

SEMIANNUAL REPORT

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

June 30, 2022



FRANKLIN
TEMPLETON

Franklin Templeton Variable Insurance Products Trust Semiannual Report

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*Not part of the semiannual report. Retain for your records.

Not FDIC Insured	May Lose Value	No Bank Guarantee
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Important Notes to Performance Information

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

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

Templeton Foreign VIP Fund

This semiannual report for Templeton Foreign VIP Fund covers the period ended June 30, 2022.

Class 1 Performance Summary as of June 30, 2022

The Fund's Class 1 Shares posted a -11.85% total return* for the six-month period ended June 30, 2022.

*The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/23. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

Performance reflects the Fund's Class 1 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.*

Templeton Foreign VIP Fund

Fund Goal and Main Investments

The Fund seeks long-term capital growth. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of issuers located outside the U.S., including those in emerging markets.

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. Special risks are associated with foreign investing, including currency fluctuations, economic instability and political developments; investments in developing markets involve heightened risks related to the same factors. Currency rates may fluctuate significantly over short periods of time, and can reduce returns. Because the Fund may invest at least a significant portion of its assets in companies in a specific region, including Europe, it is subject to greater risks of adverse developments in that region and/or the surrounding regions than a fund that is more broadly diversified geographically. Current political uncertainty concerning the economic consequences of the departure of the U.K. from the European Union may increase market volatility. Derivatives, including currency management strategies, involve costs and can create economic leverage in the portfolio which may result in significant volatility and cause the Fund to participate in losses (as well as enable gains) in an amount that exceeds the Fund's initial investment. The Fund may not achieve the anticipated benefits, and may realize losses when a counterparty fails to perform as promised. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

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 six-month total return in the Performance Summary. For comparison, the Fund's new benchmark, the MSCI All Country World Index (ACWI) ex USA Index-NR, posted a -18.42% total return for the period under review.¹

Geographic Composition

6/30/22

	% of Total Net Assets
Europe	53.0%
Asia	40.2%
North America	2.0%
Latin America & Caribbean	1.5%
Short-Term Investments & Other Net Assets	3.3%

Economic and Market Overview

Global developed and emerging market equities, as measured by the MSCI ACWI-NR, posted a -20.18% total return for the six months ended June 30, 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 stances regarding monetary policy. The Chinese government's imposition of new lockdowns to quell the spread of the Omicron variant of COVID-19 pressured Asian and global emerging market stocks. Russia's invasion of Ukraine also increased investor uncertainty, as international sanctions on Russia constrained companies that do business with Russia and disrupted global economic activity and commodity markets.

In the U.S., gross domestic product (GDP) growth turned negative in the first quarter of 2022 as high inflation, supply constraints and record trade deficits weighed on the economy. Rising prices precipitated a notable decline in consumer confidence, despite high spending levels. In an effort to control inflation, the U.S. Federal Reserve (Fed)

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).

raised the federal funds target rate in March 2022 for the first time since 2018. The Fed raised the federal funds rate again at its subsequent two meetings, accelerating the rate of increase each time to end the period at a range of 1.50%–1.75%. The Fed noted in its June meeting that inflation remained elevated, as job growth was robust and the unemployment rate remained low. Furthermore, the Fed said it would continue to reduce its bond holdings, and anticipated instituting further interest rate increases at future meetings.

Economic growth in the eurozone maintained a slow rate in the first quarter of 2022 as the war in Ukraine disrupted supply chains, sent commodity prices higher, and weakened the economic outlook. The war in Ukraine contributed to record high inflation across the eurozone as commodity and oil prices soared. The European Central Bank indicated it will raise interest rates in July, the first increase in more than a decade, to fight growing inflation. In this environment, European developed market equities, as measured by the MSCI Europe Index-NR, posted a -20.79% total return for the six months under review.¹

Asian developed and emerging market equities, as measured by the MSCI All Country Asia Index-NR, posted a -17.69% total return for the six-month period.¹ While many Asian countries experienced improving economic conditions, Japan's GDP contracted in the first quarter of 2022 after having returned to growth in the fourth quarter of 2021. Although China's economy continued to grow, it was pressured by coronavirus-related restrictions and government measures to limit real estate speculation. Unexpected regulatory changes by the Chinese government, which negatively impacted education- and technology-related businesses, and investor concerns about the solvency of several large Chinese property developers further pressured Chinese stocks.

Global emerging market stocks, as measured by the MSCI Emerging Markets Index-NR, posted a -17.63% total return for the six months under review.¹ 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. Meanwhile, some countries, particularly in Latin America, as well as South Africa and Saudi Arabia, have benefited from the rising commodity prices.

Top 10 Holdings

6/30/22

Company Industry, Country	% of Total Net Assets
Shell plc <i>Oil, Gas & Consumable Fuels, Netherlands</i>	4.6%
BP plc <i>Oil, Gas & Consumable Fuels, United Kingdom</i>	4.4%
Samsung Electronics Co. Ltd. <i>Technology Hardware, Storage & Peripherals, South Korea</i>	3.9%
Hitachi Ltd. <i>Industrial Conglomerates, Japan</i>	3.6%
Taiwan Semiconductor Manufacturing Co. Ltd. <i>Semiconductors & Semiconductor Equipment, Taiwan</i>	3.5%
Standard Chartered plc <i>Banks, United Kingdom</i>	3.3%
AstraZeneca plc <i>Pharmaceuticals, United Kingdom</i>	3.2%
Bayer AG <i>Pharmaceuticals, Germany</i>	3.1%
AIA Group Ltd. <i>Insurance, Hong Kong</i>	2.6%
Imperial Brands plc <i>Tobacco, United Kingdom</i>	2.5%

Investment Strategy

When choosing equity investments for the Fund, we apply a bottom-up, value-oriented, long-term approach, focusing on the market price of a company's securities relative to our evaluation of the company's long-term earnings, asset value and cash flow potential. We also consider a company's price/earnings ratio, price/cash flow ratio, profit margins and liquidation value.

The Fund may, from time to time, engage in currency-related derivatives to seek to hedge (protect) against currency risks. The Fund may also use a variety of equity-related derivatives for various purposes including enhancing Fund returns, increasing liquidity and gaining exposure to particular markets in more efficient or less expensive ways.

Manager's Discussion

Templeton Foreign VIP Fund declined during the review period, but limited losses relative to its benchmark. The Fund outperformed the MSCI ACWI ex USA Index-NR by the largest margin since its inception nearly three decades ago.

Relative outperformance during the period was attributable primarily to stock selection, though favorable sector allocations also helped. We have continued to look for companies that feature both earnings resilience in a slowing economy and pricing power in an inflationary environment. In general, we have been focused on high quality stocks with

idiosyncratic exposures and value drivers. We believe our portfolios are currently well-balanced in terms of exposures and value types, while remaining somewhat defensive in construction. Given macroeconomic vulnerabilities, we are avoiding exposure to companies that, in our assessment, have high leverage, poor pricing power, weak cash flows and competitive disadvantages. In company forecasts, we are thinking carefully about just how deep and wide intermediate-term earnings downside could be should tighter policy persist and intensify macroeconomic headwinds. Therefore, we favor companies with a narrower range of earnings-per-share forecasts and don't think this is the right environment to stretch for excessively high risk/reward stocks. We continue to be diversified in the overall number of holdings and concentrate larger positions only where conviction is very high, such as in some pharmaceuticals and integrated oil companies.

From a sector standpoint, stock selection among overweighted industrials holdings notably contributed during the period, led by U.K. defense contractor BAE Systems. Shares advanced as the war in Ukraine resuscitated demand for high technology military platforms. We believe the stock remains attractively priced at a discount to U.S. defense peers despite having, in our view, a higher growth profile and superior margin upside. Following several years of underperformance, BAE introduced a new management team in 2020 that has since delivered above-industry-average growth and ongoing improvement in operating margins and cash conversion. In addition to delivering on its operating and financial objectives, management has eliminated burdensome pension obligations and generated better-than-expected flows that are being used to raise dividends and repurchase shares. We remain constructive given generally increasing defense budgets, good long-term revenue visibility, and a degree of inflation protection inherent in BAE's business model given inflation protection through contract pass-through provisions.

Stock selection and an overweighted allocation in energy also supported relative performance. Global oil majors BP and Shell both rallied on a combination of decade-high oil prices and positive earnings results. Strong supply-and-demand fundamentals have persisted, with oil demand increasing globally as travel and economic activity recovered from pandemic restrictions and as the Russia-Ukraine conflict significantly increased the risks to future oil supply. Despite the strong move in energy prices and resilient performance of energy-related equities, we still believe many integrated oil stocks are significantly undervalued, with near-term free cash flow yields approaching 20% and being used to fund solid payouts and significant share repurchases. We

view elevated oil prices in many cases as a free call option on these stocks, which in our view represent good value even at the more normalized price levels of \$60-70/barrel that are embedded in our company models.

