.675 billion.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended December 31, 2022, the Fund did not use the Global Credit Facility.

14. 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, 2022, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Mutual Global Discovery VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$—	$7,496,096	$—	$7,496,096
Auto Components	—	7,004,016	14,927	7,018,943
Automobiles	6,323,580	—	—	6,323,580
Banks	19,451,892	12,580,294	—	32,032,186
Building Products	8,586,880	—	—	8,586,880
Capital Markets	8,791,972	—	—	8,791,972
Chemicals	—	8,084,873	—	8,084,873
Consumer Finance	2,214,307	—	—	2,214,307
Diversified Financial Services	8,989,531	—	—	8,989,531
Diversified Telecommunication Services	—	11,000,348	—	11,000,348
Electrical Equipment	—	6,485,090	—	6,485,090
Energy Equipment & Services	9,593,183	—	—	9,593,183
Entertainment	13,115,716	—	—	13,115,716
Food Products	9,687,311	8,450,864	—	18,138,175

Franklin Mutual Global Discovery VIP Fund (continued)

14. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Mutual Global Discovery VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Health Care Equipment & Supplies	$7,755,446	$—	$—	$7,755,446
Health Care Providers & Services	23,463,525	8,673,238	—	32,136,763
Household Durables	9,318,428	—	—	9,318,428
Household Products	—	5,834,187	—	5,834,187
Industrial Conglomerates	—	9,624,743	—	9,624,743
Insurance	17,326,151	8,075,464	—	25,401,615
Interactive Media & Services	7,879,502	—	—	7,879,502
IT Services	13,852,912	6,836,518	—	20,689,430
Machinery	10,075,875	—	—	10,075,875
Media	8,725,382	—	—	8,725,382
Metals & Mining	—	9,106,051	—	9,106,051
Oil, Gas & Consumable Fuels	13,046,041	11,514,925	—	24,560,966
Personal Products	—	8,971,232	—	8,971,232
Pharmaceuticals	16,032,510	9,301,055	—	25,333,565
Real Estate Management & Development	7,243,090	—	—	7,243,090
Semiconductors & Semiconductor Equipment	4,528,310	6,643,222	—	11,171,532
Software	5,961,565	—	—	5,961,565
Technology Hardware, Storage & Peripherals	4,963,257	6,981,000	—	11,944,257
Tobacco	—	7,645,207	—	7,645,207
Trading Companies & Distributors	10,118,403	—	—	10,118,403
Preferred Stocks	—	5,374,326	—	5,374,326
Corporate Bonds	—	2,458,328	—	2,458,328
Companies in Liquidation	—	—	—[a]	—
Short Term Investments	—	8,161,515	—	8,161,515
Total Investments in Securities	$247,044,769	$176,302,592[b]	$14,927	$423,362,288
Other Financial Instruments:				
Forward exchange contracts	$—	$329,616	$—	$329,616
Futures contracts	9,608	—	—	9,608
Total Other Financial Instruments	$9,608	$329,616	$—	$339,224
Liabilities:				
Other Financial Instruments:				
Forward exchange contracts	$—	$2,443,765	$—	$2,443,765
Futures contracts	125,203	—	—	125,203
Total Other Financial Instruments	$125,203	$2,443,765	$—	$2,568,968

[a]Includes financial instruments determined to have no value at December 31, 2022.
[b]Includes foreign securities valued at $165,682,749, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year.

15. New Accounting Pronouncements

In June 2022, the FASB issued Accounting Standards Update (ASU) No. 2022-03, Fair Value Measurement (Topic 820) – Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions. The amendments in the ASU clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, should not be considered in measuring fair value. The ASU is effective for interim and annual reporting periods beginning after December 15, 2023, with the option of early adoption. Management has reviewed the requirements and believes that the adoption of the ASU will not have a material impact on the financial statements.

