



FRANKLIN TEMPLETON
INVESTMENTS

Annual Report

December 31, 2017

Franklin Templeton Variable Insurance Products Trust



Franklin Templeton Variable Insurance Products Trust Annual Report

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Not FDIC Insured | May Lose Value | No Bank Guarantee

Important Notes to Performance Information

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

When reviewing the index comparisons, please keep in mind that indexes have a number of inherent performance differentials over the funds. First, unlike the funds, which must hold a minimum amount of cash to maintain liquidity, indexes do not

have a cash component. Second, the funds are actively managed and, thus, are subject to management fees to cover salaries of securities analysts or portfolio managers in addition to other expenses. Indexes are unmanaged and do not include any commissions or other expenses typically associated with investing in securities. Third, indexes often contain a different mix of securities than the fund to which they are compared. Additionally, please remember that indexes are simply a measure of performance and cannot be invested in directly.

Templeton Global Bond VIP Fund

This annual report for Templeton Global Bond VIP Fund covers the fiscal year ended December 31, 2017.

Class 2 Performance Summary as of December 31, 2017

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

Periods ended 12/31/17	1-Year	5-Year	10-Year
Average Annual Total Return	+1.93%	+0.77%	+5.51%

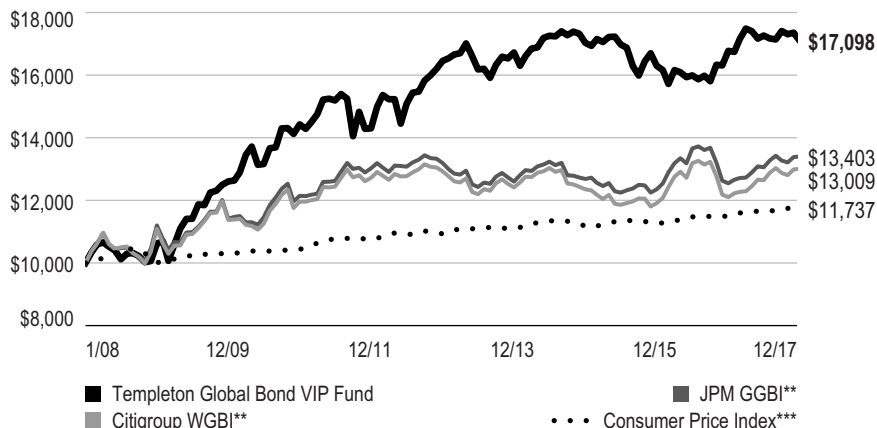
*The Fund has a fee waiver associated with any investment it makes in a Franklin Templeton money fund and/or other Franklin Templeton fund, contractually guaranteed through 4/30/18. Fund investment results reflect the fee waiver; without this waiver, the results would have been lower.

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

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

Total Return Index Comparison for a Hypothetical \$10,000 Investment (1/1/08–12/31/17)

The graph below shows the change in value of a hypothetical \$10,000 investment in the Fund over the indicated period and includes reinvestment of any income or distributions. The Fund's performance* is compared to the performance of the J.P. Morgan (JPM) Global Government Bond Index (GGBI), the Citigroup World Government Bond Index (WGBI) and the Consumer Price Index. One cannot invest directly in an index, and an index is not representative of the Fund's portfolio. **Please see Important Notes to Performance Information preceding the Fund Summaries.**



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

***Source: Bureau of Labor Statistics, bls.gov/cpi. Please see Index Descriptions following the Fund Summaries.

Fund Goal and Main Investments

The Fund seeks high current income, consistent with preservation of capital, with capital appreciation as a secondary consideration. Under normal market conditions, the Fund invests at least 80% of its net assets in bonds, which include debt securities of any maturity, such as bonds, notes, bills and debentures.

Fund Risks

All investments involve risks, including possible loss of principal. Foreign securities involve special risks, including currency fluctuations and economic and political uncertainties. Currency rates may fluctuate significantly over short periods of time, and can reduce returns. Sovereign debt securities are subject to various risks in addition to those relating to debt securities and foreign securities generally, including, but not limited to, the risk that a governmental entity may be unwilling or unable to pay interest and repay principal on its sovereign debt, or otherwise meet its obligations when due. Adverse conditions in a certain region or country can adversely affect securities of issuers in other countries whose economies appear to be unrelated. Investments in developing markets involve heightened risks related to the same factors, in addition to those associated with these markets' smaller size, lesser liquidity and lack of established legal, political, business and social frameworks to support securities market. The Fund is actively managed but there is no guarantee that the manager's investment decisions will produce the desired results. The Fund's prospectus also includes a description of the main investment risks.

Performance Overview

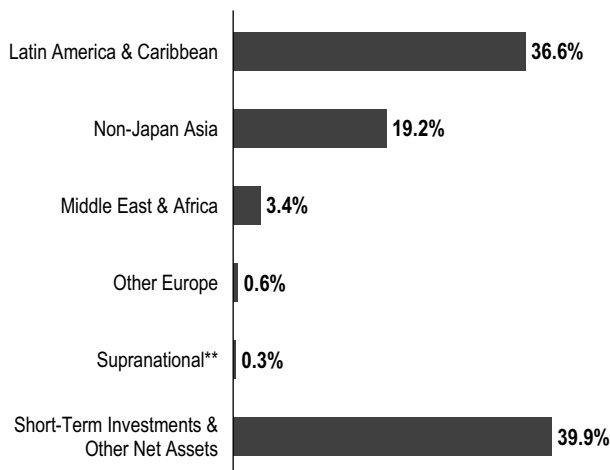
You can find the Fund's one-year total return in the Performance Summary. For comparison, the JPM GGBI produced a +6.83% total return and the Citigroup WGBI posted a +7.49% total return for the same period.¹

Economic and Market Overview

The year began with a rally in emerging markets (EMs), as fourth-quarter 2016 fears for potential trade shocks dissipated. Capital moved into several markets we considered undervalued at a pace not seen in a number of years. The strengthening

Geographic Composition*

Based on Total Net Assets as of 12/31/17



*Figures represent the net Fund exposure and include certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of any derivatives or other factors.

