

SEMIANNUAL REPORT

FRANKLIN MUTUAL SHARES VIP FUND

A Series of Franklin Templeton Variable Insurance
Products Trust

June 30, 2023



FRANKLIN
TEMPLETON

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

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

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

Not FDIC Insured | May Lose Value | No Bank Guarantee

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Franklin Mutual Shares VIP Fund

This semiannual report for Franklin Mutual Shares VIP Fund covers the period ended June 30, 2023.

Fund Overview

Fund Goal and Main Investments

The Fund seeks capital appreciation. Its secondary goal is income. Under normal market conditions, the Fund invests primarily in equity securities of U.S. and foreign companies that we believe are available at market prices less than their fundamental value. The equity securities in which the Fund invests are primarily common stock, and generally companies with market capitalizations greater than \$5 billion, with a portion or significant amount in smaller companies. To a lesser extent, the Fund also invests in merger arbitrage securities and the debt and equity of distressed companies. The Fund may invest up to 35% of its assets in foreign securities, which may include sovereign debt and participations in foreign government debt.

Geographic Composition

6/30/23

	% of Total Net Assets
United States	88.3%
United Kingdom	3.6%
Switzerland	2.2%
Other ^{*†}	0.0%
Short-Term Investments & Other Net Assets	5.9%

^{*}Includes financial instruments determined to have no value.

[†]Rounds to less than 0.1%.

Performance Overview

You can find the Fund's six-month total return for all share classes in the Performance Summary. In comparison, the Fund's benchmark, the Russell 1000® Value Index, posted a +5.12% total return for the period under review.¹

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Inception date of the Fund may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

1. Source: Morningstar. The 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. 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.

The index is unmanaged and includes reinvestment of any income or distributions. It does 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.

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

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).

Top 10 Industries

6/30/23

	% of Total Net Assets
Pharmaceuticals	7.5%
Financial Services	6.2%
Oil, Gas & Consumable Fuels	5.8%
Software	5.5%
Health Care Providers & Services	5.3%
Banks	4.9%
Professional Services	4.1%
Entertainment	3.9%
Media	3.9%
Insurance	3.6%

Top 10 Holdings

6/30/23

Company Industry, Country	% of Total Net Assets
JPMorgan Chase & Co. Banks, United States	2.9%
Fiserv, Inc. Financial Services, United States	2.7%
CBRE Group, Inc. Real Estate Management & Development, United States	2.4%
Schlumberger NV Energy Equipment & Services, United States	2.3%
Williams Cos., Inc. (The) Oil, Gas & Consumable Fuels, United States	2.3%
Tapestry, Inc. Textiles, Apparel & Luxury Goods, United States	2.3%
Kraft Heinz Co. (The) Food Products, United States	2.3%
Flex Ltd. Electronic Equipment, Instruments & Components, United States	2.2%
Meta Platforms, Inc. Interactive Media & Services, United States	2.2%
Novartis AG Pharmaceuticals, Switzerland	2.2%

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

Performance Summary as of June 30, 2023¹

Share Class	6-Month Total Return
1	+5.41%
2	+5.34%
4	+5.28%

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

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

Performance data represent past performance, which does not guarantee future results. Investment return and principal value will fluctuate, and you may have a gain or loss when you sell your shares. Current performance may differ from figures shown. Inception date of the Fund may have preceded the effective dates of the subaccounts, contracts or their availability in all states.

Fund Risks

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

All investments involve risks, including possible loss of principal. The **investment style** may become out of favor, which may have a negative impact on performance. **International investments** are subject to special risks, including currency fluctuations and social, economic and political uncertainties, which could increase volatility. These risks are magnified in **emerging markets**. Investments in companies engaged in **mergers, reorganizations or liquidations** also involve special risks as pending deals may not be completed on time or on favorable terms. **Low-rated, high-yield bonds** are subject to greater price volatility, illiquidity and possibility of default. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. The Fund's prospectus also includes a description of the main investment risks.

Your Fund's Expenses

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

Actual Fund Expenses

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

Hypothetical Example for Comparison with Other Mutual Funds

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

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

Share Class	Beginning Account Value 1/1/23	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 6/30/23	Fund-Level Expenses Paid During Period 1/1/23–6/30/23 ^{1,2}	Ending Account Value 6/30/23	Fund-Level Expenses Paid During Period 1/1/23–6/30/23 ^{1,2}	
1	\$1,000	\$1,054.10	\$3.51	\$1,021.38	\$3.45	0.69%
2	\$1,000	\$1,053.40	\$4.78	\$1,020.14	\$4.70	0.94%
4	\$1,000	\$1,052.80	\$5.28	\$1,019.65	\$5.20	1.04%

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.

