SEMIANNUAL REPORT

FRANKLIN SMALL CAP VALUE 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).

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Franklin Small Cap Value VIP Fund

This semiannual report for Franklin Small Cap Value VIP Fund covers the period ended June 30, 2023.

Fund Overview

Fund Goal and Main Investments

The Fund seeks long-term total return. Under normal market conditions, the Fund invests at least 80% of its net assets in investments of small-capitalization companies. For this Fund, small-capitalization companies are those with market capitalizations not exceeding either the highest market capitalization in the Russell 2000® Index or the 12-month average of the highest market capitalization in the Russell 2000® Index, whichever is greater, at the time of purchase. The Fund generally invests in equity securities of companies that the Fund's investment manager believes are undervalued at the time of purchase and have the potential for capital appreciation.

Portfolio Composition
6/30/23

	% of Total Net Assets
Banks	10.7%
Electronic Equipment, Instruments & Components	6.5%
Insurance	6.1%
Building Products	5.7%
Hotels, Restaurants & Leisure	5.6%
Health Care Equipment & Supplies	5.0%
Trading Companies & Distributors	4.4%
Oil, Gas & Consumable Fuels	4.3%
Food Products	4.1%
Automobile Components	3.7%
Software	3.6%
Semiconductors & Semiconductor Equipment	3.2%
Chemicals	3.0%
Communications Equipment	2.8%
Other*	29.0%
Short-Term Investments & Other Net Assets	2.3%

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

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 2000® Value Index, posted a +2.50% total return for the same period.[1] Please note the Fund employs a bottom-up stock selection process, and the managers invest in securities without regard to benchmark comparisons.

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.

Top 10 Holdings
6/30/23

Company *Industry*	% of Total Net Assets
ACI Worldwide, Inc. *Software*	3.6%
Coherent Corp. *Electronic Equipment, Instruments & Components*	3.2%
Hanover Insurance Group, Inc. (The) *Insurance*	2.9%
UFP Industries, Inc. *Building Products*	2.9%
McGrath RentCorp *Trading Companies & Distributors*	2.8%
Envista Holdings Corp. *Health Care Equipment & Supplies*	2.8%
Glanbia plc *Food Products, Ireland*	2.8%
Crescent Point Energy Corp. *Oil, Gas & Consumable Fuels, Canada*	2.3%
Knowles Corp. *Electronic Equipment, Instruments & Components*	2.3%
Integer Holdings Corp. *Health Care Equipment & Supplies*	2.3%

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

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

Performance Summary as of June 30, 2023[1]

Share Class	6-Month Total Return
1	+5.44%
2	+5.35%
4	+5.29%

1. Gross expenses are the Fund's total annual operating expenses as of the Fund's prospectus available at the time of publication. Actual expenses may be higher and may impact portfolio returns. Net expenses reflect contractual fee waivers, expense caps and/or reimbursements, which cannot be terminated prior to 4/30/24 without Board consent. Additional amounts may be voluntarily waived and/or reimbursed and may be modified or discontinued at any time without notice.

*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. Small- and mid-cap stocks involve greater risks and volatility than large-cap stocks. 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 ÷ $1,000 = 8.6)*. Then multiply the result by the number under the headings "Actual" and "Fund-Level Expenses Paid During Period" *(if Fund-Level Expenses Paid During Period were $7.50, then 8.6 x $7.50 = $64.50)*. In this illustration, the estimated expenses paid this period at the Fund level are $64.50.