**The Fund's supranational investment was denominated in the Mexican peso.

trends in specific EMs largely continued throughout much of 2017, particularly in select areas of Latin America and Asia.

Duration exposures around the world generally performed well during the year, as rates in developed markets remained relatively low or range-bound, while a number of EM local-currency markets saw declining yields and strengthening valuations.

The 10-year US Treasury note reached its highest yield of 2017 at 2.62% on March 13, two days before the US Federal Reserve (Fed) made its first rate hike of 2017. However, yields declined in the second and third quarters as policy setbacks from the Trump administration and subdued inflation figures appeared to dampen expectations for higher rates.

Those negative trends began to reverse in the fall months as Fed Chair Janet Yellen returned from Jackson Hole with more hawkish-sounding comments on the need to normalize monetary policy. Additionally, a moderate pickup in inflation, exceptional strength in US labor markets, progress on tax reform and a new Fed chair nomination (Jay Powell) appeared to push rate expectations higher, in our opinion. The Fed also began unwinding its nearly \$4.5 trillion balance sheet in

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

The dollar value, number of shares or principal amount, and names of all portfolio holdings are listed in the Fund's Statement of Investments (SOI).

October. Ultimately, the Fed raised rates 25 basis points three times in 2017, as it indicated it would.

On the currency front, the US dollar broadly weakened during much of the year, with notable weakness against the euro and Mexican peso during the summer months. Those trends moderately reversed in September and October, before resuming over the final two months of the year, leaving the US dollar broadly weaker in 2017.

In Europe, economic optimism surged in the summer months, driven by the cyclical upswing in eurozone growth as well as some political refortifying after Emmanuel Macron's victory in the French election in May. The euro appreciated 13.85% against the US dollar during the year.² However, growing populist/nationalist movements in a number of countries continued to test the political cohesion across the eurozone. Angela Merkel's win in the German election in September came with new uncertainties around forming a coalition government.

In October, European Central Bank (ECB) President Mario Draghi announced a reduction in the ECB's bond-buying program, as expected, to €30 billion per month, down from a €60 billion monthly pace, scheduled to begin in January 2018. Draghi also indicated that rates would not be hiked until quantitative easing (QE) ends, implying that rates would likely remain unchanged in the upcoming year.

In Japan, Prime Minister Shinzo Abe's political mandate was reaffirmed after his political coalition maintained its supermajority in October elections. The Bank of Japan (BOJ) continued to deploy massive levels of QE throughout 2017; however, the yen appreciated 3.54% against the US dollar during the year.²

Investment Strategy

We invest selectively in bonds around the world based upon our assessment of changing market, political and economic conditions. While seeking opportunities, we monitor various factors including changes in interest rates, currency exchange rates and credit risks. We seek to manage the Fund's exposure to various currencies and regularly utilize currency and cross currency forward contracts and may also use currency and currency index futures contracts and other derivative instruments.

2. Source: FactSet.

Currency Composition*

12/31/17

	% of Total Net Assets
Americas	160.8%
U.S. Dollar	118.2%
Mexican Peso	21.3%
Brazilian Real	13.1%
Argentinian Peso	4.1%
Colombian Peso	4.0%
Peruvian Nuevo Sol	0.1%
Middle East & Africa	3.5%
South African Rand	1.8%
Ghanaian Cedi	1.7%
Australia & New Zealand	-9.7%
New Zealand Dollar	0.0%**
Australian Dollar	-9.7%
Asia Pacific	-14.6%
Indian Rupee	10.9%
Indonesian Rupiah	9.7%
Philippine Peso	1.8%
South Korean Won	-4.4%
Japanese Yen	-32.6%
Europe	-40.0%
Euro	-40.0%

*Figures represent the net Fund exposure and include certain derivatives held in the portfolio (or their underlying reference assets) and may not total 100% or may be negative due to rounding, use of any derivatives or other factors.

**Rounds to less than 0.1%.

What is a currency forward contract?

A currency forward contract is an agreement between the Fund and a counterparty to buy or sell a foreign currency in exchange for another currency at a specific exchange rate on a future date. Currency forward contracts are privately traded in the interbank market, not on a centralized exchange.

Manager's Discussion

On the whole, we continued to position the Fund for rising rates by maintaining low portfolio duration and aiming at a negative correlation with US Treasury returns. We also continued to actively seek select duration exposures that we

What is a futures contract?

A futures contract is an agreement between the Fund and a counterparty made through a US or foreign futures exchange to buy or sell an underlying instrument or asset at a specific price on a future date.

believe can offer positive real yields without taking undue interest-rate risk, favoring countries that we believe have solid underlying fundamentals and prudent fiscal, monetary and financial policies. When investing globally, investment opportunities may take time to materialize, which may require weathering periods of volatility as the longer term investing theses develop. During the period, we added to some of our strongest investment convictions as prices became cheaper during periods of heightened volatility. We also maintained exposures to a number of emerging market currencies that we believe remained fundamentally undervalued. Overall, we were positioned for depreciation of the euro and Japanese yen, rising US Treasury yields and currency appreciation in select emerging markets. During the period, we used forward currency exchange contracts to actively manage currencies. We also used interest-rate swaps to tactically manage duration exposures.

What is duration?

Duration is a measure of a bond's price sensitivity to interest-rate changes. In general, a portfolio of securities with a lower duration can be expected to be less sensitive to interest-rate changes than a portfolio with a higher duration.