Franklin Mutual Global Discovery VIP Fund (continued)

16. Subsequent Events

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

Abbreviations

Counterparty	
BOFA	Bank of America N.A.
HSBK	HSBC Bank plc
UBSW	UBS AG

Currency	
EUR	Euro
GBP	British Pound
USD	United States Dollar

Selected Portfolio	
ADR	American Depositary Receipt
FHLB	Federal Home Loan Banks

Report of Independent Registered Public Accounting Firm

To the Board of Trustees of Franklin Templeton Variable Insurance Products Trust and Shareholders of Franklin Mutual Global Discovery VIP Fund

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Franklin Mutual Global Discovery VIP Fund (one of the funds constituting Franklin Templeton Variable Insurance Products Trust, referred to hereafter as the "Fund") as of December 31, 2022, the related statement of operations for the year ended December 31, 2022, the statement of changes in net assets for each of the two years in the period ended December 31, 2022, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2022 (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, 2022, 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, 2022 and the financial highlights for each of the five years in the period ended December 31, 2022 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, 2022 by correspondence with the custodian and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
San Francisco, California
February 17, 2023

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 Mutual Global Discovery 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 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, 2022:

	Pursuant to:	Amount Reported
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	$31,875,064
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	$2,607,693
Interest Earned from Federal Obligations	Note (1)	$104,240

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.

Under Section 853 of the Internal Revenue Code, the Fund intend to elect to pass through to their shareholders the following amounts, or amounts as finally determined, of foreign taxes paid and foreign source income earned by the Funds during the fiscal year ended December 31, 2022:

	Amount Reported
Foreign Taxes Paid	$802,859
Foreign Source Income Earned	$8,531,754

Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. Net Returns (NR) include income net of tax withholding when dividends are paid.

For Russell Indexes: Frank Russell Company is the source and owner of the trademarks, service marks and copyrights related to the Russell Indexes. Russell® is a trademark of Frank Russell Company.

See www.franklintempletondatasources.com for additional data provider information.

Bloomberg 1-3 Month U.S. Treasury Bill Index measures the performance of U.S. Treasury bills that have a remaining maturity of greater than or equal to one month and less than three months. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

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

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

Bloomberg U.S. Corporate High Yield Index measures the performance of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Standard & Poor's, and Fitch is Ba1/BB+/BB+ or below. Bonds from issuers with an emerging markets (EM) country of risk, based on Bloomberg EM country definition, are excluded.

Bloomberg U.S. Government - Intermediate Index is the intermediate component of the Bloomberg U.S. Government Index, which includes U.S. dollar-denominated, fixed-rate, nominal U.S. Treasuries and U.S. agency debentures (securities issued by U.S. government-owned or government-sponsored entities, and debt explicitly guaranteed by the U.S. government).

Bloomberg U.S. High Yield Very Liquid Index is a component of the Bloomberg U.S. Corporate High Yield Index that is designed to track a more liquid component of the U.S. dollar-denominated, high-yield, fixed-rate corporate bond market.

Bloomberg U.S. Mortgage-Backed Securities (MBS) Index tracks the performance of fixed-rate agency mortgage-backed pass-through securities guaranteed by Ginnie Mae (GNMA), Fannie Mae (FNMA) and Freddie Mac (FHLMC). Effective June 1, 2017, hybrid adjustable-rate mortgages were removed from the index.

Bloomberg U.S. Treasury Index measures the performance of U.S. dollar-denominated, fixed-rate, nominal debt issued by the U.S. Treasury with at least one year until final maturity. Treasuries, if held to maturity, offer a fixed rate of return and a fixed principal value; their interest payments and principal are guaranteed.

FTSE® EPRA®/NAREIT® Developed Index is a free float-adjusted index designed to measure the performance of publicly traded real estate securities in the North American, European and Asian real estate markets.

FTSE World Government Bond Index (WGBI) measures the performance of fixed-rate, local currency, investment-grade sovereign bonds and is stated in U.S. dollar terms.

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

MSCI All Country Asia Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of developed and emerging markets in Asia.

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

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

MSCI Emerging Markets (EM) Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global emerging markets.

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

MSCI USA High Dividend Yield Index is based on the MSCI USA Index, its parent index, and includes large- and mid-capitalization stocks. The index is designed to reflect the performance of equities in the parent index (excluding real estate investment trusts) with higher dividend income and quality characteristics than average dividend yields that are both sustainable and persistent.

MSCI USA Index is designed to measure the performance of the large- and mid-capitalization segments of the U.S. market. With 627 constituents, the index covers approximately 85% of the free float adjusted market capitalization in the U.S.

MSCI World ex USA Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the equity market performance of global developed markets, excluding the U.S.

MSCI World Value Index-NR is a free float-adjusted, market capitalization-weighted index designed to measure the performance of stocks exhibiting overall value style characteristics in global developed markets.

