

SEMIANNUAL REPORT

FRANKLIN U.S. GOVERNMENT SECURITIES 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 U.S. Government Securities VIP Fund

This semiannual report for Franklin U.S. Government Securities VIP Fund covers the period ended June 30, 2023.

Fund Overview

Fund Goal and Main Investments

The Fund seeks income. Under normal market conditions, the Fund invests at least 80% of its net assets in U.S. government securities.

Performance Overview

You can find the Fund's six-month total return for all classes in the Performance Summary. In comparison, the Fund's benchmark, the Bloomberg U.S. Government - Intermediate Index, posted a +1.11% total return.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.

Portfolio Composition

6/30/23

	% of Total Net Assets
Mortgage-Backed Securities	77.5%
U.S. Government and Agency Securities	14.2%
Foreign Government and Agency Securities	2.2%
Corporate Bonds	1.4%
Short-Term Investments & Other Net Assets	4.7%

Thank you for your participation in Franklin U.S. Government Securities VIP Fund. We look forward to serving your future investment needs.

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

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).

Performance Summary as of June 30, 2023¹

Share Class	6-Month Total Return
1	+1.80%
2	+1.64%

1. The total annual operating expenses are as of the Fund's prospectus available at the time of publication. Actual fees 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 Fund's prospectus also includes a description of the main investment risks. **Fixed income securities** involve interest rate, credit, inflation and reinvestment risks, and possible loss of principal. As interest rates rise, the value of fixed income securities falls. **Asset-backed, mortgage-backed or mortgage-related securities** are subject to prepayment and extension risks. **Changes in the credit rating** of a bond, or in the credit rating or financial strength of a bond's issuer, insurer or guarantor, may affect the bond's value. The manager may consider **environmental, social and governance (ESG) criteria** in the research or investment process; however, ESG considerations may not be a determinative factor in security selection. In addition, the manager may not assess every investment for ESG criteria, and not every ESG factor may be identified or evaluated. These and other risks are discussed in the Fund's prospectus.

Your Fund's Expenses

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

Actual Fund Expenses

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

Hypothetical Example for Comparison with Other Mutual Funds

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

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

Share Class	Beginning Account Value 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	\$1,018.00	\$2.60	\$1,022.22	\$2.61	0.52%
2	\$1,000	\$1,016.40	\$3.85	\$1,020.98	\$3.86	0.77%

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 acquired fund fees and expenses.

Financial Highlights

Franklin U.S. Government Securities 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	\$10.44	\$11.85	\$12.37	\$12.34	\$12.07	\$12.36
Income from investment operations ^a :						
Net investment income ^b	0.14	0.20	0.12	0.22	0.27	0.29
Net realized and unrealized gains (losses)	0.05	(1.32)	(0.32)	0.28	0.38	(0.22)
Total from investment operations	0.19	(1.12)	(0.20)	0.50	0.65	0.07
Less distributions from:						
Net investment income	(0.31)	(0.29)	(0.32)	(0.47)	(0.38)	(0.36)
Net asset value, end of period	\$10.32	\$10.44	\$11.85	\$12.37	\$12.34	\$12.07
Total return ^c	1.80%	(9.50)%	(1.62)%	4.08%	5.47%	0.60%
Ratios to average net assets^d						
Expenses ^e	0.52%	0.49%	0.53%	0.53%	0.51%	0.50%
Net investment income	2.59%	1.79%	1.03%	1.81%	2.23%	2.38%
Supplemental data						
Net assets, end of period (000's)	\$36,709	\$37,066	\$45,733	\$52,307	\$54,104	\$59,213
Portfolio turnover rate	12.86%	9.28%	80.81%	56.32%	24.16%	22.25%

^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.

^cTotal 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.

^dRatios are annualized for periods less than one year.