Other notable contributors included stock selection in health care and financials. In health care, shares of German pharmaceuticals and chemicals firm Bayer advanced after management reported better-than-expected 2022 first-quarter results driven by strength in the crop sciences division. Encouragingly, management indicated that a "very significant" proportion of the division's full-year profit target was achieved in the first quarter alone. Broadly speaking, we believe the developments at Bayer are trending in the right direction. In addition to the strong earnings upside from the crop sciences division, the pharmaceuticals pipeline is improving and the glyphosate litigation outlook (inherited from the firm's 2018 acquisition of U.S. chemicals giant Monsanto) is getting better. At current low valuations, we believe the company offers a very compelling risk/reward profile across a range of environments given its diverse product portfolio. We are encouraged to see earnings revisions begin to move higher and believe that Bayer is well-positioned to benefit from its ongoing restructuring initiatives. From the financials sector, U.K.-based emerging markets bank Standard Chartered benefited from its high sensitivity to interest rates in a rising rate environment. Management reported stronger-than-expected first-quarter results during the period and upgraded guidance for full-year revenue growth.

Turning to detractors, stock-specific weakness in the consumer discretionary sector was the biggest relative detractor during the period. Just Eat Takeaway.com, the largest food delivery platform in Europe, finished as the Fund's biggest individual detractor. Shares declined on concerns about competition, profitability, portfolio optimization and the departure of both its chief executive officer and chief operating officer. We believe Just Eat holds a defensible position in its core markets as a low-cost operator and benefits from strong local network effects between restaurants, customers and couriers. Ongoing restructuring and portfolio rationalization should help the firm realize the value of assets that are currently being excessively discounted, based on our analysis.

Utilities also lagged, pressured by German power provider E.ON, which declined due to rising concerns around gas supply in Europe. While E.ON does not have direct contracts with Russia, rising prices may put pressure on its business and take some time to pass on. Looking at the longer term, we believe E.ON is well-positioned to benefit from the energy transition in Europe and should be able to grow

capital and dividends steadily over time. We also believe that the company is relatively well-insulated from near-term inflationary pressures given that customer contracts roll over annually and regulated return targets are reset every three to four years.

An underweighted position in materials modestly detracted, pressured by German specialty materials firm Covestro. The company reported strong results, but downgraded earnings guidance due to high energy and raw materials costs. At recent depressed valuations, we continue to believe the stock offers potentially good value with a well-diversified portfolio of industrial exposures and high leverage to an eventual demand recovery from China.

From a regional standpoint, stock selection in Europe notably contributed to relative returns, led by the U.K., while Asian holdings also positively contributed, led by Japan.

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of June 30, 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 1 Fund Expenses

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

Actual Fund Expenses

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

Hypothetical Example for Comparison with Other Mutual Funds

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

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

Share Class	Beginning Account Value 1/1/22	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 6/30/22	Fund-Level Expenses Paid During Period 1/1/22–6/30/22 ^{1,2}	Ending Account Value 6/30/22	Fund-Level Expenses Paid During Period 1/1/22–6/30/22 ^{1,2}	
1	\$1,000	\$881.50	\$3.95	\$1,020.59	\$4.25	0.85%

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 181/365 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.

**SUPPLEMENT DATED MAY 2, 2022
TO THE
CLASS 1 PROSPECTUS
DATED MAY 1, 2022 OF
TEMPLETON FOREIGN VIP FUND**
(a series of Franklin Templeton Variable Insurance Products Trust)

The Class 1 prospectus of the Fund is amended as follows:

I. Effective on May 1, 2022, the Board of Trustees of the Trust reduced the management fees for the Templeton Foreign VIP Fund. Therefore, the following replaces the “Annual Fund Operating Expenses” and “Example” tables in the “Fund Summaries – Templeton Foreign VIP Fund – Fees and Expenses of the Fund” section of the prospectus:

Annual Fund Operating Expenses

(expenses that you pay each year as a percentage of the value of your investment)

	Class 1
Management fees ¹	0.76%
Distribution and service (12b-1) fees	None
Other expenses	0.05%
Acquired fund fees and expenses ²	0.01%
Total annual Fund operating expenses ²	0.82%
Fee waiver and/or expense reimbursement ³	-0.01%
Total annual Fund operating expenses after fee waiver and/or expense reimbursement^{2,3}	0.81%

¹ Management fees of the Fund have been restated to reflect current fiscal year fees as a result of a decrease in the Fund’s contractual management fee rate effective on May 1, 2022. If the management fees were not restated to reflect such decrease in fees, the amounts shown above would be greater. Consequently, the Fund’s total annual Fund operating expenses differ from the ratio of expenses to average net assets shown in the Financial Highlights.

² Total annual Fund operating expenses differ from the ratio of expenses to average net assets shown in the Financial Highlights, which reflect the operating expenses of the Fund and do not include acquired fund fees and expenses.

³ The investment manager has contractually agreed in advance to reduce its fee for at least one year following the date of this prospectus as a result of the Fund’s investment in one or more Franklin Templeton affiliated funds (acquired fund), including a Franklin Templeton money fund. Contractual fee waiver and/or expense reimbursement agreements may not be changed or terminated during the time period set forth above.

Example

This Example is intended to help you compare the cost of investing in the Fund with the cost of investing in other mutual funds. The Example assumes that you invest \$10,000 in the Fund for the time periods indicated and then redeem all of your shares at the end of the period. The Example also assumes that your investment has a 5% return each year and that the Fund’s operating expenses remain the same. The Example reflects adjustments made to the Fund’s operating expenses due to the fee waivers and/or expense reimbursements by management for the 1 Year numbers only. Although your actual costs may be higher or lower, based on these assumptions your costs would be:

	1 Year	3 Years	5 Years	10 Years
Class 1	\$83	\$261	\$455	\$1,014

II. The following replaces the second to last paragraph of the “Fund Details – Templeton Foreign VIP Fund – Management” section of the prospectus:

The Fund pays Investment Counsel a fee for managing the Fund’s assets. Effective May 1, 2022, the Fund’s investment management fee was reduced, as approved by the board of trustees.

Prior to May 1, 2022, the Fund paid the investment manager a fee equal to an annual rate based on the Fund's average weekly net assets, as listed below:

- 0.900% of the value of its average daily net assets up to and including \$200 million;
- 0.810% of the value of its average daily net assets over \$200 million, up to and including \$700 million;
- 0.775% of the value of its average daily net assets over \$700 million, up to and including \$1.2 billion;
- 0.750% of the value of its average daily net assets over \$1.2 billion, up to and including \$1.3 billion;
- 0.675% of the value of its average daily net assets over \$1.3 billion, up to and including \$10 billion;
- 0.655% of the value of its average daily net assets over \$10 billion, up to and including \$15 billion;
- 0.635% of the value of its average daily net assets over \$15 billion, up to and including \$20 billion; and
- 0.615% of the value of its average daily net assets in excess of \$20 billion.

Effective May 1, 2022, the Fund pays the investment manager a fee equal to an annual rate based on the Fund's average weekly net assets, as listed below:

- 0.800% of the value of its average daily net assets up to and including \$700 million;
- 0.775% of the value of its average daily net assets over \$700 million, up to and including \$1.2 billion; and
- 0.675% of the value of its average daily net assets in excess of \$1.2 billion.

For the fiscal year ended December 31, 2021, Investment Counsel agreed to reduce its fees to reflect reduced services resulting from the Fund's investment in Franklin Templeton affiliated funds (acquired fund). For the fiscal year ended December 31, 2021, the management fees for the Fund, before and after waivers, were 0.81% and 0.80%, respectively.

Please keep this supplement with your prospectus for future reference.

TF P1 P2 P4 08/22

**SUPPLEMENT DATED AUGUST 10, 2022
TO THE PROSPECTUSES
DATED MAY 1, 2022
TEMPLETON FOREIGN VIP FUND
(a series of Franklin Templeton Variable Insurance Products Trust)**

The prospectus is amended as follows:

I. The portfolio management team under the “Fund Summaries – Templeton Foreign VIP Fund” section on page TF-S5 of the prospectus is replaced with the following:

Peter A. Nori, CFA

Executive Vice President/Portfolio Manager-Research Analyst of Investment Counsel and portfolio manager of the Fund since 1999.

Matthew R. Nagle, CFA

Portfolio Manager of Investment Counsel and portfolio manager of the Fund since 2018.

Heather Waddell, CFA

Senior Vice President/Portfolio Manager-Research Analyst of Investment Counsel and portfolio manager of the Fund since 2018.

II. The portfolio manager team under the “Fund Details – Templeton Foreign VIP Fund – Management” section beginning on page TF-D7 of the prospectus is replaced with the following:

Peter A. Nori, CFA Executive Vice President/Portfolio Manager - Research Analyst of Investment Counsel

Mr. Nori has been the lead portfolio manager of the Fund since 1999. He has primary responsibility for the investments of the Fund. He has final authority over all aspects of the Fund's investment portfolio, including but not limited to, purchases and sales of individual securities, portfolio risk assessment, and the management of daily cash balances in accordance with anticipated investment management requirements. The degree to which he may perform these functions, and the nature of these functions, may change from time to time. He joined Franklin Templeton in 1987.

Matthew R. Nagle, CFA Portfolio Manager of Investment Counsel

Mr. Nagle has been a portfolio manager of the Fund since 2018, providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. He joined Franklin Templeton in 2003.