Financial Highlights

Franklin Mutual Shares VIP Fund

	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31,				
		2022	2021	2020	2019	2018
Class 1						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$15.53	\$19.62	\$16.93	\$19.19	\$17.71	\$20.71
Income from investment operations ^a :						
Net investment income ^b	0.16	0.32	0.27	0.55 ^c	0.46	0.36
Net realized and unrealized gains (losses)	0.68	(1.99)	3.02	(1.68)	3.39	(2.04)
Total from investment operations	0.84	(1.67)	3.29	(1.13)	3.85	(1.68)
Less distributions from:						
Net investment income	—	(0.40)	(0.60)	(0.50)	(0.42)	(0.55)
Net realized gains	—	(2.02)	—	(0.63)	(1.95)	(0.77)
Total distributions	—	(2.42)	(0.60)	(1.13)	(2.37)	(1.32)
Net asset value, end of period	\$16.37	\$15.53	\$19.62	\$16.93	\$19.19	\$17.71
Total return ^d	5.41%	(7.15)%	19.52%	(4.85)%	22.92%	(8.86)%
Ratios to average net assets^e						
Expenses ^{f,g,h}	0.69%	0.66%	0.73%	0.73%	0.71%	0.71%
Expenses - incurred in connection with securities sold short	—% ⁱ	—% ⁱ	0.02%	0.01%	0.02%	0.01%
Net investment income	2.03%	1.82%	1.44%	3.48% ^c	2.35%	1.77%
Supplemental data						
Net assets, end of period (000's)	\$112,413	\$105,334	\$116,861	\$157,734	\$158,431	\$537,324
Portfolio turnover rate	24.65%	59.99%	47.31% ^j	36.96%	38.50%	24.67%

^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 \$0.19 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.27%.

^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%.

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

^hIncludes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(e).

ⁱRounds to less than 0.01%.

^jExcludes the value of portfolio securities delivered as a result of redemption in-kind.

Franklin Mutual Shares VIP Fund (continued)

	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31,				
		2022	2021	2020	2019	2018
Class 2						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$15.16	\$19.20	\$16.59	\$18.81	\$17.40	\$20.36
Income from investment operations ^a :						
Net investment income ^b	0.14	0.27	0.22	0.51 ^c	0.40	0.31
Net realized and unrealized gains (losses)	0.67	(1.95)	2.95	(1.65)	3.32	(2.00)
Total from investment operations	0.81	(1.68)	3.17	(1.14)	3.72	(1.69)
Less distributions from:						
Net investment income	—	(0.34)	(0.56)	(0.45)	(0.36)	(0.50)
Net realized gains	—	(2.02)	—	(0.63)	(1.95)	(0.77)
Total distributions	—	(2.36)	(0.56)	(1.08)	(2.31)	(1.27)
Net asset value, end of period	\$15.97	\$15.16	\$19.20	\$16.59	\$18.81	\$17.40
Total return ^d	5.34%	(7.43)%	19.17%	(5.04)%	22.57%	(9.07)%
Ratios to average net assets^e						
Expenses ^{f,g,h}	0.94%	0.91%	0.98%	0.98%	0.96%	0.96%
Expenses - incurred in connection with securities sold short	—% ⁱ	—% ⁱ	0.02%	0.01%	0.02%	0.01%
Net investment income	1.79%	1.55%	1.17%	3.25% ^c	2.10%	1.52%
Supplemental data						
Net assets, end of period (000's)	\$1,886,512	\$1,786,501	\$2,517,899	\$2,620,645	\$2,931,753	\$2,516,834
Portfolio turnover rate	24.65%	59.99%	47.31% ^j	36.96%	38.50%	24.67%

^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 \$0.19 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 2.04%.

^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%.

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

^hIncludes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(e).

ⁱRounds to less than 0.01%.

^jExcludes the value of portfolio securities delivered as a result of redemption in-kind.

Franklin Mutual Shares VIP Fund (continued)

	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31,				
		2022	2021	2020	2019	2018
Class 4						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$15.34	\$19.39	\$16.75	\$18.99	\$17.55	\$20.53
Income from investment operations ^a :						
Net investment income ^b	0.13	0.26	0.20	0.49 ^c	0.38	0.29
Net realized and unrealized gains (losses)	0.68	(1.97)	2.98	(1.66)	3.36	(2.02)
Total from investment operations	0.81	(1.71)	3.18	(1.17)	3.74	(1.73)
Less distributions from:						
Net investment income	—	(0.32)	(0.54)	(0.44)	(0.35)	(0.48)
Net realized gains	—	(2.02)	—	(0.63)	(1.95)	(0.77)
Total distributions	—	(2.34)	(0.54)	(1.07)	(2.30)	(1.25)
Net asset value, end of period	\$16.15	\$15.34	\$19.39	\$16.75	\$18.99	\$17.55
Total return ^d	5.28%	(7.47)%	19.06%	(5.17)%	22.44%	(9.16)%
Ratios to average net assets^e						
Expenses ^{f,g,h}	1.04%	1.01%	1.08%	1.08%	1.06%	1.06%
Expenses - incurred in connection with securities sold short	—% ⁱ	—% ⁱ	0.02%	0.01%	0.02%	0.01%
Net investment income	1.68%	1.47%	1.06%	3.13% ^c	2.00%	1.42%
Supplemental data						
Net assets, end of period (000's)	\$101,539	\$99,603	\$120,424	\$116,704	\$120,345	\$105,047
Portfolio turnover rate	24.65%	59.99%	47.31% ^j	36.96%	38.50%	24.67%

^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 \$0.19 per share related to income received in the form of special dividends and EU reclaims in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.92%.

^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%.