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

Franklin U.S. Government Securities 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	\$10.19	\$11.57	\$12.08	\$12.05	\$11.79	\$12.09
Income from investment operations ^a :						
Net investment income ^b	0.12	0.16	0.09	0.19	0.24	0.25
Net realized and unrealized gains (losses)	0.05	(1.28)	(0.31)	0.27	0.37	(0.22)
Total from investment operations	0.17	(1.12)	(0.22)	0.46	0.61	0.03
Less distributions from:						
Net investment income	(0.28)	(0.26)	(0.29)	(0.43)	(0.35)	(0.33)
Net asset value, end of period	\$10.08	\$10.19	\$11.57	\$12.08	\$12.05	\$11.79
Total return ^c	1.64%	(9.75)%	(1.83)%	3.83%	5.23%	0.34%
Ratios to average net assets^d						
Expenses ^e	0.77%	0.74%	0.78%	0.78%	0.76%	0.75%
Net investment income	2.33%	1.53%	0.78%	1.56%	1.98%	2.13%
Supplemental data						
Net assets, end of period (000's)	\$533,446	\$555,028	\$730,340	\$771,332	\$771,866	\$1,105,627
Portfolio turnover rate	12.86%	9.28%	80.81%	56.32%	24.16%	22.25%

^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.

^cTotal 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.

^dRatios are annualized for periods less than one year.

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

Schedule of Investments (unaudited), June 30, 2023

Franklin U.S. Government Securities VIP Fund

	Country	Principal Amount*	Value
Corporate Bonds 1.4%			
Oil, Gas & Consumable Fuels 1.4%			
Reliance Industries Ltd.,			
Senior Bond, 2.512%, 1/15/26	India	3,937,500	\$3,770,368
Senior Note, 1.87%, 1/15/26	India	2,210,526	2,099,787
Senior Note, 2.06%, 1/15/26	India	1,875,000	1,785,315
			7,655,470
Total Corporate Bonds (Cost \$7,984,023)			7,655,470
Foreign Government and Agency Securities 2.2%			
Israel Government Bond, Senior Bond, 5.5%, 9/18/23	Israel	12,000,000	11,995,831
Petroleos Mexicanos, Senior Bond, 2.378%, 4/15/25	Mexico	658,000	635,305
Total Foreign Government and Agency Securities (Cost \$12,727,063)			12,631,136
U.S. Government and Agency Securities 14.2%			
FHLB, 2.625%, 9/12/25	United States	10,000,000	9,525,252
U.S. International Development Finance Corp. (The), 4.01%, 5/15/30	United States	1,222,500	1,182,956
U.S. Treasury Notes,			
3%, 6/30/24	United States	3,000,000	2,929,359
^a Index Linked, 0.125%, 7/15/24	United States	6,350,000	7,870,398
2.375%, 8/15/24	United States	22,000,000	21,294,024
2.25%, 8/15/27	United States	34,040,000	31,473,703
0.625%, 8/15/30	United States	8,500,000	6,773,769
Total U.S. Government and Agency Securities (Cost \$87,934,820)			81,049,461
Mortgage-Backed Securities 77.5%			
^bFederal Home Loan Mortgage Corp. (FHLMC) Adjustable Rate 0.8%			
FHLMC, 5.019%, (1-year CMT T-Note +/- MBS Margin), 5/01/37	United States	62,743	61,155
FHLMC, 4.311% - 5.535%, (12-month USD LIBOR +/- MBS Margin), 3/01/36 - 4/01/40	United States	4,244,713	4,232,642
			4,293,797
Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 11.5%			
FHLMC Gold Pool, 15 Year, 4.5%, 3/01/25 - 4/01/25	United States	48,520	47,899
FHLMC Gold Pool, 20 Year, 3.5%, 3/01/32	United States	969,800	933,848
FHLMC Gold Pool, 30 Year, 3%, 5/01/43	United States	146,654	132,649
FHLMC Gold Pool, 30 Year, 3.5%, 5/01/43	United States	23,373	21,856
FHLMC Gold Pool, 30 Year, 4%, 9/01/40 - 12/01/41	United States	2,171,875	2,091,954
FHLMC Gold Pool, 30 Year, 4.5%, 5/01/40 - 7/01/41	United States	666,768	659,091
FHLMC Gold Pool, 30 Year, 5%, 9/01/33 - 4/01/40	United States	2,005,026	2,021,392
FHLMC Gold Pool, 30 Year, 5.5%, 7/01/33 - 5/01/38	United States	407,361	417,684
FHLMC Gold Pool, 30 Year, 6%, 1/01/24 - 8/01/35	United States	371,713	378,890
FHLMC Gold Pool, 30 Year, 6.5%, 12/01/23 - 5/01/35	United States	109,154	111,687
FHLMC Gold Pool, 30 Year, 7%, 4/01/24 - 9/01/31	United States	33,388	33,576
FHLMC Gold Pool, 30 Year, 8.5%, 7/01/31	United States	65,819	68,136
FHLMC Pool, 30 Year, 2%, 11/01/50	United States	2,138,092	1,760,104
FHLMC Pool, 30 Year, 2%, 1/01/51	United States	4,718,922	3,884,179
FHLMC Pool, 30 Year, 4%, 11/01/45	United States	7,901,488	7,559,885
FHLMC Pool, 30 Year, 4.5%, 1/01/49	United States	2,438,067	2,391,957
FHLMC Pool, 30 Year, 4.5%, 10/01/52	United States	15,039,348	14,470,589
FHLMC Pool, 30 Year, 5%, 12/01/52	United States	14,523,613	14,243,597
FHLMC Pool, 30 Year, 5.5%, 1/01/53	United States	14,311,827	14,251,299
			65,480,272
^bFederal National Mortgage Association (FNMA) Adjustable Rate 2.2%			
FNMA, 4.927%, (12-month USD LIBOR +/- MBS Margin), 9/01/37	United States	4,224,588	4,286,982