Heather Waddell, CFA Senior Vice President/Portfolio Manager - Research Analyst of Investment Counsel

Ms. Waddell has been a portfolio manager of the Fund since 2018, providing research and advice on the purchases and sales of individual securities, and portfolio risk assessment. She joined Franklin Templeton in 1996.

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Please keep this supplement with your prospectus for future reference.

Financial Highlights

Templeton Foreign VIP Fund

	Six Months Ended June 30, 2022 (unaudited)	Year Ended December 31,				
		2021	2020	2019	2018	2017
Class 1						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.90	\$13.57	\$14.23	\$13.01	\$15.80	\$13.89
Income from investment operations ^a :						
Net investment income ^b	0.22	0.23	0.32 ^c	0.44	0.29	0.30
Net realized and unrealized gains (losses)	(1.85)	0.39	(0.54)	1.19	(2.64)	2.03
Total from investment operations	(1.63)	0.62	(0.22)	1.63	(2.35)	2.33
Less distributions from:						
Net investment income	(0.43)	(0.29)	(0.44)	(0.27)	(0.44)	(0.42)
Net realized gains	—	—	—	(0.14)	—	—
Total distributions	(0.43)	(0.29)	(0.44)	(0.41)	(0.44)	(0.42)
Net asset value, end of period	\$11.84	\$13.90	\$13.57	\$14.23	\$13.01	\$15.80
Total return ^d	(11.85)%	4.44%	(0.92)%	12.84%	(15.27)%	17.02%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates	0.86%	0.87%	0.86%	0.85%	0.83%	0.82%
Expenses net of waiver and payments by affiliates	0.85%	0.86%	0.84%	0.83%	0.81%	0.81% ^f
Net investment income	3.23%	1.58%	2.68% ^c	3.25%	1.96%	1.99%
Supplemental data						
Net assets, end of period (000's)	\$94,492	\$114,563	\$113,317	\$121,948	\$114,784	\$152,684
Portfolio turnover rate	12.37%	26.13%	40.07%	28.52%	21.38%	26.81%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.14 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.54%.

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

^eRatios are annualized for periods less than one year.

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

Templeton Foreign VIP Fund (continued)

	Six Months Ended June 30, 2022 (unaudited)	Year Ended December 31,				
		2021	2020	2019	2018	2017
Class 2						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.59	\$13.28	\$13.93	\$12.74	\$15.47	\$13.61
Income from investment operations ^a :						
Net investment income ^b	0.20	0.19	0.28 ^c	0.40	0.25	0.26
Net realized and unrealized gains (losses)	(1.81)	0.38	(0.53)	1.16	(2.58)	1.98
Total from investment operations	(1.61)	0.57	(0.25)	1.56	(2.33)	2.24
Less distributions from:						
Net investment income	(0.38)	(0.26)	(0.40)	(0.23)	(0.40)	(0.38)
Net realized gains	—	—	—	(0.14)	—	—
Total distributions	(0.38)	(0.26)	(0.40)	(0.37)	(0.40)	(0.38)
Net asset value, end of period	\$11.60	\$13.59	\$13.28	\$13.93	\$12.74	\$15.47
Total return ^d	(11.93)%	4.16%	(1.16)%	12.53%	(15.44)%	16.69%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates	1.11%	1.11%	1.11%	1.10%	1.08%	1.07%
Expenses net of waiver and payments by affiliates	1.10%	1.11% ^f	1.09%	1.08%	1.06%	1.06% ^g
Net investment income	2.99%	1.35%	2.42% ^c	3.00%	1.71%	1.74%
Supplemental data						
Net assets, end of period (000's)	\$684,733	\$831,031	\$1,084,789	\$1,117,813	\$1,060,101	\$1,394,475
Portfolio turnover rate	12.37%	26.13%	40.07%	28.52%	21.38%	26.81%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.13 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.28%.

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

^eRatios are annualized for periods less than one year.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

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

Templeton Foreign VIP Fund (continued)

	Six Months Ended June 30, 2022 (unaudited)	Year Ended December 31,				
		2021	2020	2019	2018	2017
Class 4						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.87	\$13.54	\$14.20	\$12.96	\$15.71	\$13.71
Income from investment operations ^a :						
Net investment income ^b	0.19	0.18	0.28 ^c	0.39	0.24	0.23
Net realized and unrealized gains (losses)	(1.85)	0.39	(0.55)	1.20	(2.63)	2.03
Total from investment operations	(1.66)	0.57	(0.27)	1.59	(2.39)	2.26
Less distributions from:						
Net investment income	(0.37)	(0.24)	(0.39)	(0.21)	(0.36)	(0.26)
Net realized gains	—	—	—	(0.14)	—	—
Total distributions	(0.37)	(0.24)	(0.39)	(0.35)	(0.36)	(0.26)
Net asset value, end of period	\$11.84	\$13.87	\$13.54	\$14.20	\$12.96	\$15.71
Total return ^d	(12.06)%	4.10%	(1.34)%	12.49%	(15.54)%	16.62%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates	1.21%	1.21%	1.21%	1.20%	1.18%	1.17%
Expenses net of waiver and payments by affiliates	1.20%	1.21% ^f	1.19%	1.18%	1.16%	1.16% ^g
Net investment income	2.89%	1.22%	2.33% ^c	2.90%	1.61%	1.64%
Supplemental data						
Net assets, end of period (000's)	\$75,665	\$91,428	\$106,224	\$113,681	\$125,265	\$159,944
Portfolio turnover rate	12.37%	26.13%	40.07%	28.52%	21.38%	26.81%

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

^bBased on average daily shares outstanding.

^cNet investment income per share includes approximately \$0.13 per share related to an adjustment for EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.19%.

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

^eRatios are annualized for periods less than one year.

^fBenefit of waiver and payments by affiliates rounds to less than 0.01%.

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

Schedule of Investments (unaudited), June 30, 2022

Templeton Foreign VIP Fund

	Country	Shares	Value
Common Stocks 96.7%			
Aerospace & Defense 4.5%			
BAE Systems plc	United Kingdom	1,943,511	\$19,672,861
Dassault Aviation SA	France	93,730	14,636,442
^a Rolls-Royce Holdings plc	United Kingdom	4,150,888	4,223,505
			38,532,808
Airlines 0.6%			
^{a,b} International Consolidated Airlines Group SA	United Kingdom	3,911,187	5,144,271
Auto Components 4.2%			
Continental AG	Germany	162,573	11,410,253
^a Faurecia SE	France	587,205	11,767,250
Valeo	France	662,624	12,911,253
			36,088,756
Automobiles 3.5%			
Bayerische Motoren Werke AG	Germany	172,762	13,391,977
Honda Motor Co. Ltd.	Japan	693,600	16,720,379
			30,112,356
Banks 14.2%			
ING Groep NV	Netherlands	1,412,693	13,916,630
Kasikornbank PCL	Thailand	3,030,200	12,950,952
^b KB Financial Group, Inc., ADR	South Korea	475,106	17,673,943
Lloyds Banking Group plc	United Kingdom	32,585,097	16,762,496
Shinhan Financial Group Co. Ltd.	South Korea	586,529	16,942,506
Standard Chartered plc	United Kingdom	3,717,595	28,060,987
Sumitomo Mitsui Financial Group, Inc.	Japan	510,700	15,177,811
			121,485,325
Chemicals 1.0%			
^c Covestro AG, 144A, Reg S	Germany	236,510	8,218,023
Construction & Engineering 0.5%			
Sinopec Engineering Group Co. Ltd., H	China	9,882,000	4,534,724
Construction Materials 1.1%			
CRH plc	Ireland	272,399	9,399,718
Diversified Financial Services 1.1%			
EXOR NV	Netherlands	156,810	9,798,583
Electronic Equipment, Instruments & Components 0.6%			
^a Landis+Gyr Group AG	Switzerland	101,763	5,341,479
Energy Equipment & Services 2.2%			
SBM Offshore NV	Netherlands	1,373,635	18,603,173
Food & Staples Retailing 1.5%			
Sundrug Co. Ltd.	Japan	581,900	13,011,010
Health Care Providers & Services 1.6%			
Fresenius Medical Care AG & Co. KGaA	Germany	280,000	14,027,641
Household Durables 1.3%			
Sony Group Corp.	Japan	134,100	10,934,749
Industrial Conglomerates 6.1%			
^b CK Hutchison Holdings Ltd.	United Kingdom	3,085,500	20,931,902
Hitachi Ltd.	Japan	648,200	30,829,237
			51,761,139
Insurance 4.0%			
AIA Group Ltd.	Hong Kong	2,012,600	21,990,674