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

^hIncludes dividends and/or interest expense on securities sold short and security borrowing fees, if any. See below for the ratios of such expenses to average net assets for the periods presented. See Note 1(e).

ⁱRounds to less than 0.01%.

^jExcludes the value of portfolio securities delivered as a result of redemption in-kind.

Schedule of Investments (unaudited), June 30, 2023

Franklin Mutual Shares VIP Fund

	Country	Shares	Value
Common Stocks 90.2%			
Air Freight & Logistics 1.5%			
United Parcel Service, Inc., B	United States	172,844	\$30,982,287
Automobile Components 0.0%[†]			
^{a,b,c} International Automotive Components Group Brazil LLC	Brazil	1,730,515	55,190
Automobiles 1.9%			
General Motors Co.	United States	1,053,147	40,609,348
Banks 4.9%			
Bank of America Corp.	United States	1,457,935	41,828,155
JPMorgan Chase & Co.	United States	417,316	60,694,439
			102,522,594
Biotechnology 0.8%			
^b Horizon Therapeutics plc.	United States	170,386	17,524,200
Building Products 2.1%			
Johnson Controls International plc.	United States	643,293	43,833,985
Capital Markets 1.8%			
BlackRock, Inc.	United States	54,287	37,519,917
Consumer Finance 2.3%			
Bread Financial Holdings, Inc.	United States	247,460	7,767,770
Capital One Financial Corp.	United States	363,779	39,786,509
			47,554,279
Containers & Packaging 1.6%			
International Paper Co.	United States	1,084,030	34,482,994
Diversified Telecommunication Services 0.3%			
^{a,b,c} Windstream Holdings, Inc.	United States	643,835	5,797,752
Electronic Equipment, Instruments & Components 2.2%			
^b Flex Ltd.	United States	1,711,785	47,313,737
Energy Equipment & Services 2.3%			
Schlumberger NV	United States	1,003,136	49,274,040
Entertainment 3.9%			
^b Activision Blizzard, Inc.	United States	513,714	43,306,090
^b Walt Disney Co. (The)	United States	429,948	38,385,758
			81,691,848
Financial Services 6.2%			
^b Fiserv, Inc.	United States	449,163	56,661,912
Global Payments, Inc.	United States	394,635	38,879,440
Voya Financial, Inc.	United States	497,787	35,696,306
			131,237,658
Food Products 2.3%			
Kraft Heinz Co. (The)	United States	1,341,178	47,611,819
Health Care Equipment & Supplies 2.2%			
Medtronic plc	United States	518,262	45,658,882
Health Care Providers & Services 5.3%			
CVS Health Corp.	United States	632,629	43,733,643
Elevance Health, Inc.	United States	81,710	36,302,936
Humana, Inc.	United States	70,333	31,447,994
			111,484,573

Franklin Mutual Shares VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Household Durables 2.0%			
DR Horton, Inc.	United States	337,318	\$41,048,227
Insurance 3.6%			
Everest Re Group Ltd.	United States	105,654	36,118,876
Willis Towers Watson plc.	United States	168,488	39,678,924
			75,797,800
Interactive Media & Services 2.7%			
^b Match Group, Inc.	United States	259,623	10,865,222
^b Meta Platforms, Inc., A	United States	161,921	46,468,089
			57,333,311
Machinery 1.9%			
Parker-Hannifin Corp.	United States	104,316	40,687,413
Media 3.9%			
^b Charter Communications, Inc., A	United States	115,107	42,286,858
Comcast Corp., A	United States	936,852	38,926,201
			81,213,059
Metals & Mining 1.1%			
Alcoa Corp.	United States	651,801	22,115,608
Oil, Gas & Consumable Fuels 5.8%			
BP plc.	United Kingdom	6,069,640	35,339,738
Chevron Corp.	United States	239,994	37,763,056
Williams Cos., Inc. (The)	United States	1,485,202	48,462,141
			121,564,935
Personal Care Products 0.8%			
^b Kenvue, Inc.	United States	654,414	17,289,618
Pharmaceuticals 7.4%			
Eli Lilly & Co.	United States	66,947	31,396,804
GSK plc	United States	2,091,651	37,069,414
Merck & Co., Inc.	United States	354,805	40,940,949
Novartis AG, ADR	Switzerland	456,102	46,025,253
			155,432,420
Professional Services 3.8%			
KBR, Inc.	United States	630,428	41,015,646
SS&C Technologies Holdings, Inc.	United States	627,395	38,020,137
			79,035,783
Real Estate Management & Development 2.4%			
^b CBRE Group, Inc., A	United States	626,826	50,591,127
Retail REITs 2.2%			
Brixmor Property Group, Inc.	United States	2,063,566	45,398,452
Software 3.4%			
Gen Digital, Inc.	United States	1,679,486	31,154,466
Oracle Corp.	United States	340,091	40,501,437
			71,655,903
Specialty Retail 0.0%			
^{a,b,c} Wayne Services Legacy, Inc.	United States	2,039	—