Franklin U.S. Government Securities VIP Fund (continued)

	Country	Principal Amount*	Value
Mortgage-Backed Securities (continued)			
^bFederal National Mortgage Association (FNMA) Adjustable Rate (continued)			
FNMA, 2.561% - 5.495%, (COFI 11th District +/- MBS Margin), 6/01/25 - 11/01/36	United States	31,334	\$30,764
FNMA, 3.425% - 6.004%, (12-month USD LIBOR +/- MBS Margin), 1/01/32 - 4/01/41	United States	5,794,608	5,794,232
FNMA, 2.884% - 6.125%, (1-year CMT T-Note +/- MBS Margin), 9/01/23 - 12/01/40	United States	2,693,582	2,688,938
FNMA, 4.789% - 6.35%, (12-month average of 1-year CMT +/- MBS Margin), 9/01/35 - 10/01/44	United States	139,662	136,651
FNMA, 3.426% - 6.547%, (6-month USD LIBOR +/- MBS Margin), 12/01/24 - 3/01/37	United States	228,404	226,742
			13,164,309
Federal National Mortgage Association (FNMA) Fixed Rate 19.0%			
FNMA, 2.64%, 7/01/25	United States	2,272,119	2,157,421
FNMA, 2.77%, 4/01/25	United States	3,500,000	3,341,061
FNMA, 3.28%, 7/01/27	United States	4,000,000	3,770,893
FNMA, 5.5%, 4/01/34	United States	391,452	388,902
FNMA, 15 Year, 2%, 9/01/35	United States	2,175,269	1,952,323
FNMA, 15 Year, 3%, 9/01/37	United States	12,138,042	11,334,791
FNMA, 15 Year, 5.5%, 1/01/25	United States	12,957	12,917
FNMA, 30 Year, 2%, 8/01/51	United States	7,389,475	6,047,912
FNMA, 30 Year, 2.5%, 8/01/51	United States	9,268,059	7,883,625
FNMA, 30 Year, 2.5%, 9/01/51	United States	20,449,508	17,406,575
FNMA, 30 Year, 2.5%, 11/01/51	United States	4,732,038	4,023,503
FNMA, 30 Year, 2.5%, 12/01/51	United States	6,459,148	5,490,653
FNMA, 30 Year, 2.5%, 2/01/52	United States	8,451,142	7,183,325
FNMA, 30 Year, 3%, 12/01/42	United States	53,734	48,549
FNMA, 30 Year, 3%, 7/01/51	United States	4,126,802	3,646,074
FNMA, 30 Year, 3%, 9/01/51	United States	3,512,395	3,101,893
FNMA, 30 Year, 3.5%, 7/01/45	United States	9,174,645	8,568,544
FNMA, 30 Year, 4%, 1/01/41 - 8/01/41	United States	2,250,744	2,164,758
FNMA, 30 Year, 4%, 9/01/52	United States	15,221,064	14,295,498
FNMA, 30 Year, 4.5%, 8/01/40 - 6/01/41	United States	2,028,214	2,005,842
FNMA, 30 Year, 5%, 3/01/34 - 7/01/41	United States	1,321,718	1,329,617
FNMA, 30 Year, 5.5%, 12/01/32 - 8/01/35	United States	878,972	894,560
FNMA, 30 Year, 6%, 1/01/24 - 8/01/38	United States	709,434	721,336
FNMA, 30 Year, 6.5%, 1/01/24 - 9/01/36	United States	92,816	96,548
FNMA, 30 Year, 7.5%, 8/01/25	United States	607	607
FNMA, 30 Year, 8%, 7/01/24 - 12/01/24	United States	2,612	2,605
FNMA, 30 Year, 9%, 10/01/26	United States	23,665	23,594
			107,893,926
Government National Mortgage Association (GNMA) Fixed Rate 44.0%			
GNMA I, 30 Year, 5%, 9/15/40	United States	7,412,943	7,405,176
GNMA I, 30 Year, 5.5%, 3/15/32 - 2/15/38	United States	226,193	231,414
GNMA I, 30 Year, 6%, 7/15/29 - 11/15/38	United States	181,142	188,269
GNMA I, 30 Year, 6.5%, 12/15/28 - 1/15/33	United States	89,910	91,924
GNMA I, 30 Year, 7%, 12/15/28	United States	4,743	4,827
GNMA I, 30 Year, 7.5%, 12/15/31 - 8/15/33	United States	83,096	85,942
GNMA I, Single-family, 30 Year, 3%, 7/15/42	United States	215,042	195,975
GNMA I, Single-family, 30 Year, 4%, 10/15/40 - 8/15/46	United States	3,270,314	3,171,678
GNMA I, Single-family, 30 Year, 4.5%, 1/15/39 - 6/15/41	United States	4,953,122	4,887,896
GNMA I, Single-family, 30 Year, 5.5%, 12/15/28 - 10/15/39	United States	1,722,864	1,743,127
GNMA I, Single-family, 30 Year, 6%, 12/15/23 - 9/15/38	United States	656,524	668,999
GNMA I, Single-family, 30 Year, 6.5%, 9/15/23 - 5/15/37	United States	349,431	356,620
GNMA I, Single-family, 30 Year, 7%, 8/15/23 - 9/15/31	United States	41,101	41,159
GNMA I, Single-family, 30 Year, 7.5%, 11/15/26 - 11/15/27	United States	4,161	4,159