Templeton Foreign VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Insurance (continued)			
Prudential plc	Hong Kong	1,013,664	\$12,607,133
			34,597,807
Interactive Media & Services 0.4%			
^a Baidu, Inc., ADR	China	23,330	3,469,871
Internet & Direct Marketing Retail 4.3%			
^a Alibaba Group Holding Ltd.	China	1,165,300	16,623,357
^{a,c} Just Eat Takeaway.com NV, 144A, Reg S	United Kingdom	343,051	5,390,250
^a Prosus NV	China	220,894	14,303,009
			36,316,616
Machinery 1.4%			
Komatsu Ltd.	Japan	352,800	7,854,411
Toyota Industries Corp.	Japan	62,400	3,868,541
			11,722,952
Media 1.5%			
^a Informa plc	United Kingdom	1,265,181	8,172,502
TBS Holdings, Inc.	Japan	371,900	4,666,511
			12,839,013
Metals & Mining 3.8%			
Alamos Gold, Inc., A	Canada	956,452	6,714,293
Sumitomo Metal Mining Co. Ltd.	Japan	429,200	13,304,603
Wheaton Precious Metals Corp.	Brazil	341,800	12,315,634
			32,334,530
Multiline Retail 0.7%			
Seria Co. Ltd.	Japan	348,800	6,200,202
Multi-Utilities 1.2%			
E.ON SE	Germany	1,204,124	10,141,943
Oil, Gas & Consumable Fuels 10.3%			
BP plc	United Kingdom	7,971,003	37,421,655
Galp Energia SGPS SA, B	Portugal	953,415	11,155,368
Shell plc	Netherlands	1,499,276	39,038,902
			87,615,925
Pharmaceuticals 7.5%			
AstraZeneca plc	United Kingdom	205,316	27,081,207
Bayer AG	Germany	447,746	26,736,502
Roche Holding AG	United States	31,721	10,605,992
			64,423,701
Professional Services 1.9%			
Adecco Group AG	Switzerland	469,782	16,014,960
Semiconductors & Semiconductor Equipment 7.1%			
Infineon Technologies AG	Germany	520,371	12,657,693
NXP Semiconductors NV	China	122,100	18,074,463
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	1,864,000	29,878,648
			60,610,804
Technology Hardware, Storage & Peripherals 3.9%			
Samsung Electronics Co. Ltd.	South Korea	741,212	32,934,126
Thriffs & Mortgage Finance 2.2%			
Housing Development Finance Corp. Ltd.	India	692,774	19,168,600

Templeton Foreign VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Tobacco 2.5%			
Imperial Brands plc	United Kingdom	945,557	\$21,165,398
Total Common Stocks (Cost \$806,738,405)			826,550,203
 Short Term Investments 4.0%			
	Country	Shares	Value
Money Market Funds 3.0%			
^{d,e} Institutional Fiduciary Trust - Money Market Portfolio, 0.895%	United States	25,930,344	25,930,344
Total Money Market Funds (Cost \$25,930,344)			25,930,344
^fInvestments from Cash Collateral Received for Loaned Securities 1.0%			
Money Market Funds 1.0%			
^{d,e} Institutional Fiduciary Trust - Money Market Portfolio, 0.895%	United States	8,621,004	8,621,004
Total Investments from Cash Collateral Received for Loaned Securities (Cost \$8,621,004)			8,621,004
Total Short Term Investments (Cost \$34,551,348)			34,551,348
Total Investments (Cost \$841,289,753) 100.7%			\$861,101,551
Other Assets, less Liabilities (0.7%)			(6,212,037)
Net Assets 100.0%			\$854,889,514

See Abbreviations on page TF-27.

^a Non-income producing.

^b A portion or all of the security is on loan at June 30, 2022. See Note 1(c).

^c 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 June 30, 2022, the aggregate value of these securities was \$13,608,273, representing 1.6% of net assets.

^d See Note 3(e) regarding investments in affiliated management investment companies.

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

^f See Note 1(c) regarding securities on loan.

Statement of Assets and Liabilities

June 30, 2022 (unaudited)

	Templeton Foreign VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$806,738,405
Cost - Non-controlled affiliates (Note 3e)	34,551,348
Value - Unaffiliated issuers (Includes securities loaned of \$12,184,648)	\$826,550,203
Value - Non-controlled affiliates (Note 3e)	34,551,348
Cash	4,180
Foreign currency, at value (cost \$229,602)	229,602
Receivables:	
Capital shares sold	73,536
Dividends and interest	2,939,019
European Union tax reclaims (Note 1d)	1,689,896
Total assets	<u>866,037,784</u>
Liabilities:	
Payables:	
Capital shares redeemed	573,368
Management fees	579,645
Distribution fees	171,828
Trustees' fees and expenses	1,393
Payable upon return of securities loaned (Note 1c)	8,621,004
Deferred tax	470,279
Accrued expenses and other liabilities	730,753
Total liabilities	<u>11,148,270</u>
Net assets, at value	<u>\$854,889,514</u>
Net assets consist of:	
Paid-in capital	\$857,226,004
Total distributable earnings (losses)	(2,336,490)
Net assets, at value	<u>\$854,889,514</u>
	Templeton Foreign VIP Fund
Class 1:	
Net assets, at value	\$94,492,144
Shares outstanding	7,982,367
Net asset value and maximum offering price per share	<u>\$11.84</u>
Class 2:	
Net assets, at value	\$684,732,673
Shares outstanding	59,040,356
Net asset value and maximum offering price per share	<u>\$11.60</u>
Class 4:	
Net assets, at value	\$75,664,697
Shares outstanding	6,387,999
Net asset value and maximum offering price per share	<u>\$11.84</u>

Statement of Operations

for the six months ended June 30, 2022 (unaudited)

	Templeton Foreign VIP Fund
Investment income:	
Dividends: (net of foreign taxes of \$1,934,218)	
Unaffiliated issuers	\$17,944,257
Non-controlled affiliates (Note 3e)	29,205
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	45,885
Non-controlled affiliates (Note 3e)	8,614
Other income (Note 1d)	1,916,961
Total investment income	<u>19,944,922</u>
Expenses:	
Management fees (Note 3a)	3,954,728
Distribution fees: (Note 3c)	
Class 2	981,006
Class 4	149,944
Custodian fees	48,297
Reports to shareholders fees	48,445
Professional fees	56,371
Trustees' fees and expenses	6,063
Other	85,669
Total expenses	5,330,523
Expenses waived/paid by affiliates (Note 3e)	(58,996)
Net expenses	<u>5,271,527</u>
Net investment income	<u>14,673,395</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	16,977,671
Foreign currency transactions	(1,296,797)
Net realized gain (loss)	<u>15,680,874</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(149,187,810)
Translation of other assets and liabilities denominated in foreign currencies	273,411
Change in deferred taxes on unrealized appreciation	461,238
Net change in unrealized appreciation (depreciation)	<u>(148,453,161)</u>
Net realized and unrealized gain (loss)	<u>(132,772,287)</u>
Net increase (decrease) in net assets resulting from operations	<u>\$(118,098,892)</u>

Statements of Changes in Net Assets

	Templeton Foreign VIP Fund	
	Six Months Ended	Year Ended
	June 30, 2022	December 31, 2021
	(unaudited)	
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$14,673,395	\$17,241,459
Net realized gain (loss)	15,680,874	91,630,813
Net change in unrealized appreciation (depreciation)	(148,453,161)	(43,910,316)
Net increase (decrease) in net assets resulting from operations	(118,098,892)	64,961,956
Distributions to shareholders:		
Class 1	(3,306,920)	(2,381,077)
Class 2	(22,029,270)	(19,729,840)
Class 4	(2,305,506)	(1,653,598)
Total distributions to shareholders	(27,641,696)	(23,764,515)
Capital share transactions: (Note 2)		
Class 1	(4,055,934)	(1,488,235)
Class 2	(29,220,972)	(289,098,586)
Class 4	(3,114,298)	(17,919,519)
Total capital share transactions	(36,391,204)	(308,506,340)
Net increase (decrease) in net assets	(182,131,792)	(267,308,899)
Net assets:		
Beginning of period	1,037,021,306	1,304,330,205
End of period	\$854,889,514	\$1,037,021,306

Notes to Financial Statements (unaudited)

Templeton Foreign VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Foreign VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

Equity securities 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.