Franklin Mutual Shares VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Textiles, Apparel & Luxury Goods 2.3%			
Tapestry, Inc.	United States	1,131,209	\$48,415,745
Tobacco 1.9%			
British American Tobacco plc.	United Kingdom	1,223,009	40,635,019
Trading Companies & Distributors 1.5%			
Ferguson plc.	United States	199,368	31,362,580
Wireless Telecommunication Services 1.9%			
^b T-Mobile US, Inc.	United States	281,153	39,052,152
Total Common Stocks (Cost \$1,472,815,570)			1,893,784,255
		Principal Amount[*]	
Corporate Bonds 1.8%			
Hotels, Restaurants & Leisure 0.2%			
^d Carnival Holdings Bermuda Ltd., Senior Note, 144A, 10.375%, 5/01/28	United States	2,650,200	2,901,104
Pharmaceuticals 0.1%			
^d Bausch Health Americas, Inc., Senior Note, 144A, 8.5%, 1/31/27 ..	United States	3,434,000	1,884,270
^d Bausch Health Cos., Inc., Senior Note, 144A, 9%, 12/15/25	United States	340,000	297,002
			2,181,272
Software 0.8%			
^d Veritas US, Inc. / Veritas Bermuda Ltd., Senior Secured Note, 144A, 7.5%, 9/01/25	United States	21,124,000	17,170,342
Specialty Retail 0.7%			
^d Staples, Inc., Senior Note, 144A, 10.75%, 4/15/27	United States	17,148,000	9,985,984
Senior Secured Note, 144A, 7.5%, 4/15/26	United States	6,229,000	5,153,052
			15,139,036
Total Corporate Bonds (Cost \$46,935,505)			37,391,754
Senior Floating Rate Interests 2.1%			
Commercial Services & Supplies 0.5%			
^{f,g} Neptune BidCo US, Inc., First Lien, CME Term Loan, A, 9.754%, (3-month SOFR + 4.75%), 10/11/28	United States	11,293,600	9,832,490
Professional Services 0.3%			
^{f,g} CoreLogic, Inc., First Lien, Initial Term Loan, 8.75%, (1-month USD LIBOR + 3.5%), 6/02/28	United States	7,946,157	7,193,258
Software 1.3%			
Banff Guarantor, Inc., Second Lien, Initial Term Loan, 10.717%, (1-month SOFR + 5.5%), 2/27/26	United States	6,640,700	6,491,285
Quest Software US Holdings, Inc., Second Lien, Initial CME Term Loan, 12.695%, (3-month SOFR + 7.5%), 2/01/30	United States	13,032,127	8,731,525
Veritas US, Inc., 2021 Dollar Term Loan, B, 10.217%, (1-month SOFR + 5%), 9/01/25	United States	14,716,208	12,069,571
			27,292,381
Total Senior Floating Rate Interests (Cost \$51,041,543)			44,318,129

Franklin Mutual Shares VIP Fund (continued)

	Country	Shares	Value
Companies in Liquidation 0.0%			
^{a,b,h} Bosgen Liquidating Trust c/o Verdolino and Lowey P.C., Contingent Distribution	Netherlands	347,093	\$—
^{a,b,h} Walter Energy, Inc., Litigation Trust, Contingent Distribution	United States	6,301,000	—
Total Companies in Liquidation (Cost \$—)			—
Total Long Term Investments (Cost \$1,570,792,618)			1,975,494,138
Short Term Investments 6.0%			
	Country	Principal Amount [*]	Value
U.S. Government and Agency Securities 6.0%			
^f FHLB, 7/03/23	United States	125,988,000	125,988,000
Total U.S. Government and Agency Securities (Cost \$125,954,403)			125,988,000
Total Short Term Investments (Cost \$125,954,403)			125,988,000
Total Investments (Cost \$1,696,747,021) 100.1%			\$2,101,482,138
Other Assets, less Liabilities (0.1%)			(1,017,977)
Net Assets 100.0%			\$2,100,464,161

^{*} The principal amount is stated in U.S. dollars unless otherwise indicated.

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

^a Fair valued using significant unobservable inputs. See Note 11 regarding fair value measurements.

^b Non-income producing.

^c See Note 8 regarding restricted securities.

^d Security was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At June 30, 2023, the aggregate value of these securities was \$37,391,754, representing 1.8% of net assets.

^e See Note 1(f) regarding senior floating rate interests.

^f A portion or all of the security purchased on a delayed delivery basis. See Note 1(c).

^g The coupon rate shown represents the rate inclusive of any caps or floors, if applicable, in effect at period end.

^h Contingent distributions represent the right to receive additional distributions, if any, during the reorganization of the underlying company. Shares represent total underlying principal of debt securities.

ⁱ The security was issued on a discount basis with no stated coupon rate.

Franklin Mutual Shares VIP Fund (continued)

At June 30, 2023, the Fund had the following futures contracts outstanding. See Note 1(d).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Foreign exchange contracts					
Foreign Exchange GBP/USD	Short	125	\$9,921,094	9/18/23	\$(81,559)
Total Futures Contracts					\$(81,559)

*As of period end.

At June 30, 2023, the Fund had the following forward exchange contracts outstanding. See Note 1(d).