What is an interest-rate swap?

An interest-rate swap is an agreement between two parties to exchange interest-rate payment obligations, generally one based on an interest rate fixed to maturity and the other based on an interest rate that changes in accordance with changes in a designated benchmark (for example, LIBOR, prime, commercial paper or other benchmarks).

During the period, the Fund's positive performance was primarily attributable to interest-rate strategies and sovereign credit exposures. Currency positions detracted from absolute return. The Fund maintained a defensive approach regarding interest rates in developed markets, while holding duration exposures in select emerging markets. Select duration exposures in Latin America (Brazil) and Asia ex-Japan (Indonesia) contributed to absolute performance, while negative duration exposure to US Treasuries detracted. Among currencies, the Fund's net-negative positions in the euro, the Japanese yen and the Australian dollar detracted from absolute

results. However, currency positions in Latin America (the Mexican peso and Brazilian real) and Asia ex-Japan (Indian rupee) contributed to absolute performance.

During the period, the Fund's relative underperformance was primarily due to currency positions. Sovereign credit exposures and interest-rate strategies modestly contributed to relative return. Among currencies, the Fund's underweighted positions in the euro, the Japanese yen and the Australian dollar detracted from relative performance, as did its lack of exposure to the British pound. However, overweighted currency positions in Latin America (the Mexican peso and Brazilian real) and Asia ex-Japan (Indian rupee) contributed to relative results. Select overweighted duration exposures in Latin America (Brazil) and Asia ex-Japan (Indonesia) contributed to relative performance, while underweighted duration exposure in the US and Europe detracted.

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

The foregoing information reflects our analysis, opinions and portfolio holdings as of December 31, 2017, the end of the reporting period. The way we implement our main investment strategies and the resulting portfolio holdings may change depending on factors such as market and economic conditions. These opinions may not be relied upon as investment advice or an offer for a particular security. The information is not a complete analysis of every aspect of any market, country, industry, security or the Fund. Statements of fact are from sources considered reliable, but the investment manager makes no representation or warranty as to their completeness or accuracy. Although historical performance is no guarantee of future results, these insights may help you understand our investment management philosophy.

Class 2 Fund Expenses

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

Actual Fund Expenses

The table below provides information about the actual account values and actual expenses in the columns under the heading “Actual.” In these columns the Fund’s actual return, which includes the effect of ongoing Fund expenses but does not include the effect of ongoing Contract expenses, is used to calculate the “Ending Account Value.” You can estimate the Fund-level expenses you paid during the period by following these steps (*of course, your account value and expenses will differ from those in this illustration*): Divide your account value by \$1,000 (*if your account had an \$8,600 value, then $\$8,600 \div \$1,000 = 8.6$*). 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 7/1/17	Actual (actual return after expenses)		Hypothetical (5% annual return before expenses)		Net Annualized Expense Ratio ²
		Ending Account Value 12/31/17	Fund-Level Expenses Paid During Period 7/1/17–12/31/17 ^{1,2}	Ending Account Value 12/31/17	Fund-Level Expenses Paid During Period 7/1/17–12/31/17 ^{1,2}	
Class 2	\$1,000	\$990.40	\$3.56	\$1,021.63	\$3.62	0.71%

1. Expenses are equal to the annualized expense ratio for the six-month period as indicated above—in the far right column—multiplied by the simple average account value over the period indicated, and then multiplied by 184/365 to reflect the one-half year period.

2. Reflects expenses after fee waivers and expense reimbursements. Does not include any ongoing expenses of the Contract for which the Fund is an investment option or acquired fund fees and expenses.

Financial Highlights

Templeton Global Bond VIP Fund

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Class 1					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$16.85	\$16.34	\$18.56	\$19.15	\$20.01
Income from investment operations ^a :					
Net investment income ^b	0.83	0.62	0.52	0.58	0.64
Net realized and unrealized gains (losses)	(0.46)	(0.10)	(1.22)	(0.16)	(0.30)
Total from investment operations	0.37	0.52	(0.70)	0.42	0.34
Less distributions from:					
Net investment income and net foreign currency gains	—	—	(1.43)	(1.01)	(0.96)
Net realized gains	(0.05)	(0.01)	(0.09)	—	(0.24)
Total distributions	(0.05)	(0.01)	(1.52)	(1.01)	(1.20)
Redemption fees	—	—	—	— ^c	— ^c
Net asset value, end of year	\$17.17	\$16.85	\$16.34	\$18.56	\$19.15
Total return ^d	2.15%	3.21%	(4.10)%	2.12%	1.89%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.53%	0.53%	0.52%	0.51%	0.51%
Expenses net of waiver and payments by affiliates ^e	0.46%	0.48%	0.52% ^f	0.51%	0.51%
Net investment income	4.81%	3.88%	2.99%	3.08%	3.26%
Supplemental data					
Net assets, end of year (000's)	\$286,502	\$241,792	\$292,802	\$323,491	\$280,963
Portfolio turnover rate	37.97%	59.00%	51.58%	39.14%	34.39%

^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.

^cAmount rounds to less than \$0.01 per share.