Franklin U.S. Government Securities VIP Fund (continued)

	Country	Principal Amount*	Value
Mortgage-Backed Securities (continued)			
Government National Mortgage Association (GNMA) Fixed Rate (continued)			
GNMA I, Single-family, 30 Year, 8.5%, 7/15/24 - 12/15/24	United States	5,669	\$5,662
GNMA II, Single-family, 30 Year, 2%, 8/20/51	United States	5,060,957	4,262,453
GNMA II, Single-family, 30 Year, 2%, 12/20/51	United States	11,234,299	9,454,926
GNMA II, Single-family, 30 Year, 2%, 3/20/52	United States	12,517,087	10,529,990
GNMA II, Single-family, 30 Year, 2.5%, 6/20/51	United States	11,214,303	9,737,279
GNMA II, Single-family, 30 Year, 2.5%, 7/20/51	United States	4,741,779	4,109,813
GNMA II, Single-family, 30 Year, 2.5%, 8/20/51	United States	31,739,316	27,546,072
GNMA II, Single-family, 30 Year, 2.5%, 10/20/51	United States	10,391,479	9,012,651
GNMA II, Single-family, 30 Year, 3%, 12/20/42 - 9/20/45	United States	3,092,477	2,823,129
GNMA II, Single-family, 30 Year, 3%, 4/20/46	United States	5,857,056	5,335,333
GNMA II, Single-family, 30 Year, 3%, 7/20/51	United States	15,832,971	14,222,288
GNMA II, Single-family, 30 Year, 3%, 8/20/51	United States	6,114,932	5,489,058
GNMA II, Single-family, 30 Year, 3%, 9/20/51	United States	15,243,700	13,683,871
GNMA II, Single-family, 30 Year, 3%, 10/20/51	United States	16,640,742	14,932,906
GNMA II, Single-family, 30 Year, 3%, 11/20/51	United States	19,376,463	17,380,866
GNMA II, Single-family, 30 Year, 3.5%, 9/20/42	United States	6,404,244	6,037,950
GNMA II, Single-family, 30 Year, 3.5%, 11/20/42	United States	3,887,610	3,666,037
GNMA II, Single-family, 30 Year, 3.5%, 12/20/42	United States	3,050,348	2,874,516
GNMA II, Single-family, 30 Year, 3.5%, 1/20/43	United States	5,206,380	4,906,182
GNMA II, Single-family, 30 Year, 3.5%, 5/20/43	United States	4,185,041	3,950,193
GNMA II, Single-family, 30 Year, 3.5%, 5/20/47	United States	9,451,567	8,884,746
GNMA II, Single-family, 30 Year, 3.5%, 9/20/47	United States	15,772,714	14,742,778
GNMA II, Single-family, 30 Year, 3.5%, 12/20/40 - 10/20/47	United States	12,125,486	11,422,821
GNMA II, Single-family, 30 Year, 3.5%, 11/20/47	United States	4,247,401	3,975,451
GNMA II, Single-family, 30 Year, 4%, 11/20/39 - 2/20/44	United States	6,930,000	6,725,006
GNMA II, Single-family, 30 Year, 4.5%, 10/20/39 - 10/20/44	United States	9,341,391	9,278,220
GNMA II, Single-family, 30 Year, 5%, 9/20/33 - 6/20/44	United States	3,862,954	3,919,036
GNMA II, Single-family, 30 Year, 5.5%, 5/20/34 - 6/20/38	United States	1,636,233	1,681,153
GNMA II, Single-family, 30 Year, 6%, 11/20/23 - 7/20/39	United States	1,067,382	1,109,244
GNMA II, Single-family, 30 Year, 6.5%, 12/20/27 - 4/20/32	United States	145,317	148,852
GNMA II, Single-family, 30 Year, 7%, 5/20/32	United States	3,507	3,659
GNMA II, Single-family, 30 Year, 7.5%, 10/20/25 - 11/20/26	United States	8,351	8,376
GNMA II, Single-family, 30 Year, 8%, 8/20/26	United States	1,292	1,306
			250,938,988
Total Mortgage-Backed Securities (Cost \$496,827,061)			441,771,292
Total Long Term Investments (Cost \$605,472,967)			543,107,359