Forward Exchange Contracts

Currency	Counter-party ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
British Pound	BOFA	Buy	229,077	288,736	7/17/23	\$2,216	\$—
British Pound	BOFA	Sell	738,000	920,655	7/17/23	—	(16,680)
British Pound	HSBK	Buy	89,263	110,783	7/17/23	2,590	—
British Pound	HSBK	Sell	148,550	185,321	7/17/23	—	(3,353)
British Pound	UBSW	Buy	131,645	164,966	7/17/23	2,236	—
British Pound	UBSW	Sell	4,369,182	5,481,443	7/17/23	—	(67,863)
Total Forward Exchange Contracts						\$7,042	\$(87,896)
Net unrealized appreciation (depreciation)							\$(80,854)

*In U.S. dollars unless otherwise indicated.

^aMay be comprised of multiple contracts with the same counterparty, currency and settlement date.

See Note 9 regarding other derivative information.

See Abbreviations on page 26.

Statement of Assets and Liabilities

June 30, 2023 (unaudited)

	Franklin Mutual Shares VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$1,696,747,021
Value - Unaffiliated issuers	\$2,101,482,138
Cash	4,009,875
Receivables:	
Investment securities sold	3,913,279
Capital shares sold	5,590,299
Dividends and interest	4,219,661
Deposits with brokers for:	
Futures contracts	328,250
Unrealized appreciation on OTC forward exchange contracts	7,042
Total assets	<u>2,119,550,544</u>
Liabilities:	
Payables:	
Investment securities purchased	15,605,475
Capital shares redeemed	1,309,938
Management fees	1,128,322
Distribution fees	403,595
Trustees' fees and expenses	3,245
Variation margin on futures contracts	64,063
Unrealized depreciation on OTC forward exchange contracts	87,896
Accrued expenses and other liabilities	483,849
Total liabilities	<u>19,086,383</u>
Net assets, at value	<u>\$2,100,464,161</u>
Net assets consist of:	
Paid-in capital	\$1,514,610,493
Total distributable earnings (losses)	585,853,668
Net assets, at value	<u>\$2,100,464,161</u>

	Franklin Mutual Shares VIP Fund
Class 1:	
Net assets, at value	\$112,413,402
Shares outstanding	6,865,294
Net asset value and maximum offering price per share	<u>\$16.37</u>
Class 2:	
Net assets, at value	\$1,886,511,662
Shares outstanding	118,114,445
Net asset value and maximum offering price per share	<u>\$15.97</u>
Class 4:	
Net assets, at value	\$101,539,097
Shares outstanding	6,287,188
Net asset value and maximum offering price per share	<u>\$16.15</u>

Statement of Operations

for the six months ended June 30, 2023 (unaudited)

	Franklin Mutual Shares VIP Fund
Investment income:	
Dividends: (net of foreign taxes of \$303,981)	
Unaffiliated issuers	\$19,893,965
Interest:	
Unaffiliated issuers	7,818,445
Total investment income	27,712,410
Expenses:	
Management fees (Note 3a)	6,866,082
Distribution fees: (Note 3c)	
Class 2	2,285,706
Class 4	173,698
Custodian fees (Note 4)	4,991
Reports to shareholders fees	7,217
Professional fees	20,981
Trustees' fees and expenses	15,101
Dividends on securities sold short	27,210
Other	70,923
Total expenses	9,471,909
Expense reductions (Note 4)	(7,747)
Net expenses	9,464,162
Net investment income	18,248,248
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(29,072,998)
Foreign currency transactions	46,051
Forward exchange contracts	(1,518,299)
Futures contracts	(268,850)
Securities sold short	275,320
Net realized gain (loss)	(30,538,776)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	108,986,846
Translation of other assets and liabilities denominated in foreign currencies	8,193
Forward exchange contracts	1,105,638
Futures contracts	(192,905)
Net change in unrealized appreciation (depreciation)	109,907,772
Net realized and unrealized gain (loss)	79,368,996
Net increase (decrease) in net assets resulting from operations	\$97,617,244

Statements of Changes in Net Assets

	Franklin Mutual Shares VIP Fund	
	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31, 2022
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$18,248,248	\$35,065,739
Net realized gain (loss)	(30,538,776)	173,243,573
Net change in unrealized appreciation (depreciation)	109,907,772	(401,747,852)
Net increase (decrease) in net assets resulting from operations	97,617,244	(193,438,540)
Distributions to shareholders:		
Class 1	—	(13,963,701)
Class 2	—	(244,802,646)
Class 4	—	(13,410,832)
Total distributions to shareholders	—	(272,177,179)
Capital share transactions: (Note 2)		
Class 1	1,251,814	10,288,541
Class 2	13,466,699	(309,666,229)
Class 4	(3,309,485)	1,247,512
Total capital share transactions	11,409,028	(298,130,176)
Net increase (decrease) in net assets	109,026,272	(763,745,895)
Net assets:		
Beginning of period	1,991,437,889	2,755,183,784
End of period	\$2,100,464,161	\$1,991,437,889

Notes to Financial Statements (unaudited)

Franklin Mutual Shares VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds. The Trust follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. Franklin Mutual Shares VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

Equity securities and derivative financial instruments listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock

exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

Debt securities generally trade in the OTC market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value.