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

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

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

Templeton Global Bond VIP Fund (continued)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Class 2					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$16.25	\$15.80	\$17.99	\$18.60	\$19.47
Income from investment operations ^a :					
Net investment income ^b	0.76	0.56	0.46	0.52	0.57
Net realized and unrealized gains (losses)	(0.45)	(0.10)	(1.17)	(0.17)	(0.27)
Total from investment operations	0.31	0.46	(0.71)	0.35	0.30
Less distributions from:					
Net investment income and net foreign currency gains	—	—	(1.39)	(0.96)	(0.93)
Net realized gains	(0.05)	(0.01)	(0.09)	—	(0.24)
Total distributions	(0.05)	(0.01)	(1.48)	(0.96)	(1.17)
Redemption fees	—	—	—	— ^c	— ^c
Net asset value, end of year	\$16.51	\$16.25	\$15.80	\$17.99	\$18.60
Total return ^d	1.93%	2.94%	(4.30)%	1.83%	1.63%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.78%	0.78%	0.77%	0.76%	0.76%
Expenses net of waiver and payments by affiliates ^e	0.71%	0.73%	0.77% ^f	0.76%	0.76%
Net investment income	4.56%	3.63%	2.74%	2.83%	3.01%
Supplemental data					
Net assets, end of year (000's)	\$2,730,081	\$2,812,535	\$2,971,667	\$3,177,638	\$2,826,039
Portfolio turnover rate	37.97%	59.00%	51.58%	39.14%	34.39%

^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.

^cAmount rounds to less than \$0.01 per share.

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

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

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

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
FINANCIAL HIGHLIGHTS

Templeton Global Bond VIP Fund (continued)

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Class 4					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$16.62	\$16.18	\$18.38	\$18.97	\$19.82
Income from investment operations ^a :					
Net investment income ^b	0.76	0.56	0.46	0.51	0.56
Net realized and unrealized gains (losses)	(0.45)	(0.11)	(1.21)	(0.18)	(0.28)
Total from investment operations	0.31	0.45	(0.75)	0.33	0.28
Less distributions from:					
Net investment income and net foreign currency gains	—	—	(1.36)	(0.92)	(0.89)
Net realized gains	(0.05)	(0.01)	(0.09)	—	(0.24)
Total distributions	(0.05)	(0.01)	(1.45)	(0.92)	(1.13)
Redemption fees	—	—	—	— ^c	— ^c
Net asset value, end of year	\$16.88	\$16.62	\$16.18	\$18.38	\$18.97
Total return ^d	1.76%	2.87%	(4.39)%	1.69%	1.54%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.88%	0.88%	0.87%	0.86%	0.86%
Expenses net of waiver and payments by affiliates ^e	0.81%	0.83%	0.87% ^f	0.86%	0.86%
Net investment income	4.46%	3.53%	2.64%	2.73%	2.91%
Supplemental data					
Net assets, end of year (000's)	\$98,934	\$96,798	\$103,045	\$111,199	\$118,145
Portfolio turnover rate	37.97%	59.00%	51.58%	39.14%	34.39%

^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.

^cAmount rounds to less than \$0.01 per share.

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

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

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

Statement of Investments, December 31, 2017

Templeton Global Bond VIP Fund

	Principal Amount*		Value
Foreign Government and Agency Securities 60.1%			
Argentina 3.8%			
Argentine Bonos del Tesoro,			
21.20%, 9/19/18	44,122,000	ARS	\$ 2,301,199
18.20%, 10/03/21	798,350,000	ARS	44,045,957
16.00%, 10/17/23	240,805,000	ARS	12,884,313
senior note, 15.50%, 10/17/26	1,067,286,000	ARS	58,089,267
^a Government of Argentina, FRN, 24.225%, (ARS Badlar + 2.00%), 4/03/22	24,036,000	ARS	1,288,895
			<u>118,609,631</u>
Brazil 11.1%			
Letra Tesouro Nacional,			
Strip, 1/01/19	38,960 ^b	BRL	11,017,032
Strip, 7/01/19	102,840 ^b	BRL	27,929,403
Strip, 7/01/20	259,441 ^b	BRL	63,758,167
Strip, 7/01/21	24,360 ^b	BRL	5,387,204
Nota Do Tesouro Nacional,			
10.00%, 1/01/21	38,520 ^b	BRL	11,970,534
10.00%, 1/01/23	522,145 ^b	BRL	159,523,908
10.00%, 1/01/25	69,029 ^b	BRL	20,790,990
10.00%, 1/01/27	40,733 ^b	BRL	12,146,238
^c Index Linked, 6.00%, 5/15/19	2,087 ^b	BRL	1,998,051
^c Index Linked, 6.00%, 8/15/22	18,002 ^b	BRL	17,264,338
^c Index Linked, 6.00%, 5/15/23	4,510 ^b	BRL	4,350,872
^c Index Linked, 6.00%, 8/15/24	3,110 ^b	BRL	3,007,448
senior note, 10.00%, 1/01/19	21,390 ^b	BRL	6,647,461
			<u>345,791,646</u>
Colombia 4.0%			
Government of Colombia,			
senior bond, 7.75%, 4/14/21	2,386,000,000	COP	845,890
senior bond, 4.375%, 3/21/23	362,000,000	COP	115,255
senior bond, 9.85%, 6/28/27	576,000,000	COP	242,044
Titulos de Tesoreria,			
B, 5.00%, 11/21/18	2,882,000,000	COP	968,968
B, 7.75%, 9/18/30	140,945,200,000	COP	51,578,995
B, 7.00%, 6/30/32	5,967,000,000	COP	2,030,197
senior bond, B, 11.25%, 10/24/18	5,135,000,000	COP	1,811,292
senior bond, B, 11.00%, 7/24/20	9,167,000,000	COP	3,489,182
senior bond, B, 7.00%, 5/04/22	10,237,000,000	COP	3,610,144
senior bond, B, 10.00%, 7/24/24	40,977,000,000	COP	16,556,441
senior bond, B, 7.50%, 8/26/26	77,594,200,000	COP	27,773,928
senior bond, B, 6.00%, 4/28/28	42,303,600,000	COP	13,632,648
senior note, B, 7.00%, 9/11/19	4,056,000,000	COP	1,406,881
			<u>124,061,865</u>
Ghana 1.7%			
Government of Ghana,			
24.75%, 3/01/21	80,000	GHS	21,091
24.50%, 6/21/21	80,000	GHS	21,247
24.75%, 7/19/21	80,000	GHS	21,418
18.75%, 1/24/22	26,840,000	GHS	6,278,479
19.75%, 3/25/24	26,840,000	GHS	6,584,978
19.00%, 11/02/26	80,510,000	GHS	19,652,647
senior bond, 19.75%, 3/15/32	80,510,000	GHS	19,548,431