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

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

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 June 30, 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

Templeton Foreign VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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. 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. Additionally, the Fund received \$2,522,919 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.

d. Income and Deferred Taxes

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

The Fund may be subject to foreign taxation related to income received, capital gains on the sale of securities and certain foreign currency transactions in the foreign jurisdictions in which it invests. Foreign taxes, if any, are recorded based on the tax regulations and rates that exist

Templeton Foreign VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Income and Deferred Taxes (continued)

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 June 30, 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.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Dividend income is recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not

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

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

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

f. Accounting Estimates

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

g. Guarantees and Indemnifications

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

Templeton Foreign VIP Fund (continued)

2. Shares of Beneficial Interest

At June 30, 2022, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2022		Year Ended December 31, 2021	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	155,322	\$2,147,368	442,846	\$6,305,829
Shares issued in reinvestment of distributions	269,293	3,306,920	158,422	2,381,077
Shares redeemed	(686,228)	(9,510,222)	(708,094)	(10,175,141)
Net increase (decrease)	(261,613)	\$(4,055,934)	(106,826)	\$(1,488,235)
Class 2 Shares:				
Shares sold	1,609,155	\$21,873,413	5,248,565	\$73,689,135
Shares issued in reinvestment of distributions	1,829,648	22,028,963	1,341,254	19,729,840
Shares redeemed	(5,541,730)	(73,123,348)	(27,124,178)	(382,517,561)
Net increase (decrease)	(2,102,927)	\$(29,220,972)	(20,534,359)	\$(289,098,586)
Class 4 Shares:				
Shares sold	226,836	\$2,993,763	677,401	\$9,654,639
Shares issued in reinvestment of distributions	187,592	2,305,506	110,093	1,653,598
Shares redeemed	(619,389)	(8,413,567)	(2,037,261)	(29,227,756)
Net increase (decrease)	(204,961)	\$(3,114,298)	(1,249,767)	\$(17,919,519)

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
Templeton Investment Counsel, LLC (TIC)	Investment manager
Franklin Templeton Services, LLC (FT Services)	Administrative manager
Franklin Distributors, LLC (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

Effective May 1, 2022, the Fund pays an investment management fee, calculated daily and paid monthly, to TIC based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.800%	Up to and including \$700 million
0.775%	Over \$700 million, up to and including \$1.2 billion
0.675%	In excess of \$1.2 billion

Templeton Foreign VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees (continued)

Prior to May 1, 2022, the Fund paid an investment management fee, calculated daily and paid monthly, to TIC based on the average daily net assets of the Fund as follows:

Annualized Fee Rate	Net Assets
0.900%	Up to and including \$200 million
0.810%	Over \$200 million, up to and including \$700 million
0.775%	Over \$700 million, up to and including \$1.2 billion
0.750%	Over \$1.2 billion, up to and including \$1.3 billion
0.675%	Over \$1.3 billion, up to and including \$10 billion
0.655%	Over \$10 billion, up to and including \$15 billion
0.635%	Over \$15 billion, up to and including \$20 billion
0.615%	In excess of \$20 billion

For the period ended June 30, 2022, the annualized gross effective investment management fee rate was 0.810% of the Fund's average daily net assets.

b. Administrative Fees

Under an agreement with TIC, FT Services provides administrative services to the Fund. The fee is paid by TIC 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 0.25% and 0.35% per year of its average daily net assets of Class 2 and Class 4, respectively. 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 period ended June 30, 2022, the Fund held investments in affiliated management investment companies as follows:

Templeton Foreign VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Templeton Foreign VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 0.895%	\$50,936,475	\$114,849,050	\$(139,855,181)	\$—	\$—	\$25,930,344	25,930,344	\$29,205
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 0.895%	\$192,332	\$140,991,200	\$(132,562,528)	\$—	\$—	\$8,621,004	8,621,004	\$8,614
Total Affiliated Securities . . .	\$51,128,807	\$255,840,250	\$(272,417,709)	\$—	\$—	\$34,551,348		\$37,819

4. Income Taxes

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

At December 31, 2021, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:

Long term	<u>\$49,364,034</u>
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At June 30, 2022, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	<u>\$855,020,122</u>
Unrealized appreciation	\$157,073,255
Unrealized depreciation	(150,991,826)
Net unrealized appreciation (depreciation)	<u>\$6,081,429</u>

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

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2022, aggregated \$114,840,583 and \$127,782,501, respectively.

At June 30, 2022, in connection with securities lending transactions, the Fund loaned equity investments and received \$8,621,004 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

Templeton Foreign VIP Fund (continued)

6. 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.

7. 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.

8. 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.

9. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matures 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.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2022, the Fund did not use the Global Credit Facility.

10. Fair Value Measurements

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

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

Templeton Foreign VIP Fund (continued)

10. Fair Value Measurements (continued)

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

A summary of inputs used as of June 30, 2022, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Templeton Foreign VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	\$—	\$38,532,808	\$—	\$38,532,808
Airlines	—	5,144,271	—	5,144,271
Auto Components	—	36,088,756	—	36,088,756
Automobiles	—	30,112,356	—	30,112,356
Banks	17,673,943	103,811,382	—	121,485,325
Chemicals	—	8,218,023	—	8,218,023
Construction & Engineering	—	4,534,724	—	4,534,724
Construction Materials	—	9,399,718	—	9,399,718
Diversified Financial Services	—	9,798,583	—	9,798,583
Electronic Equipment, Instruments & Components	—	5,341,479	—	5,341,479
Energy Equipment & Services	—	18,603,173	—	18,603,173
Food & Staples Retailing	—	13,011,010	—	13,011,010
Health Care Providers & Services	—	14,027,641	—	14,027,641
Household Durables	—	10,934,749	—	10,934,749
Industrial Conglomerates	—	51,761,139	—	51,761,139
Insurance	—	34,597,807	—	34,597,807
Interactive Media & Services	3,469,871	—	—	3,469,871
Internet & Direct Marketing Retail	—	36,316,616	—	36,316,616
Machinery	—	11,722,952	—	11,722,952
Media	—	12,839,013	—	12,839,013
Metals & Mining	19,029,927	13,304,603	—	32,334,530
Multiline Retail	—	6,200,202	—	6,200,202
Multi-Utilities	—	10,141,943	—	10,141,943
Oil, Gas & Consumable Fuels	—	87,615,925	—	87,615,925
Pharmaceuticals	—	64,423,701	—	64,423,701
Professional Services	—	16,014,960	—	16,014,960
Semiconductors & Semiconductor Equipment	18,074,463	42,536,341	—	60,610,804
Technology Hardware, Storage & Peripherals	—	32,934,126	—	32,934,126
Thrifts & Mortgage Finance	—	19,168,600	—	19,168,600
Tobacco	—	21,165,398	—	21,165,398
Short Term Investments	34,551,348	—	—	34,551,348
Total Investments in Securities	\$92,799,552	\$768,301,999^a	\$—	\$861,101,551

^a Includes foreign securities valued at \$768,301,999, 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.

11. New Accounting Pronouncements

In June 2022, the Financial Accounting Standards Board (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 is currently evaluating the impact, if any, of applying this ASU.

Templeton Foreign VIP Fund (continued)

12. Subsequent Events

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

Abbreviations

Selected Portfolio

ADR American Depositary Receipt

**SUPPLEMENT DATED AUGUST 10, 2022
TO THE STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 1, 2022 OF
TEMPLETON FOREIGN VIP FUND
(a series of Franklin Templeton Variable Insurance Products Trust)**

The Statement of Additional Information (SAI) is amended as follows:

I. The table under the “Management– Portfolio Managers – Other accounts managed by the portfolio managers” section on page 97 is revised as follows:

Name	Number of Other Registered Investment Companies Managed¹	Assets of Other Registered Investment Companies Managed (x \$1 million)¹	Number of Other Pooled Investment Vehicles Managed²	Assets of Other Pooled Investment Vehicles Managed (x \$1 million)²	Number of Other Accounts Managed²	Assets of Other Accounts Managed (x \$1 million)²
Sara Araghi	1	6,169.6	4	10,015.6	1	1.7
Herbert J. Arnett, Jr.	6	16,367.4	11	11,629.0	0	N/A
Grant Bowers	1	6,169.6	5	10,190.0	1	1.7
Todd Brighton	12	88,547.5	7	2,721.9	0	N/A
Vaneet Chadha	2	838.6	10	503.4	2	0
Sundaram Chettiappan	10	2,962.3	6	1,387.2	1	104.6
William Chong	2	3,898.3	7	1,839.8	0	N/A
Brendan Circle	5	80,767.4	3	2,319.8	0	N/A
Christian Correa	4	22,367.1	9	1,205.0	0	N/A
Sonal Desai	10	13,468.4	11	3,835.0	1	331.1
Neil Dhruv	2	4,499.3	3	2,681.0	0	N/A
Katrina Dudley	3	11,030.0	4	1,498.1	0	N/A
Nicholas P.B. Getaz	4	30,017.3	4	993.9	0	N/A
Michael Hasenstab	9	11,504.3	37 ³	17,189.2	12 ⁴	3,873.5
Calvin Ho	8	11,342.6	15	14,130.7	1	0
Grace Hoefig	2	9,359.7	2	420.4	0	N/A
Nicholas Karzon	4	5,672.3	3	158.0	0	N/A
Armritha Kasturirangan	4	30,017.3	4	993.9	0	N/A
Michael McCarthy	2	9,713.1	9	306.2	8	251.6
Christopher Meeker	4	5,672.3	3	158.0	0	N/A
Matthew J. Moberg	7	28,914.7	19	1,243.8	0	N/A
Peter Moeschter	3	15,728.6	7	9,980.2	4	1,691.0
Alan E. Muschott	2	8,624.7	1	1,545.6	0	N/A
Matthew Nagle	2	920.0	23	224.0	8	690.2
Thomas A. Nelson	14	6,812.3	127	8,235.7	3	218.8
Andrew Ness	2	1,759.0	4	2,384.7	2	3,225.1
Peter A. Nori	2	920.0	25	779.4	8	775.1
Patricia O'Connor	4	7,425.0	10	2,840.1	3	271.0
Christopher James Peel	4	15,790.1	6	1,065.5	4	1,691.0
Edward D. Perks	9	84,240.1	6	2,531.7	2	114.3
Warren Pustam	4	16,303.2	10	10,343.0	3	1,661.6
Matthew Quinlan	6	35,496.0	4	1,202.0	0	N/A
Steven Raineri	4	5,672.3	3	158.0	0	N/A
Timothy Rankin	2	10,229.6	4	781.6	0	N/A
John P. Scandalios	1	5,870.5	2	48.4	0	N/A
Daniel Scher	1	530.0	4	189.0	0	N/A
Blair Schmicker	2	7,260.4	1	169.3	0	N/A
Chandra Seethamraju	11	3,033.0	9	1,895.3	1	104.6
Chetan Sehgal	4	2,263.7	11	4,630.1	3	3,361.5
Nayan Sheth	4	30,017.3	3	993.6	0	N/A
Wylie Tollette	18	6,769.0	41	7,405.8	2	114.3
Debbie Turner	1	8,459.9	3	420.4	0	N/A
Paul Varunok	4	5,131.6	3	2,681.0	2 ⁵	3,256.1
Heather Waddell	4	2,618.7	30	1,509.8	14	2,538.8