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

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

Franklin Mutual Shares VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2023, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

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

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will

decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

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

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

c. Securities Purchased on a Delayed Delivery Basis

The Fund purchases securities on a delayed delivery basis, with payment and delivery scheduled for a future date. These transactions are subject to market fluctuations and are subject to the risk that the value at delivery may be more or less than the trade date purchase price. Although the Funds will generally purchase these securities with the intention of holding the securities, they may sell the securities before the settlement date.

d. Derivative Financial Instruments

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

Franklin Mutual Shares VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Derivative Financial Instruments (continued)

excess of the amounts shown in the Statement of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

Derivative counterparty credit risk is managed through a formal evaluation of the creditworthiness of all potential counterparties. The Fund attempts to reduce its exposure to counterparty credit risk on OTC derivatives, whenever possible, by entering into International Swaps and Derivatives Association (ISDA) master agreements with certain counterparties. These agreements contain various provisions, including but not limited to collateral requirements, events of default, or early termination. Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement. At June 30, 2023, the Fund had OTC derivatives in a net liability position of \$80,854.

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of agreement. Generally, collateral is determined at the close of Fund business each

day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the counterparty the next business day, or within a few business days. Collateral pledged and/or received by the Fund for OTC derivatives, if any, is held in segregated accounts with the Fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives. To the extent that the amounts due to the Fund from its counterparties are not subject to collateralization or are not fully collateralized, the Fund bears the risk of loss from counterparty non-performance.

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

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

See Note 9 regarding other derivative information.

e. Securities Sold Short

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

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

Franklin Mutual Shares VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

e. Securities Sold Short (continued)

short. The Fund is obligated to pay fees for borrowing the securities sold short and is required to pay the counterparty any dividends and/or interest due on securities sold short. Such dividends and/or interest and any security borrowing fees are recorded as an expense to the Fund. At June 30, 2023, the Fund had no securities sold short.

f. Senior Floating Rate Interests

The Fund invests in senior secured corporate loans that pay interest at rates which are periodically reset by reference to a base lending rate plus a spread. These base lending rates are generally the prime rate offered by a designated U.S. bank, the London Interbank Offered Rate (LIBOR) or the Senior Overnight Financing Rate (SOFR). Senior secured corporate loans often require prepayment of principal from excess cash flows or at the discretion of the borrower. As a result, actual maturity may be substantially less than the stated maturity. Senior secured corporate loans in which the Fund invests are generally readily marketable, but may be subject to certain restrictions on resale.

g. Income and Deferred Taxes

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

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

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities

based on its technical merits. As of June 30, 2023, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

h. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Paydown gains and losses are recorded as an adjustment to interest income. Facility fees are recognized as income over the expected term of the loan. Dividend income and dividends declared on securities sold short are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

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

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

Franklin Mutual Shares VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

i. 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.

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.

j. 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

2. Shares of Beneficial Interest

At June 30, 2023, 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, 2023		Year Ended December 31, 2022	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	410,730	\$6,527,323	393,296	\$6,327,171
Shares issued in reinvestment of distributions	—	—	997,407	13,963,701
Shares redeemed	(329,114)	(5,275,509)	(564,521)	(10,002,331)
Net increase (decrease)	81,616	\$1,251,814	826,182	\$10,288,541
Class 2 Shares:				
Shares sold	18,760,112	\$294,164,952	6,305,441	\$105,384,367
Shares issued in reinvestment of distributions	—	—	17,894,930	244,802,646
Shares redeemed	(18,451,892)	(280,698,253)	(37,562,712)	(659,853,242)
Net increase (decrease)	308,220	\$13,466,699	(13,362,341)	\$(309,666,229)
Class 4 Shares:				
Shares sold	343,320	\$5,346,609	365,503	\$6,240,405
Shares issued in reinvestment of distributions	—	—	968,991	13,410,832
Shares redeemed	(548,468)	(8,656,094)	(1,051,773)	(18,403,725)
Net increase (decrease)	(205,148)	\$(3,309,485)	282,721	\$1,247,512

Franklin Mutual Shares VIP Fund (continued)**3. Transactions with Affiliates**

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

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

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.675%	Up to and including \$5 billion
0.645%	Over \$5 billion, up to and including \$10 billion
0.625%	Over \$10 billion, up to and including \$15 billion
0.595%	Over \$15 billion, up to and including \$20 billion
0.585%	Over \$20 billion, up to and including \$25 billion
0.565%	Over \$25 billion, up to and including \$30 billion
0.555%	Over \$30 billion, up to and including \$35 billion
0.545%	In excess of \$35 billion

For the period ended June 30, 2023, the annualized gross effective investment management fee rate was 0.675% of the Fund's average daily net assets.

b. Administrative Fees

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

c. Distribution Fees

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

d. Transfer Agent Fees

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

Franklin Mutual Shares VIP Fund (continued)

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the period ended June 30, 2023, the custodian fees were reduced as noted in the Statement of Operations. Effective July 10, 2023, earned credits, if any, will be recognized as income.

5. Income Taxes

At June 30, 2023, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$1,717,078,750
Unrealized appreciation	\$452,550,299
Unrealized depreciation	(68,309,324)
Net unrealized appreciation (depreciation)	\$384,240,975

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

6. Investment Transactions

Purchases and sales of investments (excluding short term securities and securities sold short) for the period ended June 30, 2023, aggregated 488,684,501 and 550,709,721, respectively.