Hypothetical Example for Comparison with Other Mutual Funds

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

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

		Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		
Share Class	Beginning Account Value 1/1/23	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]	Net Annualized Expense Ratio[2]
1	$1,000	$1,054.40	$3.30	$1,021.58	$3.25	0.65%
2	$1,000	$1,053.50	$4.57	$1,020.35	$4.49	0.90%
4	$1,000	$1,052.90	$5.08	$1,019.85	$5.00	1.00%

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 Small Cap Value 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	$13.32	$18.43	$15.20	$15.73	$15.14	$20.43
Income from investment operations[a]:						
Net investment income[b]	0.08	0.12	0.19	0.20	0.24[c]	0.21
Net realized and unrealized gains (losses)	0.64	(2.06)	3.71	0.31	3.35	(2.29)
Total from investment operations	0.72	(1.94)	3.90	0.51	3.59	(2.08)
Less distributions from:						
Net investment income	(0.10)	(0.21)	(0.21)	(0.23)	(0.22)	(0.23)
Net realized gains	(0.73)	(2.96)	(0.46)	(0.81)	(2.78)	(2.98)
Total distributions	(0.83)	(3.17)	(0.67)	(1.04)	(3.00)	(3.21)
Net asset value, end of period	$13.21	$13.32	$18.43	$15.20	$15.73	$15.14
Total return[d]	5.44%	(9.82)%	25.67%	5.41%	26.72%	(12.69)%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	0.66%	0.63%	0.66%	0.68%	0.67%	0.66%
Expenses net of waiver and payments by affiliates	0.65%[f]	0.62%[f]	0.66%[g]	0.68%[f,g]	0.67%[f,g]	0.65%[f]
Net investment income	1.17%	0.82%	1.07%	1.54%	1.58%[c]	1.13%
Supplemental data						
Net assets, end of period (000's)	$69,131	$66,574	$73,715	$50,572	$46,980	$40,644
Portfolio turnover rate	38.08%	54.83%	60.41%	69.40%	54.36%	47.82%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 1.23%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Small Cap Value 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	$12.53	$17.54	$14.50	$15.05	$14.60	$19.80
Income from investment operations[a]:						
Net investment income[b]	0.06	0.08	0.14	0.16	0.20[c]	0.16
Net realized and unrealized gains (losses)	0.61	(1.97)	3.53	0.30	3.20	(2.20)
Total from investment operations	0.67	(1.89)	3.67	0.46	3.40	(2.04)
Less distributions from:						
Net investment income	(0.07)	(0.16)	(0.17)	(0.19)	(0.17)	(0.18)
Net realized gains	(0.73)	(2.96)	(0.46)	(0.82)	(2.78)	(2.98)
Total distributions	(0.80)	(3.12)	(0.63)	(1.01)	(2.95)	(3.16)
Net asset value, end of period	$12.40	$12.53	$17.54	$14.50	$15.05	$14.60
Total return[d]	5.35%	(10.06)%	25.37%	5.19%	26.35%	(12.88)%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	0.91%	0.88%	0.91%	0.93%	0.92%	0.91%
Expenses net of waiver and payments by affiliates	0.90%[f]	0.87%[f]	0.91%[g]	0.93%[f,g]	0.92%[f,g]	0.90%[f]
Net investment income	0.92%	0.56%	0.83%	1.28%	1.33%[c]	0.88%
Supplemental data						
Net assets, end of period (000's)	$970,781	$943,928	$1,135,623	$1,103,373	$1,123,093	$978,675
Portfolio turnover rate	38.08%	54.83%	60.41%	69.40%	54.36%	47.82%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.98%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Franklin Small Cap Value 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	$13.07	$18.14	$14.99	$15.51	$14.96	$20.22
Income from investment operations[a]:						
Net investment income[b]	0.05	0.07	0.13	0.15	0.19[c]	0.15
Net realized and unrealized gains (losses)	0.63	(2.03)	3.64	0.32	3.30	(2.28)
Total from investment operations	0.68	(1.96)	3.77	0.47	3.49	(2.13)
Less distributions from:						
Net investment income	(0.06)	(0.15)	(0.16)	(0.18)	(0.16)	(0.15)
Net realized gains	(0.73)	(2.96)	(0.46)	(0.81)	(2.78)	(2.98)
Total distributions	(0.79)	(3.11)	(0.62)	(0.99)	(2.94)	(3.13)
Net asset value, end of period	$12.96	$13.07	$18.14	$14.99	$15.51	$14.96
Total return[d]	5.29%	(10.11)%	25.17%	5.13%	26.23%	(13.01)%
Ratios to average net assets[e]						
Expenses before waiver and payments by affiliates	1.01%	0.98%	1.01%	1.03%	1.02%	1.01%
Expenses net of waiver and payments by affiliates	1.00%[f]	0.97%[f]	1.01%[g]	1.03%[f,g]	1.02%[f,g]	1.00%[f]
Net investment income	0.83%	0.47%	0.73%	1.18%	1.23%[c]	0.78%
Supplemental data						
Net assets, end of period (000's)	$39,238	$35,519	$38,148	$29,461	$29,238	$24,592
Portfolio turnover rate	38.08%	54.83%	60.41%	69.40%	54.36%	47.82%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Net investment income per share includes approximately $0.05 per share related to income received in the form of special dividends in connection with certain Fund holdings. Excluding this amount, the ratio of net investment income to average net assets would have been 0.88%.
[d]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[e]Ratios are annualized for periods less than one year.
[f]Benefit of expense reduction rounds to less than 0.01%.
[g]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Schedule of Investments (unaudited), June 30, 2023