Name	Number of Other Registered Investment Companies Managed ¹	Assets of Other Registered Investment Companies Managed (x \$1 million) ¹	Number of Other Pooled Investment Vehicles Managed ²	Assets of Other Pooled Investment Vehicles Managed (x \$1 million) ²	Number of Other Accounts Managed ²	Assets of Other Accounts Managed (x \$1 million) ²
David Yuen	12	14,267.5	10	2,235.6	5 ⁶	4,264.9

1. These figures represent registered investment companies other than the Funds that are included in this SAI.

2. The various pooled investment vehicles and accounts listed are managed by a team of investment professionals. Accordingly, the portfolio managers listed would not be solely responsible for managing such listed amounts.

3. Of these accounts, Dr. Hasenstab manages pooled investment vehicles with \$354.4 million in assets with a performance fee.

4. Of these accounts, Dr. Hasenstab manages other accounts with \$3,246.0 million in assets with a performance fee.

5. Of these accounts, Mr. Varunok manages an other account with \$2,399.8 million in assets with a performance fee.

6. Of these accounts, Mr. Yuen manages other accounts with \$2,399.8 million in assets with a performance fee.

Please keep this supplement with your SAI for future reference.

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 Bond 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 Bond 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, Fitch and Standard & Poor's 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 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 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.

Shareholder Information

Board Approval of Investment Management Agreements

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

Franklin Allocation VIP Fund
Franklin DynaTech VIP Fund
Franklin Global Real Estate VIP Fund
Franklin Growth and Income VIP Fund
Franklin Income VIP Fund
Franklin Large Cap Growth VIP Fund
Franklin Mutual Global Discovery VIP Fund
Franklin Mutual Shares VIP Fund
Franklin Rising Dividends VIP Fund
Franklin Small Cap Value VIP Fund
Franklin Small-Mid Cap Growth VIP Fund
Franklin Strategic Income VIP Fund
Franklin U.S. Government Securities VIP Fund
Franklin VolSmart Allocation VIP Fund
Templeton Developing Markets VIP Fund
Templeton Foreign VIP Fund
Templeton Global Bond VIP Fund
Templeton Growth VIP Fund
 (each a Fund)

At an in-person meeting held on April 12, 2022 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the (i) investment management agreement between Franklin Advisers, Inc. (FAV) and the Trust, on behalf of each of Franklin Allocation VIP Fund, Franklin DynaTech Growth VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small-Mid Cap Growth VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund, Franklin VolSmart Allocation VIP Fund, and Templeton Global Bond VIP Fund; (ii) the investment sub-advisory agreement between FAV and Franklin Templeton Institutional, LLC (FTIL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (iii) the investment sub-advisory agreement between FAV and Templeton Global Advisors Limited (TGAL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (iv) the investment sub-advisory agreement between FAV and Brandywine Global Investment Management, LLC (BGIM), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (v) the investment sub-advisory agreement between FAV

and ClearBridge Investments, LLC (CIL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (vi) the investment sub-advisory agreement between FAV and Western Asset Management Company, LLC (WAMC), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (vii) the investment sub-advisory agreement between FAV and Western Asset Management Company Limited (WAMCL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (viii) the investment management agreement between FTIL and the Trust, on behalf of Franklin Global Real Estate VIP Fund; (ix) the investment management agreement between Franklin Mutual Advisers, LLC (FMA) and the Trust, on behalf of each of Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund and Franklin Small Cap Value VIP Fund; (x) the investment management agreement between Templeton Asset Management Ltd. (TAML) and the Trust, on behalf of Templeton Developing Markets VIP Fund; (xi) the investment sub-advisory agreement between TAML and Franklin Templeton Investment Management Ltd. (FTIML), on behalf of Templeton Developing Markets VIP Fund; (xii) the investment management agreement between Templeton Investment Counsel, LLC (TICL) and the Trust, on behalf of Templeton Foreign VIP Fund; and (xiii) the investment management agreement between TGAL and the Trust, on behalf of Templeton Growth VIP Fund (each a Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement. Although the Management Agreements for the Funds were considered at the same Board meeting, the Board considered the information provided to it about the Funds together and with respect to each Fund separately as the Board deemed appropriate. BGIM, CIL, FAV, FTIL, FTIML, FMA, TAML, TICL, TGAL, WAMC and WAMCL are each referred to herein as a Manager.

In considering the continuation of each Management Agreement, the Board reviewed and considered information provided by each Manager at the Meeting and throughout the year at meetings of the Board and its committees. The Board also reviewed and considered information provided in response to a detailed set of requests for information submitted to each Manager by Independent Trustee counsel on behalf of the Independent Trustees in connection with the annual contract renewal process. In addition, prior to the Meeting, the Independent Trustees held a virtual contract renewal meeting at which the Independent Trustees first conferred amongst themselves and Independent Trustee counsel about contract renewal matters; and then met

with management to request additional information that the Independent Trustees reviewed and considered at the Meeting. The Board reviewed and considered all of the factors it deemed relevant in approving the continuance of each Management Agreement, including, but not limited to: (i) the nature, extent and quality of the services provided by each Manager; (ii) the investment performance of each Fund; (iii) the costs of the services provided and profits realized by each Manager and its affiliates from the relationship with each Fund; (iv) the extent to which economies of scale are realized as each Fund grows; and (v) whether fee levels reflect these economies of scale for the benefit of Fund investors.

In approving the continuance of each Management Agreement, the Board, including a majority of the Independent Trustees, determined that the terms of each Management Agreement are fair and reasonable and that the continuance of such Management Agreement is in the best interests of the applicable Fund and its shareholders. While attention was given to all information furnished, the following discusses some primary factors relevant to the Board's determination.

Nature, Extent and Quality of Services

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

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Managers' parent, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Funds by the FT organization. The Board specifically noted FT's commitment to being a global leader in stewardship and sustainability and the recent addition of a senior executive focused on environmental, social and governance and climate control initiatives.

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

Fund Performance

The Board reviewed and considered the performance results of each Fund over various time periods ended January 31, 2022. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

Franklin Allocation VIP Fund - The Performance Universe for the Fund included the Fund and all mixed-asset target allocation growth funds underlying variable insurance products (VIPs). The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed the Fund's performance with management and management explained that the Fund maintains a strategic equity asset allocation that is on the lower end of its peers that comprise the Performance Universe, which has negatively impacted the Fund's relative returns in a risk-on market environment in recent years. Management reminded the Board that, effective May 1, 2019, the Fund was repositioned to a direct investment fund with an actively managed allocation strategy which is not reflected in the Fund's longer-term performance.

Management then discussed with the Board the actions that are being taken in an effort to address the sources of the Fund's underperformance, including enhancements made to the Fund's investment strategies. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Income VIP Fund - The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the one- and 10-year periods was above the median of its Performance Universe, but for the three- and five-year periods was below the median of its Performance Universe. The Board considered the income-related attributes of the Fund (such as a fund's investment objective and/or investment strategy) and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given the Fund's income-related attributes and investor expectations. The Board concluded that the Fund's performance was satisfactory.

Franklin Strategic Income VIP Fund and Franklin U.S. Government Securities VIP Fund - The Performance Universe for the Franklin Strategic Income VIP Fund included the Fund and all multi-sector income funds underlying VIPs. The Performance Universe for the Franklin U.S. Government Securities VIP Fund included the Fund and all intermediate US government funds underlying VIPs. The Board noted that each Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its respective Performance Universe. The Board also noted that each Fund's annualized total return for the three-, five- and 10-year periods was below the median of its respective Performance Universe, but for the one-year period was above the median of the Fund's respective Performance Universe. The Board further noted the Franklin U.S. Government Securities VIP Fund's conservative policy of investing substantially all of its assets in Ginnie Mae obligations. The Board considered the income-related attributes of each Fund (such as a fund's investment objective and/or investment strategy) and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given the Fund's income-related attributes and investor expectations. The Board concluded that each Fund's performance was satisfactory.