Franklin U.S. Government Securities VIP Fund (continued)

Short Term Investments 4.5%

	Principal Amount ^a	Value
Repurchase Agreements 4.5%		
^c Joint Repurchase Agreement, 4.985%, 7/03/23 (Maturity Value \$25,437,721)		
BNP Paribas Securities Corp. (Maturity Value \$9,837,021)		
Deutsche Bank Securities, Inc. (Maturity Value \$5,763,933)		
HSBC Securities (USA), Inc. (Maturity Value \$9,836,767)		
Collateralized by U.S. Government and Agency Securities, 0.63% - 7.5%, 6/15/24 - 11/15/57; and U.S. Treasury Notes, 0.38% - 2.5%, 5/31/24 - 4/30/25 (valued at \$25,934,512)	25,427,158	\$25,427,158
Total Repurchase Agreements (Cost \$25,427,158)		25,427,158
Total Short Term Investments (Cost \$25,427,158)		25,427,158
Total Investments (Cost \$630,900,125) 99.8%		\$568,534,517
Other Assets, less Liabilities 0.2%		1,620,608
Net Assets 100.0%		\$570,155,125

See Abbreviations on page 21.

^a The principal amount is stated in U.S. dollars unless otherwise indicated.

^b Principal amount of security is adjusted for inflation. See Note 1(d).

^b Adjustable Rate Mortgage-Backed Security (ARM); the rate shown is the effective rate at period end. ARM rates are not based on a published reference rate and spread, but instead pass-through weighted average interest income inclusive of any caps or floors, if applicable, from the underlying mortgage loans in which the majority of mortgages pay interest based on the index shown at their designated reset dates plus a spread, less the applicable servicing and guaranty fee (MBS margin).

^c See Note 1(b) regarding joint repurchase agreement.

Statement of Assets and Liabilities

June 30, 2023 (unaudited)

**Franklin U.S.
Government
Securities VIP
Fund**

Assets:

Investments in securities:

Cost - Unaffiliated issuers	\$605,472,967
Cost - Unaffiliated repurchase agreements	25,427,158
Value - Unaffiliated issuers	\$543,107,359
Value - Unaffiliated repurchase agreements	25,427,158

Receivables:

Investment securities sold	61,607
Capital shares sold	318,229
Interest	2,234,648
Total assets	571,149,001

Liabilities:

Payables:

Capital shares redeemed	507,977
Management fees	232,341
Distribution fees	110,109
Trustees' fees and expenses	929
Pricing fees	54,277
Accrued expenses and other liabilities	88,243