Franklin Small Cap Value VIP Fund

	Country	Shares	Value
Common Stocks 97.7%			
Aerospace & Defense 2.5%			
Melrose Industries plc	United Kingdom	849,847	$5,475,641
QinetiQ Group plc	United Kingdom	2,847,794	12,835,716
Senior plc	United Kingdom	3,679,134	8,195,565
			26,506,922
Automobile Components 3.7%			
[a]Adient plc	United States	497,299	19,056,498
[a]Atmus Filtration Technologies, Inc.	United States	399,814	8,779,915
LCI Industries	United States	98,388	12,432,308
			40,268,721
Banks 10.7%			
Atlantic Union Bankshares Corp.	United States	97,582	2,532,253
Camden National Corp.	United States	215,383	6,670,412
Columbia Banking System, Inc.	United States	1,072,523	21,750,767
First Bancorp	United States	115,414	3,433,567
First Commonwealth Financial Corp.	United States	83,956	1,062,043
First Interstate BancSystem, Inc., A	United States	615,861	14,682,126
German American Bancorp, Inc.	United States	201,906	5,487,805
Peoples Bancorp, Inc.	United States	284,466	7,552,572
Seacoast Banking Corp. of Florida	United States	244,632	5,406,367
SouthState Corp.	United States	314,139	20,670,346
TriCo Bancshares	United States	255,070	8,468,324
WSFS Financial Corp.	United States	459,745	17,341,581
			115,058,163
Building Products 5.7%			
Insteel Industries, Inc.	United States	78,741	2,450,420
[a]Masonite International Corp.	United States	149,995	15,365,488
UFP Industries, Inc.	United States	320,002	31,056,194
Zurn Elkay Water Solutions Corp.	United States	463,882	12,473,787
			61,345,889
Chemicals 3.0%			
Ashland, Inc.	United States	6,149	534,410
Avient Corp.	United States	376,087	15,381,958
[a]Elementis plc	United Kingdom	10,185,228	13,193,944
Minerals Technologies, Inc.	United States	37,711	2,175,548
Tronox Holdings plc	United States	128,934	1,638,751
			32,924,611
Communications Equipment 2.8%			
[a]Clearfield, Inc.	United States	259,093	12,268,054
[a]NetScout Systems, Inc.	United States	567,201	17,554,871
			29,822,925
Construction & Engineering 2.7%			
Primoris Services Corp.	United States	526,839	16,052,784
Stantec, Inc.	Canada	195,433	12,759,870
[a]WillScot Mobile Mini Holdings Corp.	United States	12,073	576,969
			29,389,623
Construction Materials 1.2%			
[a]Summit Materials, Inc., A	United States	345,449	13,075,245
Consumer Finance 0.6%			
Bread Financial Holdings, Inc.	United States	205,241	6,442,515