Templeton Global Bond VIP Fund - The Performance Universe for the Fund included the Fund and all global income funds underlying VIPs. The Board noted that the Fund's annualized income return for the three-, five- and 10-year periods was above the median of its Performance Universe, but for the one-year period was below the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the three-, five-, and 10-year periods was below the median of its Performance Universe, but for the one-year period was equal to the median of its Performance Universe. The Board discussed this performance with management and management explained that the Fund's relative underperformance in comparison to its Performance Universe over the three- and five-year reporting periods was largely due to the Fund's performance in 2019 and 2020. Management further explained that the underperformance was driven by the Fund's defensive positioning amid the pandemic, which restrained the Fund's participation in the risk asset rallies in the second half of 2020. Management also explained that the Fund's long exposure to emerging market local currency assets and short exposure to US Treasury duration during the three- and five-year reporting periods detracted from the Fund's relative performance versus the Performance Universe. Management further explained that after vaccines were approved toward the end of 2020 management significantly repositioned the Fund's strategies back towards risk allocations and expanded on that risk positioning throughout 2021, emphasizing specific currencies against the US dollar and the euro, as well as local currency bonds in a select set of emerging markets. Management further explained the steps the portfolio management team is taking in an effort to improve the Fund's peer rankings across all reporting periods and reduce the impact of the Fund's relative underperformance in 2019 and 2020. The Board noted management's continued confidence in the Fund's portfolio management team, commitment to an enhanced investment process for the benefit of Fund shareholders and commitment to have ongoing conversations with the Board regarding management's strategies for addressing the performance of the global macro funds as a whole. Based on the foregoing, the Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, and that management's efforts and the recent improved performance of the Fund should continue to be closely monitored.

Franklin Growth and Income VIP Fund - The Performance Universe for the Fund included the Fund and all equity income funds underlying VIPs. The Board noted that the Fund's annualized income return and annualized total return for the one-, three-, five- and 10-year periods were above the medians of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin DynaTech VIP Fund, Franklin Mutual Shares VIP Fund, Templeton Foreign VIP Fund and Templeton Growth VIP Fund - The Performance Universe for the Franklin DynaTech VIP Fund included the Fund and all large-cap growth funds underlying VIPs. The Performance Universe for the Franklin Mutual Shares VIP Fund included the Fund and all multi-cap value funds underlying VIPs. The Performance Universe for the Templeton Foreign VIP Fund included the Fund and all international multi-cap value funds underlying VIPs. The Performance Universe for the Templeton Growth VIP Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that each Fund's annualized total return for the one-, three-, five and 10-year periods was below the median of its respective Performance Universe. The Board further noted that, effective May 1, 2021, the Franklin DynaTech VIP Fund changed its name, investment strategy, and primary benchmark to align with the Franklin DynaTech Fund and that it would need more time to assess the implication of these changes on Fund performance.

The Board also noted management's explanation that the Franklin Mutual Shares VIP Fund's underperformance in 2017 was material and continues to adversely impact the Fund's ranking over longer-term periods. Management reminded the Board of the primary factors that impacted the 2017 performance, including, among factors, exposure to non-US equities and stock selection. Management explained that the Fund has a more value oriented tilt and underweight position in US securities as compared to its Performance Universe, both of which detracted from the Fund's relative performance during a period of historic and sustained outperformance of growth over value. Management further explained that key detractors from the Fund's three-year performance included the Fund's stock selection in the financials and industrials sectors and the Fund's underweight position in the industrials sector. Management reviewed with the Board ongoing enhancements to the Fund's investment team and processes in an effort to improve performance.

The Board discussed Templeton Foreign VIP Fund's performance with management and management explained the Fund's relative performance over the reporting periods was negatively impacted by the Fund's overweight positions in cash and the information technology and energy sectors,

and underweight positions in the financials, consumer staples and communication services sectors as compared to the Performance Universe. Management then noted that the Fund outperformed its benchmark, the MSCI All Country World ex-US Index-NR, for the one-year period, more than doubling the gains of the index. Management discussed with the Board the actions that are being taken in an effort to improve the performance of the Fund and the global equity funds as a whole. Management specifically highlighted the strategic initiatives being undertaken in the Templeton Global Equity Group, including enhancements to the leadership of the group and the commitment of additional resources important to delivering sustainable returns.

The Board discussed Templeton Growth VIP Fund's performance with management and management explained that the Fund's relative performance over the reporting periods was negatively impacted by the Fund's overweight positions in cash and the consumer discretionary sector and underweight position in the financials sector as compared to the Performance Universe. Management also explained that the Fund's one-year relative underperformance was primarily attributable to stock-specific weakness and underweight allocations in the US market and the information technology sector. Management then discussed with the Board the actions that are being taken in an effort to improve the performance of the Fund and the global equity funds as a whole. Management specifically highlighted the strategic initiatives being undertaken in the Templeton Global Equity Group, including enhancements to the leadership of the group and the commitment of additional resources important to delivering sustainable returns.

The Board concluded that the Funds' Management Agreements should be continued for an additional one-year period, and management's efforts should continue to be closely monitored.

Franklin Global Real Estate VIP Fund - The Performance Universe for the Fund included the Fund and all global real estate funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and 10-year periods was above the median of its Performance Universe, but for the three- and five-year periods was below the median of its Performance Universe. The Board further noted that, while below the median, the Fund's three- and five-year annualized total returns were 7.98% and 7.55%, respectively. The Board concluded that the Fund's performance was satisfactory.

Franklin Large Cap Growth VIP Fund - The Performance Universe for the Franklin Large Cap Growth VIP Fund included the Fund and all multi-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three- and five-year periods was above the median of its Performance Universe, but for the 10-year period was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Templeton Developing Markets VIP Fund and Franklin Small Cap Value VIP Fund - The Performance Universe for the Templeton Developing Markets VIP Fund included the Fund and all emerging markets funds underlying VIPs. The Performance Universe for the Franklin Small Cap Value VIP Fund included the Fund and all small-cap value funds underlying VIPs. The Board noted that each Fund's annualized total return for the three-, five and 10-year periods was above the median of its respective Performance Universe, but for the one-year period was below the median of its respective Performance Universe (noting the one-year annualized total return for the Franklin Small Cap Value VIP Fund exceeded 20%). The Board concluded that each Fund's performance was satisfactory.

Franklin Mutual Global Discovery VIP Fund - The Performance Universe for the Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three- and 10-year periods was above the median of its Performance Universe, but for the five-year period was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Rising Dividends VIP Fund - The Performance Universe for the Fund included the Fund and all large-cap core funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and three-year periods was above the median of its Performance Universe, but for the five- and 10-year periods was below the median of its Performance Universe. The Board further noted that, while below the median, the Fund's five- and 10-year annualized total returns were 15.42% and 13.68%, respectively. The Board concluded that the Fund's performance was satisfactory.

Franklin VolSmart Allocation VIP Fund - The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying VIPs. The Board noted that the Fund incepted on April 1, 2013 and has been in operation for less than 10 years. The Board further noted that its annualized total return for the one-, three- and five-year periods was above the median and in the first quintile (best)

of its Performance Universe. The Board also noted that its annualized income return for the one- and three-year periods was above the median of its Performance Universe, but for the five-year period was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Small-Mid Cap Growth VIP Fund - The Performance Universe for the Fund included the Fund and all mid-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and 10-year periods was below the median of its Performance Universe, but for the three- and five-year periods was above the median of its Performance Universe and exceeded 16.35%. The Board concluded that the Fund's performance was acceptable.

Comparative Fees and Expenses

The Board reviewed and considered information regarding each Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of each Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual or semi-annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

Franklin Allocation VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Small Cap Value VIP Fund, Templeton Global Bond VIP Fund, Franklin DynaTech VIP Fund, Franklin Rising Dividends VIP Fund and Franklin Small-Mid Cap Growth VIP Fund - The

Expense Group for the Franklin Allocation VIP Fund included the Fund and 10 other mixed-asset target allocation growth funds underlying VIPs. The Expense Group for the Franklin Growth and Income VIP Fund included the Fund and 11 other equity income funds underlying VIPs. The Expense Group for the Franklin Income VIP Fund included the Fund and 11 other flexible portfolio funds underlying VIPs. The Expense Group for the Franklin Small Cap Value VIP Fund included the Fund and eight other small-cap value funds underlying VIPs. The Expense Group for the Templeton Global Bond VIP Fund included the Fund and 10 other global income funds underlying VIPs. The Expense Group for the Franklin DynaTech VIP Fund included the Fund and 12 other large-cap growth funds underlying VIPs. The Expense Group for the Franklin Rising Dividends VIP Fund included the Fund and 11 other large-cap core funds underlying VIPs. The Expense Group for the Franklin Small-Mid Cap Growth VIP Fund included the Fund and 11 other mid-cap growth funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for each Fund were below the medians of its respective Expense Group. The Board also noted that the Franklin Allocation VIP Fund, Franklin DynaTech VIP Fund and Franklin Growth and Income VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board further noted that the Franklin Allocation VIP Fund's sub-advisers are paid by FAV out of the management fee FAV receives from the Fund and that the allocation of the fee between FAV and each sub-adviser reflected the services provided by each to the Fund. After consideration of the above, the Board concluded that the Management Rate charged to each Fund and the sub-advisory fee paid to each sub-adviser of the Franklin Allocation VIP Fund are reasonable.