Total liabilities	993,876
Net assets, at value	\$570,155,125

Net assets consist of:

Paid-in capital	\$759,645,797
Total distributable earnings (losses)	(189,490,672)
Net assets, at value	\$570,155,125

**Franklin U.S.
Government
Securities VIP
Fund**

Class 1:

Net assets, at value	\$36,709,091
Shares outstanding	3,558,398
Net asset value and maximum offering price per share	\$10.32

Class 2:

Net assets, at value	\$533,446,034
Shares outstanding	52,926,504
Net asset value and maximum offering price per share	\$10.08

Statement of Operations

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

**Franklin U.S.
Government
Securities VIP
Fund**

Investment income:	
Interest:	
Unaffiliated issuers:	
Paydown gain (loss)	\$(822,805)
Paid in cash ^a	9,897,237
Total investment income	9,074,432
Expenses:	
Management fees (Note 3a)	1,439,296
Distribution fees: (Note 3c)	
Class 2	684,207
Custodian fees (Note 4)	1,809
Reports to shareholders fees	7,477
Professional fees	33,699
Trustees' fees and expenses	3,912
Other	36,412
Total expenses	2,206,812
Expense reductions (Note 4)	(2,997)
Net expenses	2,203,815
Net investment income	6,870,617
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	(8,146,644)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	11,089,356
Net realized and unrealized gain (loss)	2,942,712
Net increase (decrease) in net assets resulting from operations	\$9,813,329

^aIncludes amortization of premium and accretion of discount.

Statements of Changes in Net Assets

	Franklin U.S. Government Securities VIP Fund	
	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31, 2022
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$6,870,617	\$10,329,334
Net realized gain (loss)	(8,146,644)	(4,800,090)
Net change in unrealized appreciation (depreciation)	11,089,356	(76,931,163)
Net increase (decrease) in net assets resulting from operations	9,813,329	(71,401,919)
Distributions to shareholders:		
Class 1	(1,070,091)	(1,054,646)
Class 2	(14,416,285)	(14,822,650)
Total distributions to shareholders	(15,486,376)	(15,877,296)
Capital share transactions: (Note 2)		
Class 1	54,915	(3,433,184)
Class 2	(16,321,147)	(93,266,111)
Total capital share transactions	(16,266,232)	(96,699,295)
Net increase (decrease) in net assets	(21,939,279)	(183,978,510)
Net assets:		
Beginning of period	592,094,404	776,072,914
End of period	\$570,155,125	\$592,094,404

Notes to Financial Statements (unaudited)

Franklin U.S. Government Securities 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 U.S. Government Securities VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. At June 30, 2023, 58.6% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers two classes of shares: Class 1 and Class 2. 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.

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

Investments in repurchase agreements are valued at cost, which approximates fair value.

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 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.

b. Joint Repurchase Agreement

The Fund enters into a joint repurchase agreement whereby its uninvested cash balance is deposited into a joint cash account with other funds managed by the investment manager or an affiliate of the investment manager and is used to invest in one or more repurchase agreements. The value and face amount of the joint repurchase agreement are allocated to the funds based on their pro-rata interest. A repurchase agreement is accounted for as a loan by the Fund to the seller, collateralized by securities which are delivered to the Fund's custodian. The fair value, including accrued interest, of the initial collateralization is required to be at least 102% of the dollar amount invested by the funds,

Franklin U.S. Government Securities VIP Fund (continued)

1. Organization and Significant Accounting Policies

(continued)

b. Joint Repurchase Agreement (continued)

with the value of the underlying securities marked to market daily to maintain coverage of at least 100%. Repurchase agreements are subject to the terms of Master Repurchase Agreements (MRAs) with approved counterparties (sellers). The MRAs contain various provisions, including but not limited to events of default and maintenance of collateral for repurchase agreements. In the event of default by either the seller or the Fund, certain MRAs may permit the non-defaulting party to net and close-out all transactions, if any, traded under such agreements. The Fund may sell securities it holds as collateral and apply the proceeds towards the repurchase price and any other amounts owed by the seller to the Fund in the event of default by the seller. This could involve costs or delays in addition to a loss on the securities if their value falls below the repurchase price owed by the seller. The joint repurchase agreement held by the Fund at period end, as indicated in the Schedule of Investments, had been entered into on June 30, 2023.

c. 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 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.

d. 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 separately in the Statement of Operations. 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.