Franklin Small Cap Value VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Diversified REITs 1.0%			
Alexander & Baldwin, Inc.	United States	579,394	$10,765,141
Electric Utilities 0.9%			
IDACORP, Inc.	United States	95,679	9,816,665
Electrical Equipment 1.6%			
Regal Rexnord Corp.	United States	113,372	17,447,951
Electronic Equipment, Instruments & Components 6.5%			
Benchmark Electronics, Inc.	United States	414,754	10,713,096
[a]Coherent Corp.	United States	674,974	34,410,174
CTS Corp.	United States	12,208	520,427
[a]Knowles Corp.	United States	1,366,929	24,686,738
			70,330,435
Energy Equipment & Services 2.1%			
[a]TechnipFMC plc	United Kingdom	1,363,030	22,653,559
Food Products 4.1%			
Glanbia plc	Ireland	1,991,806	29,779,112
Maple Leaf Foods, Inc.	Canada	762,293	14,892,536
			44,671,648
Ground Transportation 0.1%			
[a]Saia, Inc.	United States	3,890	1,331,975
Health Care Equipment & Supplies 5.0%			
[a]Envista Holdings Corp.	United States	881,271	29,822,211
[a]Integer Holdings Corp.	United States	277,573	24,595,743
			54,417,954
Hotel & Resort REITs 1.7%			
Sunstone Hotel Investors, Inc.	United States	1,829,859	18,518,173
Hotels, Restaurants & Leisure 5.6%			
Boyd Gaming Corp.	United States	72,767	5,047,847
[a]Brinker International, Inc.	United States	435,479	15,938,531
[a]Dalata Hotel Group plc	Ireland	1,655,539	8,395,216
[a]Denny's Corp.	United States	233,819	2,880,650
[a]Hilton Grand Vacations, Inc.	United States	451,209	20,502,937
Jack in the Box, Inc.	United States	79,622	7,765,534
			60,530,715
Household Durables 0.8%			
Century Communities, Inc.	United States	36,343	2,784,600
[a]M/I Homes, Inc.	United States	34,872	3,040,490
Meritage Homes Corp.	United States	15,247	2,169,191
[a]Taylor Morrison Home Corp., A	United States	15,701	765,738
			8,760,019
Industrial REITs 0.8%			
STAG Industrial, Inc.	United States	254,999	9,149,364
Insurance 6.1%			
CNO Financial Group, Inc.	United States	799,849	18,932,426
Hanover Insurance Group, Inc. (The)	United States	276,929	31,301,285
Horace Mann Educators Corp.	United States	449,526	13,332,941
Selective Insurance Group, Inc.	United States	24,083	2,310,764
			65,877,416

Franklin Small Cap Value VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Leisure Products 2.8%			
Brunswick Corp.	United States	150,707	$13,057,254
[a]Mattel, Inc.	United States	855,657	16,719,538
			29,776,792
Machinery 2.7%			
Columbus McKinnon Corp.	United States	430,640	17,505,516
Mueller Water Products, Inc., A	United States	671,847	10,904,077
Timken Co. (The)	United States	6,663	609,864
			29,019,457
Metals & Mining 1.2%			
Alcoa Corp.	United States	15,655	531,174
Commercial Metals Co.	United States	113,801	5,992,761
Ryerson Holding Corp.	United States	139,364	6,045,610
			12,569,545
Multi-Utilities 0.8%			
Black Hills Corp.	United States	139,676	8,416,876
Office REITs 0.8%			
Highwoods Properties, Inc.	United States	343,186	8,205,577
Oil, Gas & Consumable Fuels 4.3%			
Crescent Point Energy Corp.	Canada	3,749,795	25,249,620
[a]Green Plains, Inc.	United States	645,841	20,821,914
			46,071,534
Paper & Forest Products 1.1%			
Louisiana-Pacific Corp.	United States	151,995	11,396,585
Professional Services 1.1%			
ICF International, Inc.	United States	52,290	6,504,353
Kforce, Inc.	United States	84,708	5,307,803
			11,812,156
Semiconductors & Semiconductor Equipment 3.2%			
[a]Cohu, Inc.	United States	408,975	16,997,001
[a]Onto Innovation, Inc.	United States	146,922	17,112,005
			34,109,006
Software 3.6%			
[a]ACI Worldwide, Inc.	United States	1,671,539	38,729,559
Specialty Retail 0.6%			
[a]Children's Place, Inc. (The)	United States	226,368	5,254,001
Group 1 Automotive, Inc.	United States	6,189	1,597,381
			6,851,382
Textiles, Apparel & Luxury Goods 1.9%			
[a]Capri Holdings Ltd.	United States	160,879	5,773,948
Carter's, Inc.	United States	142,340	10,333,884
Dr. Martens plc	United Kingdom	2,830,200	4,406,777
			20,514,609
Trading Companies & Distributors 4.4%			
Herc Holdings, Inc.	United States	126,141	17,262,396