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Ghana (continued)			
Government of Ghana, (continued)			
senior note, 21.50%, 3/09/20	520,000	GHS	\$ 124,437
			<u>52,252,728</u>
India 8.5%			
Government of India,			
senior bond, 7.80%, 5/03/20	270,800,000	INR	4,330,467
senior bond, 8.20%, 2/15/22	500,000,000	INR	8,100,329
senior bond, 8.35%, 5/14/22	212,700,000	INR	3,467,436
senior bond, 8.08%, 8/02/22	1,783,000,000	INR	28,812,599
senior bond, 8.13%, 9/21/22	28,000,000	INR	452,360
senior bond, 9.15%, 11/14/24	2,409,000,000	INR	41,036,772
senior note, 7.28%, 6/03/19	28,000,000	INR	441,498
senior note, 8.27%, 6/09/20	1,222,000,000	INR	19,748,967
senior note, 8.12%, 12/10/20	844,000,000	INR	13,676,660
senior note, 7.80%, 4/11/21	1,980,300,000	INR	31,759,557
senior note, 8.79%, 11/08/21	653,000,000	INR	10,817,154
senior note, 8.15%, 6/11/22	1,621,000,000	INR	26,245,270
senior note, 6.84%, 12/19/22	98,000,000	INR	1,516,025
senior note, 7.16%, 5/20/23	133,700,000	INR	2,092,193
senior note, 8.83%, 11/25/23	2,983,900,000	INR	49,946,672
senior note, 7.68%, 12/15/23	1,376,000,000	INR	22,008,564
			<u>264,452,523</u>
Indonesia 4.7%			
Government of Indonesia,			
senior bond, FR34, 12.80%, 6/15/21	324,406,000,000	IDR	29,129,000
senior bond, FR35, 12.90%, 6/15/22	71,229,000,000	IDR	6,656,963
senior bond, FR39, 11.75%, 8/15/23	5,491,000,000	IDR	512,068
senior bond, FR40, 11.00%, 9/15/23	46,856,000,000	IDR	4,416,225
senior bond, FR43, 10.25%, 7/15/22	147,832,000,000	IDR	12,745,646
senior bond, FR44, 10.00%, 9/15/24	4,454,000,000	IDR	392,482
senior bond, FR46, 9.50%, 7/15/23	226,780,000,000	IDR	19,339,186
senior bond, FR47, 10.00%, 2/15/28	12,000,000	IDR	1,104
senior bond, FR52, 10.50%, 8/15/30	6,960,000,000	IDR	666,247
senior bond, FR59, 7.00%, 5/15/27	47,752,000,000	IDR	3,704,366
senior bond, FR61, 7.00%, 5/15/22	244,849,000,000	IDR	18,809,202
senior bond, FR63, 5.625%, 5/15/23	258,951,000,000	IDR	18,845,366
senior bond, FR64, 6.125%, 5/15/28	37,000,000	IDR	2,645
senior bond, FR68, 8.375%, 3/15/34	81,180,000,000	IDR	6,693,949
senior bond, FR70, 8.375%, 3/15/24	136,475,000,000	IDR	11,183,048
senior bond, FR71, 9.00%, 3/15/29	51,222,000,000	IDR	4,472,838
senior bond, FR73, 8.75%, 5/15/31	85,845,000,000	IDR	7,375,991
			<u>144,946,326</u>
Mexico 17.6%			
Government of Mexico,			
senior bond, M, 8.00%, 6/11/20	3,814,000 ^d	MXN	19,577,143
senior bond, M, 6.50%, 6/10/21	18,568,200 ^d	MXN	91,371,598
senior note, M, 4.75%, 6/14/18	6,801,300 ^d	MXN	34,181,181
senior note, M, 5.00%, 12/11/19	18,742,300 ^d	MXN	90,901,942
senior note, M 10, 8.50%, 12/13/18	60,159,700 ^d	MXN	308,276,201