Russell 1000® Growth Index is market capitalization weighted and measures the performance of those Russell 1000® Index companies with relatively higher price-to-book ratios and higher forecasted growth rates.

Russell 1000® Index is market capitalization weighted and measures the performance of the approximately 1,000 largest companies in the Russell 3000® Index, which represents the majority of the U.S. market's total capitalization.

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

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

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

Russell 2500™ Index is market capitalization weighted and measures the performance of the approximately 2,500 smallest companies in the Russell 3000® Index that represent a modest amount of the Russell 3000® Index's total market capitalization.

Russell 3000® Index is market capitalization weighted and measures the performance of the largest 3,000 U.S. companies representing the majority of the U.S. market's total capitalization.

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

Russell Midcap® Index is market capitalization weighted and measures the performance of the approximately 800 smallest companies in the Russell 1000® Index that represent a modest amount of the Russell 1000® Index's total market capitalization.

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

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of U.S. registered portfolios overseen in the Franklin Templeton/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*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	119	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and **formerly**, Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2017	119	Hess Corporation (exploration of oil and gas) (2014-present).
Principal Occupation During at Least the Past 5 Years: Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the board of trustees of the Economic Club of New York (2013-present); member of the board of trustees of the Foreign Policy Association (2005-present); member of the board of directors of Council of the Americas (2007-present) and the Tallberg Foundation (2018-present); and **formerly**, Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
Mary C. Choksi (1950) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	120	Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present); and **formerly**, Avis Budget Group Inc. (car rental) (2007-2020).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and **formerly**, Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2005 and Lead Independent Trustee since 2019	120	Hess Corporation (exploration of oil and gas) (1993-present), Santander Consumer USA Holdings, Inc. (consumer finance) (2016-present); Santander Holdings USA (holding company) (2019-present); and **formerly**, 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).

J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	120	Boeing Capital Corporation (aircraft financing) (2006-2010).

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).

Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	120	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).

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*	Other Directorships Held During at Least the Past 5 Years
Valerie M. Williams (1956) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2021	111	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) (January 2021-present); and **formerly**, 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), 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*	Other Directorships Held During at Least the Past 5 Years
****Gregory E. Johnson (1961)** One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board and Trustee	Chairman of the Board since January 2023 and Trustee since 2013	131	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.

****Rupert H. Johnson, Jr. (1940)** One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	120	None

Principal Occupation During at Least the Past 5 Years:
Director (Vice Chairman), Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:
Deputy General Counsel, Franklin Templeton; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of certain funds in the Franklin Templeton/Legg Mason fund complex.

Breda M. Beckerle (1958) 280 Park Avenue New York, NY 10017	Chief Compliance Officer	Since 2020	Not Applicable	Not Applicable

Principal Occupation During at Least the Past 5 Years:
Chief Compliance Officer, Fiduciary Investment Management International, Inc., Franklin Advisers, Inc., Franklin Mutual Advisers, LLC, Franklin Templeton Institutional, LLC; 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*	Other Directorships Held During at Least the Past 5 Years
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Co-Secretary	Vice President since 2009 and Co-Secretary since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Distributors, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer - Finance and Administration	Since 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of certain funds in the Franklin Templeton/Legg Mason fund complex; and **formerly**, Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton (2009-2017).				
Susan Kerr (1949) 620 Eighth Avenue New York, NY 10018	Vice President - AML Compliance	Since 2021	Not Applicable	Not Applicable
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, LMIS; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Christopher Kings (1974) One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since January 2022	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Edward D. Perks (1970) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer - Investment Management	Since 2018	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: President and Director, Franklin Advisers, Inc.; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President and Co-Secretary	Vice President since 2011 and Co-Secretary since 2019	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of certain funds in the Franklin Templeton/Legg Mason fund complex.				

Interested Board Members and Officers (continued)

*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 major shareholder of Resources.
Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.
Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated Mary C. Choksi as its audit committee financial expert. The Board believes that Ms. Choksi qualifies as such an expert in view of her extensive business background and experience. She served as a director of Avis Budget Group, Inc. (2007-2020) 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. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the U.S. Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly 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. 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.

FRANKLIN TEMPLETON

Annual Report
Franklin Templeton Variable Insurance Products Trust

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

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Distributors, LLC

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