7. Credit Risk and Defaulted Securities

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

At June 30, 2023, the Fund did not hold any distressed company securities for which interest recognition has been discontinued.

8. Restricted Securities

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

Franklin Mutual Shares VIP Fund (continued)

8. Restricted Securities (continued)

At June 30, 2023, investments in restricted securities, excluding securities exempt from registration under the 1933 Act, were as follows:

Shares	Issuer	Acquisition Date	Cost	Value
Franklin Mutual Shares VIP Fund				
1,730,515	International Automotive Components Group Brazil LLC	4/13/06 - 12/26/08	\$1,149,241	\$55,190
2,039	Wayne Services Legacy, Inc.	1/22/20	—	—
643,835	Windstream Holdings, Inc.	9/21/20 - 6/09/23	5,263,806	5,797,752
Total Restricted Securities (Value is 0.3% of Net Assets).			\$6,413,047	\$5,852,942

9. Other Derivative Information

At June 30, 2023, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Franklin Mutual Shares VIP Fund				
Foreign exchange contracts . . .				
	Variation margin on futures contracts	\$—	Variation margin on futures contracts	\$81,559 ^a
	Unrealized appreciation on OTC forward exchange contracts	7,042	Unrealized depreciation on OTC forward exchange contracts	87,896
Total		\$7,042		\$169,455

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

For the period ended June 30, 2023, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Franklin Mutual Shares VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Foreign exchange contracts				
	Futures contracts	\$(268,850)	Futures contracts	\$(192,905)
	Forward exchange contracts	(1,518,299)	Forward exchange contracts	1,105,638
Total		\$(1,787,149)		\$912,733

Franklin Mutual Shares VIP Fund (continued)

9. Other Derivative Information (continued)

For the period ended June 30, 2023, the average month end notional amount of futures contracts represented \$11,502,646. The average month end contract value of forward exchange contracts was \$20,627,758.

See Note 1(d) regarding derivative financial instruments.

10. 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 2, 2024. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

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, 2023, the Fund did not use the Global Credit Facility.

11. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2023, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Mutual Shares VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Air Freight & Logistics	\$30,982,287	\$—	\$—	\$30,982,287
Automobile Components	—	—	55,190	55,190
Automobiles	40,609,348	—	—	40,609,348
Banks	102,522,594	—	—	102,522,594
Biotechnology	17,524,200	—	—	17,524,200
Building Products	43,833,985	—	—	43,833,985
Capital Markets	37,519,917	—	—	37,519,917
Consumer Finance	47,554,279	—	—	47,554,279
Containers & Packaging	34,482,994	—	—	34,482,994
Diversified Telecommunication Services	—	—	5,797,752	5,797,752

Franklin Mutual Shares VIP Fund (continued)

11. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Mutual Shares VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Electronic Equipment, Instruments & Components	\$47,313,737	\$—	\$—	\$47,313,737
Energy Equipment & Services	49,274,040	—	—	49,274,040
Entertainment	81,691,848	—	—	81,691,848
Financial Services	131,237,658	—	—	131,237,658
Food Products	47,611,819	—	—	47,611,819
Health Care Equipment & Supplies	45,658,882	—	—	45,658,882
Health Care Providers & Services	111,484,573	—	—	111,484,573
Household Durables	41,048,227	—	—	41,048,227
Insurance	75,797,800	—	—	75,797,800
Interactive Media & Services	57,333,311	—	—	57,333,311
Machinery	40,687,413	—	—	40,687,413
Media	81,213,059	—	—	81,213,059
Metals & Mining	22,115,608	—	—	22,115,608
Oil, Gas & Consumable Fuels	86,225,197	35,339,738	—	121,564,935
Personal Care Products	17,289,618	—	—	17,289,618
Pharmaceuticals	118,363,006	37,069,414	—	155,432,420
Professional Services	79,035,783	—	—	79,035,783
Real Estate Management & Development	50,591,127	—	—	50,591,127
Retail REITs	45,398,452	—	—	45,398,452
Software	71,655,903	—	—	71,655,903
Specialty Retail	—	—	— ^a	—
Textiles, Apparel & Luxury Goods	48,415,745	—	—	48,415,745
Tobacco	—	40,635,019	—	40,635,019
Trading Companies & Distributors	31,362,580	—	—	31,362,580
Wireless Telecommunication Services	39,052,152	—	—	39,052,152
Corporate Bonds	—	37,391,754	—	37,391,754
Senior Floating Rate Interests	—	44,318,129	—	44,318,129
Companies in Liquidation	—	—	— ^a	—
Short Term Investments	—	125,988,000	—	125,988,000
Total Investments in Securities	\$1,774,887,142	\$320,742,054 ^b	\$5,852,942	\$2,101,482,138
Other Financial Instruments:				
Forward exchange contracts	\$—	\$7,042	\$—	\$7,042
Total Other Financial Instruments	\$—	\$7,042	\$—	\$7,042
Liabilities:				
Other Financial Instruments:				
Forward exchange contracts	\$—	\$87,896	\$—	\$87,896
Futures contracts	81,559	—	—	81,559
Total Other Financial Instruments	\$81,559	\$87,896	\$—	\$169,455

^aIncludes financial instruments determined to have no value.