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Foreign Government and Agency Securities (continued)			
Mexico (continued)			
° Mexican Udibonos,			
Index Linked, 4.00%, 6/13/19	459,512 ^f	MXN \$	2,356,617
Index Linked, 2.50%, 12/10/20	361,889 ^f	MXN	1,792,816
			<u>548,457,498</u>
Peru 0.1%			
Government of Peru, senior bond, 7.84%, 8/12/20	11,090,000	PEN	3,819,536
Philippines 1.8%			
Government of the Philippines,			
senior note, 5.875%, 1/31/18	81,610,000	PHP	1,634,330
senior note, 3.375%, 8/20/20	1,102,110,000	PHP	21,629,531
senior note, 5-72, 2.125%, 5/23/18	686,978,000	PHP	13,697,028
senior note, 7-51, 5.00%, 8/18/18	64,060,000	PHP	1,292,940
senior note, 7-56, 3.875%, 11/22/19	813,510,000	PHP	16,238,793
			<u>54,492,622</u>
South Africa 1.7%			
Government of South Africa,			
8.00%, 1/31/30	141,289,000	ZAR	10,452,912
7.00%, 2/28/31	100,900,000	ZAR	6,805,156
8.25%, 3/31/32	181,200,000	ZAR	13,407,312
8.875%, 2/28/35	79,858,000	ZAR	6,096,592
8.50%, 1/31/37	42,938,000	ZAR	3,128,664
R186, 10.50%, 12/21/26	100,497,000	ZAR	9,078,269
senior bond, 6.25%, 3/31/36	89,397,000	ZAR	5,220,552
			<u>54,189,457</u>
South Korea 4.3%			
Korea Monetary Stabilization Bond, senior note, 1.72%, 12/02/18	8,710,000,000	KRW	8,152,976
Korea Treasury Bond,			
senior note, 1.75%, 12/10/18	107,140,000,000	KRW	100,286,051
senior note, 1.25%, 12/10/19	18,280,000,000	KRW	16,858,668
senior note, 1.375%, 9/10/21	5,151,300,000	KRW	4,672,899
senior note, 3.00%, 3/10/23	3,919,000,000	KRW	3,781,119
			<u>133,751,713</u>
° Supranational 0.3%			
Inter-American Development Bank, senior bond, 7.50%, 12/05/24	200,000,000	MXN	9,835,880
Ukraine 0.5%			
^{h,i,j} Government of Ukraine, 144A, VRI, GDP Linked Security, 5/31/40	29,978,000		16,705,241
Total Foreign Government and Agency Securities (Cost \$1,854,947,987)			<u>1,871,366,666</u>
Short Term Investments 33.3%			
Foreign Government and Agency Securities 7.8%			
Argentina 0.4%			
Argentine Bonos del Tesoro, 22.75%, 3/05/18	2,617,000	ARS	139,877
Letras del Banco Central de la Republica Argentina, Strip, 6/21/18 - 7/18/18	214,296,585	ARS	10,143,615
			<u>10,283,492</u>
Colombia 0.0%†			
Colombian Tes Corto Plazo, Strip, 3/13/18	2,517,000,000	COP	834,769

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Templeton Global Bond VIP Fund (continued)

	Principal Amount*		Value
Short Term Investments (continued)			
Foreign Government and Agency Securities (continued)			
Mexico 3.4%			
^k Mexico Treasury Bill, 3/01/18 - 12/06/18	216,821,540 ^l	MXN	\$ 106,255,832
South Korea 4.0%			
Korea Monetary Stabilization Bond,			
^k senior note, 1/16/18	37,500,000,000	KRW	35,113,597
senior note, 1.33%, 10/02/18	35,500,000,000	KRW	33,142,559
senior note, 1.61%, 10/08/18	60,000,000,000	KRW	56,127,282
			<u>124,383,438</u>
Total Foreign Government and Agency Securities (Cost \$240,590,716)			<u>241,757,531</u>
U.S. Government and Agency Securities 4.2%			
United States 4.2%			
^k U.S. Treasury Bill,			
1/11/18	51,545,000		51,529,891
1/18/18	79,455,000		79,411,432
Total U.S. Government and Agency Securities (Cost \$130,931,958)			<u>130,941,323</u>
Total Investments before Money Market Funds (Cost \$2,226,470,661)			<u>2,244,065,520</u>
		Shares	
Money Market Funds (Cost \$664,514,279) 21.3%			
United States 21.3%			
^{m,n} Institutional Fiduciary Trust Money Market Portfolio, 0.89%	664,514,279		<u>664,514,279</u>
Total Investments (Cost \$2,890,984,940) 93.4%			<u>2,908,579,799</u>
Other Assets, less Liabilities 6.6%			<u>206,937,475</u>
Net Assets 100.0%			<u>\$3,115,517,274</u>

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

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

^aThe coupon rate shown represents the rate at period end.

^bPrincipal amount is stated in 1,000 Brazilian Real Units.

^cRedemption price at maturity and coupon payment is adjusted for inflation. See Note 1(f).

^dPrincipal amount is stated in 100 Mexican Peso Units.

^ePrincipal amount of security is adjusted for inflation. See Note 1(f).

^fPrincipal amount is stated in 100 Unidad de Inversion Units.

^gA supranational organization is an entity formed by two or more central governments through international treaties.

^hSecurity was purchased pursuant to Rule 144A under the Securities Act of 1933 and may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. This security has been deemed liquid under guidelines approved by the Trust's Board of Trustees.

ⁱNon-income producing.

^jThe principal represents the notional amount. See Note 1(c) regarding value recovery instruments.

^kThe security was issued on a discount basis with no stated coupon rate.

^lPrincipal amount is stated in 10 Mexican Peso Units.

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

ⁿThe rate shown is the annualized seven-day yield at period end.

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Templeton Global Bond VIP Fund (continued)

At December 31, 2017, the Fund had the following forward exchange contracts outstanding. See Note 1(c).