Inflation-indexed bonds are adjusted for inflation through periodic increases or decreases in the security's interest accruals, face amount, or principal redemption value, by amounts corresponding to the rate of inflation as measured by an index. Any increase or decrease in the face amount or principal redemption value will be included as interest income in the Statement of Operations.

e. 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.

Franklin U.S. Government Securities VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

f. Guarantees and Indemnifications

Under the Trust's organizational documents, its officers and trustees are indemnified by the Trust against certain liabilities arising out of the performance of their duties to the Trust.

Additionally, in the normal course of business, the Trust, on behalf of the Fund, enters into contracts with service providers that contain general indemnification clauses. The Trust's maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. Currently, the Trust expects the risk of loss to be remote.

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	151,735	\$1,616,611	164,976	\$1,786,020
Shares issued in reinvestment of distributions	103,290	1,070,091	99,589	1,054,646
Shares redeemed	(247,367)	(2,631,787)	(573,562)	(6,273,850)
Net increase (decrease)	7,658	\$54,915	(308,997)	\$(3,433,184)
Class 2 Shares:				
Shares sold	1,396,811	\$14,497,094	3,142,689	\$33,698,167
Shares issued in reinvestment of distributions	1,423,128	14,416,285	1,432,140	14,822,650
Shares redeemed	(4,367,778)	(45,234,526)	(13,250,178)	(141,786,928)
Net increase (decrease)	(1,547,839)	\$(16,321,147)	(8,675,349)	\$(93,266,111)

3. Transactions with Affiliates

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

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

Franklin U.S. Government Securities VIP Fund (continued)**3. Transactions with Affiliates** (continued)**a. Management Fees**

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

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

For the period ended June 30, 2023, the annualized gross effective investment management fee rate was 0.492% of the Fund's average daily net assets.

b. Administrative Fees

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

c. Distribution Fees

The Board has adopted a distribution plan for Class 2 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plan, 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. 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 rate, 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.

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.

Franklin U.S. Government Securities VIP Fund (continued)

5. Income Taxes

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

At December 31, 2022, the capital loss carryforwards were as follows:

Capital loss carryforwards not subject to expiration:

Short term	\$47,781,429
Long term	73,679,971
Total capital loss carryforwards	<u>\$121,461,400</u>

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

Cost of investments	<u>\$634,442,969</u>
Unrealized appreciation	\$122,780
Unrealized depreciation	<u>(66,031,232)</u>
Net unrealized appreciation (depreciation)	<u>\$(65,908,452)</u>

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of paydown losses and bond discounts and premiums.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2023, aggregated \$72,100,656 and \$98,094,050, respectively.

7. 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.

8. 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

Franklin U.S. Government Securities VIP Fund (continued)

8. Fair Value Measurements (continued)

- 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.

At June 30, 2023, all of the Fund's investments in financial instruments carried at fair value were valued using Level 2 inputs.

9. 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 London Interbank Offered Rate (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.

10. Subsequent Events

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

Franklin U.S. Government Securities VIP Fund (continued)

Abbreviations

Currency

USD	United States Dollar
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Selected Portfolio

CMT	Constant Monthly U.S. Treasury Securities Yield Curve Rate Index
COFI	Cost of Funds Index
FHLB	Federal Home Loan Banks
FHLMC	Federal Home Loan Mortgage Corp.
FNMA	Federal National Mortgage Association
FRN	Floating Rate Note
GNMA	Government National Mortgage Association
LIBOR	London Interbank Offered Rate
MBS	Mortgage-Backed Security
T-Note	Treasury Note

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 U.S. Government Securities 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 Advisers, Inc. (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 each 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 intermediate US government funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the three-, five- and 10-year periods was below the median of its Performance Universe, but for the one-year period was above the median of its Performance Universe. The Board noted management's view regarding the income-related attributes of the Fund (e.g., a fund's investment objective) as set forth in the Fund's registration statement and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given these attributes. The Board concluded that the Fund's performance was satisfactory.

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, two other intermediate US government funds underlying VIPs and eight inflation-protected bond funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for the Fund were equal to the medians of its Expense Group. 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 the 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 is 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.

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.

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 U.S. Government Securities VIP Fund

Investment Manager
Franklin Advisers, Inc.

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin
Distributors, LLC