Franklin U.S. Government Securities VIP Fund - The Expense Group for the Fund included the Fund, three other intermediate US government funds underlying VIPs and 11 inflation-protected bond funds underlying VIPs. The Board noted that the Management Rate for the Fund was below the median of its Expense Group, and the actual total expense ratio for the Fund was slightly above the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Franklin Global Real Estate VIP Fund, Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund, Templeton Developing Markets VIP Fund, Templeton Growth VIP Fund, Templeton Foreign VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin VolSmart Allocation VIP Fund and Franklin Strategic Income VIP Fund - The Expense Group for the Franklin Global Real Estate VIP Fund included the Fund and seven other global real estate

funds underlying VIPs. The Expense Group for the Franklin Mutual Global Discovery VIP Fund included the Fund, one other global multi-cap value fund underlying VIPs, two global multi-cap core funds underlying VIPs, and two global multi-cap growth funds underlying VIPs. The Expense Group for the Franklin Mutual Shares VIP Fund included the Fund and 12 other multi-cap value funds underlying VIPs. The Expense Group for the Templeton Developing Markets VIP Fund included the Fund and 13 other emerging markets funds underlying VIPs. The Expense Group for the Templeton Growth VIP Fund included the Fund, one other global multi-cap value fund underlying VIPs, two global multi-cap core funds underlying VIPs, and two global multi-cap growth funds underlying VIPs. The Expense Group for the Templeton Foreign VIP Fund included the Fund, nine other international multi-cap value funds underlying VIPs and four international large-cap value funds underlying VIPs. The Expense Group for the Franklin Large Cap Growth VIP Fund included the Fund and 11 other multi-cap growth funds underlying VIPs. The Expense Group for the Franklin VolSmart Allocation VIP Fund included the Fund, three other flexible portfolio funds underlying VIPs, and three mixed-asset target allocation growth fund underlying VIPs. The Expense Group for the Franklin Strategic Income VIP Fund included the Fund and nine other multi-sector income funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for each Fund were above the median of its respective Expense Group.

With respect to the Franklin Mutual Global Discovery VIP Fund, the Board noted management's explanation that the portfolio management team makes investments in the debt and equity of distressed companies and merger arbitrage securities that are specialized in nature and therefore require additional expertise and resources, whereas the Fund's Expense Group generally does not make such investments. With respect to the Franklin Large Cap Growth VIP Fund, Franklin Mutual Shares VIP Fund, Franklin Strategic Income VIP Fund and Templeton Developing Markets VIP Fund, the Board noted that each Fund's Management Rate and actual total expense ratio were less than 5 basis points above the respective median of the Fund's Expense Group. With respect to each of the Templeton Foreign VIP Fund and the Templeton Growth VIP Fund, the Board noted management's explanation that the Expense Group for each Fund is not directly comparable to the Fund because funds that comprise the Expense Group have a higher allocation to domestic equity than the Fund. Management further explained that when each Fund is compared to a subset of its Expense Group that has a smaller allocation to domestic equity similar to the Fund, the Fund's actual total expense ratio is more aligned with peers. The Board

discussed with management the expenses of both of these Funds and management agreed to implement a reduction in the Management Rate for the Templeton Foreign VIP Fund and implement an expense cap on the Templeton Growth VIP Fund's actual total expense ratio of 0.87%, effective May 1, 2022. The Board also noted that the Franklin VolSmart Allocation VIP Fund's actual total expense ratio reflected a fee waiver from management. The Board further noted that the Templeton Developing Markets VIP Fund's sub-adviser is paid by TAML out of the management fee TAML receives from the Fund and that the allocation of the fee between TAML and the sub-adviser reflected the services provided by each to the Fund. After consideration of the above, the Board concluded that the Management Rate charged to each Fund and the sub-advisory fee paid to the Templeton Developing Markets VIP Fund's sub-adviser are reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by each Manager and its affiliates in connection with the operation of each Fund. In this respect, the Board considered the Fund profitability analysis that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2021, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Funds' profitability report presentations from prior years. The Board also noted that PricewaterhouseCoopers LLP, auditor to FRI and certain FT funds, has been engaged to periodically review and assess the allocation methodologies to be used solely by the Funds' Board with respect to the profitability analysis.

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

the Funds, as well as the need to implement systems and meet additional regulatory and compliance requirements resulting from recent US Securities and Exchange Commission and other regulatory requirements.

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

Economies of Scale

The Board reviewed and considered the extent to which each Manager may realize economies of scale, if any, as each Fund grows larger and whether each Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints for each Fund (except for the Franklin Allocation VIP Fund and the Franklin VolSmart Allocation VIP Fund), which operate generally to share any economies of scale with a Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered management's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments each Manager incurs across the FT family of funds as a whole. The Board concluded that to the extent economies of scale may be realized by each Manager and its affiliates, each Fund's management fee structure (except for the Franklin Allocation VIP Fund and the Franklin VolSmart Allocation VIP Fund) provided a sharing of benefits with the Fund and its shareholders as the Fund grows. The Board recognized that there would not likely be any economies of scale for the Franklin DynaTech VIP Fund, Franklin Global Real Estate VIP Fund, Franklin Growth and Income VIP Fund, Franklin Large Cap Growth VIP Fund and Franklin VolSmart Allocation VIP Fund until each Fund's assets grow. The Board also recognized that given the decline in assets over the past three calendar years for each of the Franklin Income VIP Fund, Franklin Mutual Shares VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund, Templeton Global Bond VIP Fund and Templeton Growth VIP Fund, these Funds are not expected to experience additional economies of scale in the foreseeable future. The Board concluded that

to the extent economies of scale may be realized by each Manager and its affiliates, each Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

Conclusion

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

Liquidity Risk Management Program

Each Fund has adopted and implemented a written Liquidity Risk Management Program (the "LRMP") as required by Rule 22e-4 under the Investment Company Act of 1940 (the "Liquidity Rule"). The LRMP is designed to assess and manage each Fund's liquidity risk, which is defined as the risk that the Fund could not meet requests to redeem shares issued by the Fund without significant dilution of remaining investors' interests in the Fund. In accordance with the Liquidity Rule, the LRMP includes policies and procedures that provide for: (1) assessment, management, and review (no less frequently than annually) of each Fund's liquidity risk; (2) classification of each Fund's portfolio holdings into one of four liquidity categories (Highly Liquid, Moderately Liquid, Less Liquid, and Illiquid); (3) for Funds that do not primarily hold assets that are Highly Liquid, establishing and maintaining a minimum percentage of the Fund's net assets in Highly Liquid investments (called a "Highly Liquid Investment Minimum" or "HLIM"); and (4) prohibiting the Fund's acquisition of Illiquid investments that would result in the Fund holding more than 15% of its net assets in Illiquid assets. The LRMP also requires reporting to the Securities and Exchange Commission ("SEC") (on a non-public basis) and to the Board if the Fund's holdings of Illiquid assets exceed 15% of the Fund's net assets. Funds with HLIMs must have procedures for addressing HLIM shortfalls, including reporting to the Board and, with respect to HLIM shortfalls lasting more than seven consecutive calendar days, reporting to the SEC (on a non-public basis).

The Director of Liquidity Risk within the Investment Risk Management Group (the "IRMG") is the appointed Administrator of the LRMP. The IRMG maintains the Investment Liquidity Committee (the "ILC") to provide oversight and administration of policies and procedures governing liquidity risk management for Franklin Templeton and Legg Mason products and portfolios. The ILC includes representatives from Franklin Templeton's Risk, Trading, Global Compliance, Legal, Investment Compliance,

Investment Operations, Valuation Committee, Product Management and Global Product Strategy.

In assessing and managing each Fund's liquidity risk, the ILC considers, as relevant, a variety of factors, including the Fund's investment strategy and the liquidity of its portfolio investments during both normal and reasonably foreseeable stressed conditions; its short and long-term cash flow projections; and its cash holdings and access to other funding sources including the Funds' interfund lending facility and line of credit. Classification of the Fund's portfolio holdings in the four liquidity categories is based on the number of days it is reasonably expected to take to convert the investment to cash (for Highly Liquid and Moderately Liquid holdings) or sell or dispose of the investment (for Less Liquid and Illiquid investments), in current market conditions without significantly changing the investment's market value.

Each Fund primarily holds liquid assets that are defined under the Liquidity Rule as "Highly Liquid Investments," and therefore is not required to establish an HLIM. Highly Liquid Investments are defined as cash and any investment reasonably expected to be convertible to cash in current market conditions in three business days or less without the conversion to cash significantly changing the market value of the investment.

At meetings of the Funds' Board of Trustees held in May 2022, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2021. The Program Administrator report concluded that (i.) the LRMP, as adopted and implemented, remains reasonably designed to assess and manage each Fund's liquidity risk; (ii.) the LRMP, including the Highly Liquid Investment Minimum ("HLIM") where applicable, was implemented and operated effectively to achieve the goal of assessing and managing each Fund's liquidity risk; and (iii.) each Fund was able to meet requests for redemption without significant dilution of remaining investors' interests in the Fund.

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**

**Semiannual 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