Forward Exchange Contracts

Currency	Counterparty ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts							
Euro	BOFA	Sell	2,643,000	3,123,735	1/08/18	\$ —	\$ (49,336)
Euro	JPHQ	Sell	32,859,900	38,856,996	1/08/18	—	(593,179)
Euro	SCNY	Sell	2,400,751	2,837,100	1/08/18	—	(45,138)
Euro	UBSW	Sell	8,311,299	9,825,784	1/08/18	—	(152,402)
Euro	BZWS	Sell	7,003,000	8,281,853	1/10/18	—	(126,707)
Euro	GSCO	Sell	8,105,300	9,556,554	1/10/18	—	(175,546)
Euro	HSBK	Sell	33,800,018	39,973,592	1/10/18	—	(610,368)
Euro	JPHQ	Sell	18,441,000	21,454,075	1/10/18	—	(688,185)
Euro	SCNY	Sell	15,572,000	18,343,816	1/10/18	—	(353,613)
South Korean Won	HSBK	Sell	47,242,119,023	41,831,247	1/10/18	—	(2,438,387)
Euro	JPHQ	Sell	6,147,005	7,267,758	1/11/18	—	(113,467)
Japanese Yen	BZWS	Sell	1,689,110,000	14,967,413	1/11/18	—	(32,037)
Japanese Yen	DBAB	Sell	770,370,000	6,832,550	1/11/18	—	(8,406)
Japanese Yen	GSCO	Sell	329,010,000	2,913,991	1/11/18	—	(7,647)
Japanese Yen	JPHQ	Sell	2,831,950,000	25,110,615	1/11/18	—	(37,358)
Indian Rupee	JPHQ	Buy	82,107,000	1,242,351	1/12/18	42,424	—
Euro	BOFA	Sell	17,769,000	20,931,882	1/16/18	—	(411,580)
Euro	DBAB	Sell	25,440,500	30,117,990	1/16/18	—	(440,192)
Euro	HSBK	Sell	8,692,000	10,353,650	1/16/18	—	(86,858)
Euro	JPHQ	Sell	5,636,000	6,715,649	1/16/18	—	(54,105)
Euro	SCNY	Sell	657,000	773,250	1/16/18	—	(15,914)
Japanese Yen	BZWS	Sell	2,516,120,000	22,220,927	1/16/18	—	(128,060)
Japanese Yen	CITI	Sell	138,680,000	1,224,504	1/16/18	—	(7,296)
Japanese Yen	HSBK	Sell	536,380,000	4,733,739	1/16/18	—	(30,560)
Japanese Yen	JPHQ	Sell	708,450,000	6,298,229	1/16/18	5,548	—
Euro	BOFA	Sell	561,829	670,431	1/17/18	—	(4,460)
Euro	GSCO	Sell	1,789,884	2,120,189	1/17/18	—	(29,889)
Euro	JPHQ	Sell	15,313,111	18,276,719	1/17/18	—	(117,982)
Euro	GSCO	Sell	1,898,500	2,253,026	1/18/18	—	(27,670)
Euro	JPHQ	Sell	32,873,792	39,019,054	1/18/18	—	(472,706)
Euro	MSCO	Sell	15,372,250	18,135,719	1/18/18	—	(331,186)
Euro	UBSW	Sell	599,610	711,299	1/18/18	—	(9,021)
Euro	DBAB	Sell	9,037,398	10,660,333	1/22/18	—	(199,164)
Euro	JPHQ	Sell	14,818,028	17,502,610	1/22/18	—	(302,996)
Euro	UBSW	Sell	11,641,500	13,775,736	1/22/18	—	(212,897)
Japanese Yen	JPHQ	Sell	652,895,000	5,869,722	1/22/18	68,749	—
Japanese Yen	SCNY	Sell	707,660,000	6,382,503	1/22/18	94,944	—
Indian Rupee	DBAB	Buy	491,655,000	7,519,960	1/23/18	166,853	—
Indian Rupee	JPHQ	Buy	358,075,000	5,475,153	1/23/18	123,195	—
Euro	DBAB	Sell	14,940,282	17,710,360	1/24/18	—	(244,415)
Euro	JPHQ	Sell	300,000	356,412	1/24/18	—	(4,119)
Japanese Yen	BZWS	Sell	735,200,000	6,521,026	1/24/18	—	(11,883)
Japanese Yen	DBAB	Sell	858,140,000	7,724,867	1/24/18	99,526	—
Japanese Yen	JPHQ	Sell	7,105,349,700	64,223,489	1/24/18	1,086,111	—
South Korean Won	HSBK	Sell	59,965,000,000	53,049,940	1/24/18	—	(3,156,182)
Japanese Yen	CITI	Sell	913,412,000	8,262,957	1/25/18	146,067	—
Japanese Yen	JPHQ	Sell	1,407,000,000	12,724,798	1/25/18	221,718	—
Euro	GSCO	Sell	4,711,000	5,585,738	1/29/18	—	(77,538)