Franklin Small Cap Value VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Trading Companies & Distributors (continued)			
McGrath RentCorp	United States	330,103	$30,527,925
			47,790,321
Total Common Stocks (Cost $920,401,266)			**1,054,369,028**

Short Term Investments 2.7%

	Country	Shares	Value
Money Market Funds 2.7%			
[b,c]Institutional Fiduciary Trust - Money Market Portfolio, 4.699%	United States	29,423,187	29,423,187
Total Money Market Funds (Cost $29,423,187)			**29,423,187**
Total Short Term Investments (Cost $29,423,187)			**29,423,187**
Total Investments (Cost $949,824,453) 100.4%			**$1,083,792,215**
Other Assets, less Liabilities (0.4)%			**(4,641,661)**
Net Assets 100.0%			**$1,079,150,554**

[a]Non-income producing.
[b]See Note 3(e) regarding investments in affiliated management investment companies.
[c]The rate shown is the annualized seven-day effective yield at period end.

Statement of Assets and Liabilities

June 30, 2023 (unaudited)

	Franklin Small Cap Value VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$920,401,266
Cost - Non-controlled affiliates (Note 3e)	29,423,187
Value - Unaffiliated issuers	$1,054,369,028
Value - Non-controlled affiliates (Note 3e)	29,423,187
Foreign currency, at value (cost $957)	960
Receivables:	
Investment securities sold	7,798,378
Capital shares sold	721,366
Dividends	1,049,054
Total assets	1,093,361,973
Liabilities:	
Payables:	
Investment securities purchased	12,575,398
Capital shares redeemed	820,455
Management fees	543,952
Distribution fees	202,886
Accrued expenses and other liabilities	68,728
Total liabilities	14,211,419
Net assets, at value	$1,079,150,554
Net assets consist of:	
Paid-in capital	$929,173,686
Total distributable earnings (losses)	149,976,868
Net assets, at value	$1,079,150,554

	Franklin Small Cap Value VIP Fund
Class 1:	
Net assets, at value	$69,131,419
Shares outstanding	5,233,360
Net asset value and maximum offering price per share	$13.21
Class 2:	
Net assets, at value	$970,781,209
Shares outstanding	78,313,696
Net asset value and maximum offering price per share	$12.40
Class 4:	
Net assets, at value	$39,237,926
Shares outstanding	3,026,451
Net asset value and maximum offering price per share	$12.96

Statement of Operations

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

	Franklin Small Cap Value VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $170,981)	
Unaffiliated issuers	$8,848,484
Non-controlled affiliates (Note 3e)	711,781
Total investment income	9,560,265
Expenses:	
Management fees (Note 3a)	3,390,243
Distribution fees: (Note 3c)	
Class 2	1,183,966
Class 4	63,936
Custodian fees (Note 4)	5,732
Reports to shareholders fees	17,178
Professional fees	27,722
Trustees' fees and expenses	6,000
Other	14,903
Total expenses	4,709,680
Expense reductions (Note 4)	(1,017)
Expenses waived/paid by affiliates (Note 3e)	(57,146)
Net expenses	4,651,517
Net investment income	4,908,748
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	16,351,802
Foreign currency transactions	50,859
Net realized gain (loss)	16,402,661
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	33,330,238
Translation of other assets and liabilities denominated in foreign currencies	6,169
Net change in unrealized appreciation (depreciation)	33,336,407
Net realized and unrealized gain (loss)	49,739,068
Net increase (decrease) in net assets resulting from operations	$54,647,816