^bIncludes foreign securities valued at \$113,044,171, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

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

Franklin Mutual Shares VIP Fund (continued)

12. New Accounting Pronouncements

In March 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-04, Reference Rate Reform (Topic 848) – Facilitation of the Effects of Reference Rate Reform on Financial Reporting. In January 2021 and December 2022, the FASB issued ASU No. 2021-01 and ASU No. 2022-06, with further amendments to Topic 848. The amendments in the ASUs provide optional temporary accounting recognition and financial reporting relief from the effect of certain types of contract modifications due to the planned discontinuation of the LIBOR and other interbank-offered based reference rates as of the end of 2021 for certain LIBOR settings and 2023 for the remainder. The ASUs are effective for certain reference rate-related contract modifications that occur during the period March 12, 2020 through December 31, 2024. Management has reviewed the requirements and believes the adoption of these ASUs will not have a material impact on the financial statements.

13. Subsequent Events

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

Abbreviations

Counterparty

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

Currency

GBP	British Pound
USD	United States Dollar

Selected Portfolio

ADR	American Depositary Receipt
CME	Chicago Mercantile Exchange
FHLB	Federal Home Loan Banks
LIBOR	London Interbank Offered Rate
SOFR	Secured Overnight Financing Rate

VIP SA1 07/23

SUPPLEMENT DATED JULY 10, 2023
TO THE STATEMENT OF ADDITIONAL INFORMATION
DATED MAY 1, 2023 OF
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
(a series of Franklin Templeton Variable Insurance Products Trust)

The Statement of Additional Information is amended as follows:

I. All references to "The Bank of New York Mellon" under the heading "Policies and Procedures Regarding the Release of Portfolio Holdings" are removed.

II. The following replaces in its entirety the "Custodian" section under "Management and Other Services":

Custodian JPMorgan Chase Bank, at its principal office at 270 Park Avenue, New York, NY 10017-2070, and at the offices of its branches and agencies throughout the world, acts as custodian of the Fund's securities and assets. As foreign custody manager, the bank selects and monitors foreign sub-custodian banks, selects and evaluates non-compulsory foreign depositories, and furnishes information relevant to the selection of compulsory depositories. Millennium Trust Company, LLC, 2001 Spring Road, Oak Brook, Illinois, 60523, acts as the custodian of the Strategic Income Fund's marketplace loans.

Please keep this supplement with your SAI for future reference.

Shareholder Information

BOARD APPROVAL OF INVESTMENT MANAGEMENT AGREEMENTS

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

Franklin Mutual Shares VIP Fund (Fund)

At an in-person meeting held on April 18, 2023 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not “interested persons” as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Franklin Mutual Advisers, LLC (Manager) and the Trust, on behalf of the Fund. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of the Management Agreement.

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

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

Nature, Extent and Quality of Services

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

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager’s parent, and its commitment to the mutual fund business as evidenced by its reassessment of the fund offerings in response to the market environment and project initiatives and capital investments relating to the services provided to the Fund by the FT organization. The Board specifically noted FT’s commitment to technological innovation and advancement and investments to promote alternative investing.

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

Fund Performance

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

The Performance Universe for the Fund included the Fund and all multi-cap value funds underlying VIPs. The Board noted that the 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 then discussed the Fund's performance with management and management explained that the Fund is more value oriented in comparison to its peers in the Performance Universe. Management also explained that this value orientation adversely impacted the Fund's relative performance during various periods over the past five calendar years when value significantly underperformed growth. Management further explained that the Fund's performance had improved over the one-year period when value outperformed growth, noting that the Fund outperformed its benchmark, the Russell 1000 Value Index, during this period. Management then discussed with the Board the actions that are being taken in an effort to improve the performance of the Fund, including ongoing enhancements to the Fund's investment team and processes. 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.

Comparative Fees and Expenses

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

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

The Expense Group for the Fund included the Fund and 12 other multi-cap value funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for the Fund were above the medians of its respective Expense Group. The Board further noted management's explanation that the Fund's expense group included quantitative rules-based strategies which are less expensive than the strategies of the Fund and that once these funds are excluded from the Performance Universe, the Fund's actual total expense ratio is equal to the median of the modified Performance Universe. After consideration of the above, the Board concluded that the Management Rate charged to the Fund is reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of 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 the fund during the 12-month period ended September 30, 2022, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Fund's profitability report presentations from prior years.

The Board also noted that 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 Fund's Board with respect to the profitability analysis.

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

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

Economies of Scale

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints for the 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 the fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the FT family of funds as a whole. The Board

concluded that to the extent economies of scale may be realized by the Manager and its affiliates, the 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 the Management Agreement for an additional one-year period.

Liquidity Risk Management Program

Each of the Franklin Templeton and Legg Mason Funds 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 2023, the Program Administrator provided a written report to the Board addressing the adequacy and effectiveness of the program for the year ended December 31, 2022. 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 Mutual Shares VIP Fund

Investment Manager
Franklin Mutual Advisers, LLC.

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin
Distributors, LLC