Statements of Changes in Net Assets

	Franklin Small Cap Value VIP Fund	
	Six Months Ended June 30, 2023 (unaudited)	Year Ended December 31, 2022
Increase (decrease) in net assets:		
Operations:		
Net investment income	$4,908,748	$6,261,371
Net realized gain (loss)	16,402,661	60,690,650
Net change in unrealized appreciation (depreciation)	33,336,407	(191,281,353)
Net increase (decrease) in net assets resulting from operations	54,647,816	(124,329,332)
Distributions to shareholders:		
Class 1	(4,074,896)	(12,921,313)
Class 2	(58,616,647)	(192,841,212)
Class 4	(2,235,401)	(6,602,855)
Total distributions to shareholders	(64,926,944)	(212,365,380)
Capital share transactions: (Note 2)		
Class 1	3,009,840	13,087,805
Class 2	36,418,140	114,308,909
Class 4	3,979,947	7,833,350
Total capital share transactions	43,407,927	135,230,064
Net increase (decrease) in net assets	33,128,799	(201,464,648)
Net assets:		
Beginning of period	1,046,021,755	1,247,486,403
End of period	$1,079,150,554	$1,046,021,755

Notes to Financial Statements (unaudited)

Franklin Small Cap Value 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 Small Cap Value 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 listed on an exchange or on the NASDAQ National Market System are valued at the last quoted sale price or the official closing price of the day, respectively. Foreign equity securities are valued as of the close of trading on the foreign stock exchange on which the security is primarily traded, or as of 4 p.m. Eastern time. The value is then converted into its U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the day that the value of the security is determined. Over-the-counter (OTC) securities are valued within the range of the most recent quoted bid and ask prices. Securities that trade in multiple markets or on multiple exchanges are valued according to the broadest and most representative market. Certain equity securities are valued based upon fundamental characteristics or relationships to similar securities.

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

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

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 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.

Franklin Small Cap Value VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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. 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.

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. Dividend income and capital gain distributions 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

Franklin Small Cap Value VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Security Transactions, Investment Income, Expenses and Distributions (continued)

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.

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.

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	315,184	$4,253,680	559,337	$8,439,708
Shares issued in reinvestment of distributions	309,878	4,074,896	986,475	12,607,150
Shares redeemed	(390,707)	(5,318,736)	(545,857)	(7,959,053)
Net increase (decrease)	234,355	$3,009,840	999,955	$13,087,805
Class 2 Shares:				
Shares sold	3,957,117	$50,462,941	6,016,538	$85,234,670
Shares issued in reinvestment of distributions	4,750,133	58,616,647	16,016,712	192,841,212
Shares redeemed	(5,732,922)	(72,661,448)	(11,441,905)	(163,766,973)
Net increase (decrease)	2,974,328	$36,418,140	10,591,345	$114,308,909
Class 4 Shares:				
Shares sold	399,784	$5,281,561	604,120	$8,725,654
Shares issued in reinvestment of distributions	173,153	2,235,401	525,705	6,602,855
Shares redeemed	(264,884)	(3,537,015)	(513,829)	(7,495,159)
Net increase (decrease)	308,053	$3,979,947	615,996	$7,833,350

Franklin Small Cap Value 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
0.750%	Up to and including $200 million
0.635%	Over $200 million, up to and including $700 million
0.600%	Over $700 million, up to and including $1.2 billion
0.575%	Over $1.2 billion, up to and including $1.3 billion
0.475%	In excess of $1.3 billion

For the period ended June 30, 2023, the annualized gross effective investment management fee rate was 0.645% of the Fund’s average daily net assets.

b. Administrative Fees

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

c. Distribution Fees

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

d. Transfer Agent Fees

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

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a “Controlled Affiliate” of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund’s outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund

Franklin Small Cap Value VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the period ended June 30, 2023, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Franklin Small Cap Value VIP Fund								
Non-Controlled Affiliates								
								Dividends
Institutional Fiduciary Trust - Money Market Portfolio, 4.699%	$42,407,898	$144,353,168	$(157,337,879)	$—	$—	$29,423,187	29,423,187	$711,781
Total Affiliated Securities . . .	$42,407,898	$144,353,168	$(157,337,879)	$—	$—	$29,423,187		$711,781

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	$954,711,705
Unrealized appreciation	$196,571,619
Unrealized depreciation	(67,491,109)
Net unrealized appreciation (depreciation)	$129,080,510

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

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2023, aggregated $393,021,532 and $391,973,342, respectively.

Franklin Small Cap Value VIP Fund (continued)

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
- 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 carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Small Cap Value VIP Fund				
Assets:				
Investments in Securities:				
Common Stocks:				
Aerospace & Defense	$8,195,565	$18,311,357	$—	$26,506,922
Automobile Components	40,268,721	—	—	40,268,721
Banks	115,058,163	—	—	115,058,163
Building Products	61,345,889	—	—	61,345,889
Chemicals	32,924,611	—	—	32,924,611
Communications Equipment	29,822,925	—	—	29,822,925
Construction & Engineering	29,389,623	—	—	29,389,623
Construction Materials	13,075,245	—	—	13,075,245
Consumer Finance	6,442,515	—	—	6,442,515
Diversified REITs	10,765,141	—	—	10,765,141
Electric Utilities	9,816,665	—	—	9,816,665
Electrical Equipment	17,447,951	—	—	17,447,951
Electronic Equipment, Instruments & Components	70,330,435	—	—	70,330,435
Energy Equipment & Services	22,653,559	—	—	22,653,559
Food Products	44,671,648	—	—	44,671,648
Ground Transportation	1,331,975	—	—	1,331,975
Health Care Equipment & Supplies	54,417,954	—	—	54,417,954

Franklin Small Cap Value VIP Fund (continued)

8. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Small Cap Value VIP Fund (continued)				
Assets: (continued)				
Investments in Securities:				
Common Stocks:				
Hotel & Resort REITs	$18,518,173	$—	$—	$18,518,173
Hotels, Restaurants & Leisure	52,135,499	8,395,216	—	60,530,715
Household Durables	8,760,019	—	—	8,760,019
Industrial REITs	9,149,364	—	—	9,149,364
Insurance	65,877,416	—	—	65,877,416
Leisure Products	29,776,792	—	—	29,776,792
Machinery	29,019,457	—	—	29,019,457
Metals & Mining	12,569,545	—	—	12,569,545
Multi-Utilities	8,416,876	—	—	8,416,876
Office REITs	8,205,577	—	—	8,205,577
Oil, Gas & Consumable Fuels	46,071,534	—	—	46,071,534
Paper & Forest Products	11,396,585	—	—	11,396,585
Professional Services	11,812,156	—	—	11,812,156
Semiconductors & Semiconductor Equipment	34,109,006	—	—	34,109,006
Software	38,729,559	—	—	38,729,559
Specialty Retail	6,851,382	—	—	6,851,382
Textiles, Apparel & Luxury Goods	16,107,832	4,406,777	—	20,514,609
Trading Companies & Distributors	47,790,321	—	—	47,790,321
Short Term Investments	29,423,187	—	—	29,423,187
Total Investments in Securities	$1,052,678,865	$31,113,350[a]	$—	$1,083,792,215

[a]Includes foreign securities valued at $31,113,350, 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.

9. 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.

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 Small Cap Value 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 each 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 its 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 small-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, five and 10-year periods was above the median of its respective Performance Universe, but for the three-year period was below the median of its respective Performance Universe. 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 and seven other small-cap value funds underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for the Fund were below the medians of its respective 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. 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 Small Cap Value VIP Fund

Investment Manager
Franklin Mutual Advisers, LLC

Fund Administrator
Franklin Templeton Services, LLC

Distributor
Franklin Distributors, LLC

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