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Indian Rupee	HSBK	Buy	679,529,000	10,358,674	1/29/18	\$ 260,350	\$ —
Indonesian Rupiah	HSBK	Buy	424,000,000,000	31,245,394	1/29/18	39,423	—
Japanese Yen	DBAB	Sell	897,860,782	8,102,267	1/29/18	122,004	—
Japanese Yen	JPHQ	Sell	490,100,000	4,434,030	1/29/18	77,980	—
Euro	DBAB	Sell	27,189,556	32,043,164	1/30/18	—	(644,249)
Euro	GSCO	Sell	2,227,000	2,625,254	1/30/18	—	(52,056)
Indian Rupee	JPHQ	Buy	60,607,000	926,996	1/30/18	20,013	—
Japanese Yen	DBAB	Sell	8,368,505,770	74,632,175	1/30/18	248,803	—
Euro	BOFA	Sell	65,140,400	75,973,249	1/31/18	—	(2,343,136)
Euro	BZWS	Sell	44,990,331	53,888,294	1/31/18	—	(202,256)
Euro	CITI	Sell	77,832,770	90,620,694	1/31/18	—	(2,955,353)
Euro	SCNY	Sell	12,300,264	14,677,290	1/31/18	—	(110,955)
Japanese Yen	BZWS	Sell	1,079,470,000	9,776,037	1/31/18	180,743	—
Japanese Yen	HSBK	Sell	1,162,462,488	10,505,761	1/31/18	172,756	—
Indian Rupee	JPHQ	Buy	139,661,000	2,121,863	2/01/18	59,943	—
Euro	GSCO	Sell	21,051,000	24,614,934	2/02/18	—	(696,836)
Euro	HSBK	Sell	25,974,891	30,433,351	2/02/18	—	(798,916)
Euro	JPHQ	Sell	11,263,000	13,180,165	2/02/18	—	(362,491)
Euro	BOFA	Sell	32,701,000	38,271,942	2/05/18	—	(1,054,276)
Euro	DBAB	Sell	4,115,651	4,815,723	2/05/18	—	(133,758)
Euro	BOFA	Sell	11,879,864	13,931,279	2/06/18	—	(356,227)
Euro	DBAB	Sell	12,156,556	14,198,614	2/07/18	—	(422,460)
Indian Rupee	DBAB	Buy	736,704,494	11,199,521	2/08/18	301,004	—
Indian Rupee	HSBK	Buy	240,033,500	3,678,111	2/08/18	68,997	—
Japanese Yen	JPHQ	Sell	1,719,500,000	15,617,408	2/08/18	327,388	—
Japanese Yen	SCNY	Sell	1,720,000,000	15,656,646	2/08/18	362,180	—
Euro	DBAB	Sell	13,483,000	15,692,527	2/09/18	—	(525,681)
Japanese Yen	BZWS	Sell	1,720,220,000	15,584,526	2/09/18	287,408	—
Japanese Yen	CITI	Sell	366,860,000	3,327,951	2/09/18	65,635	—
Japanese Yen	JPHQ	Sell	1,723,960,000	15,713,648	2/09/18	383,271	—
Euro	HSBK	Sell	1,800,000	2,098,575	2/12/18	—	(66,935)
Euro	JPHQ	Sell	6,146,997	7,281,456	2/12/18	—	(113,758)
Japanese Yen	CITI	Sell	751,731,000	6,848,081	2/13/18	162,069	—
Euro	CITI	Sell	37,063,039	43,418,980	2/14/18	—	(1,175,013)
Euro	JPHQ	Sell	8,370,000	9,813,699	2/14/18	—	(257,027)
Japanese Yen	CITI	Sell	493,314,670	4,369,638	2/14/18	—	(18,179)
Japanese Yen	CITI	Sell	689,390,000	6,190,226	2/14/18	58,405	—
Australian Dollar	JPHQ	Sell	50,143,500	38,290,830	2/15/18	—	(829,022)
Euro	DBAB	Sell	5,008,730	5,874,349	2/15/18	—	(152,451)
Indian Rupee	JPHQ	Buy	378,455,000	5,808,088	2/15/18	95,586	—
Japanese Yen	CITI	Sell	683,420,000	6,304,322	2/15/18	225,324	—
Japanese Yen	JPHQ	Sell	2,553,380,000	23,638,249	2/15/18	926,021	—
Euro	BOFA	Sell	10,503,638	12,414,722	2/16/18	—	(224,568)
Japanese Yen	GSCO	Sell	1,205,250,280	11,115,571	2/16/18	394,423	—
Japanese Yen	HSBK	Sell	1,035,240,000	9,301,348	2/16/18	92,504	—
Japanese Yen	JPHQ	Sell	353,873,000	3,171,900	2/16/18	24,068	—
Euro	GSCO	Sell	3,692,733	4,379,449	2/20/18	—	(65,083)
Euro	JPHQ	Sell	14,818,028	17,532,394	2/20/18	—	(302,420)
Euro	SCNY	Sell	4,975,000	5,906,743	2/20/18	—	(81,112)

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Euro	UBSW	Sell	3,245,000	3,854,736	2/20/18	\$ —	\$ (50,911)
Japanese Yen	DBAB	Sell	838,612,000	7,651,220	2/20/18	190,096	—
South Korean Won	CITI	Sell	19,797,000,000	17,707,753	2/20/18	—	(854,284)
Australian Dollar	CITI	Sell	13,307,000	9,828,949	2/22/18	—	(552,318)
Euro	BOFA	Sell	7,066,000	8,351,411	2/22/18	—	(154,080)
Euro	DBAB	Sell	3,887,000	4,592,957	2/22/18	—	(85,906)
Euro	HSBK	Sell	19,488,000	23,112,768	2/22/18	—	(345,345)
Euro	JPHQ	Sell	28,236,000	33,371,846	2/22/18	—	(616,417)
Euro	UBSW	Sell	678,250	802,838	2/22/18	—	(13,586)
Japanese Yen	HSBK	Sell	1,621,372,000	14,902,316	2/22/18	475,668	—
Japanese Yen	JPHQ	Sell	1,135,828,000	10,485,663	2/22/18	379,290	—
Euro	JPHQ	Sell	4,730,771	5,577,390	2/26/18	—	(118,387)
Japanese Yen	DBAB	Sell	371,821,000	3,432,299	2/26/18	123,307	—
Japanese Yen	HSBK	Sell	1,131,678,000	10,236,798	2/27/18	165,056	—
South Korean Won	HSBK	Sell	35,277,000,000	32,008,892	2/27/18	—	(1,070,015)
Euro	BOFA	Sell	2,680,925	3,207,459	2/28/18	—	(20,726)
Euro	DBAB	Sell	2,368,470	2,829,137	2/28/18	—	(22,810)
Euro	GSCO	Sell	2,227,000	2,670,730	2/28/18	—	(10,869)
Euro	SCNY	Sell	12,544,218	14,992,850	2/28/18	—	(112,029)
Japanese Yen	BZWS	Sell	1,920,010,000	17,801,738	2/28/18	712,900	—
Japanese Yen	DBAB	Sell	685,950,000	6,340,997	2/28/18	235,774	—
Japanese Yen	JPHQ	Sell	2,260,398,000	20,814,743	2/28/18	696,319	—
Euro	BOFA	Sell	2,694,506	3,205,034	3/01/18	—	(39,718)
Japanese Yen	DBAB	Sell	229,660,000	2,101,824	3/01/18	57,632	—
Japanese Yen	HSBK	Sell	1,247,125,000	11,419,513	3/01/18	318,915	—
Euro	GSCO	Sell	26,074,100	31,148,692	3/05/18	—	(258,334)
Japanese Yen	JPHQ	Sell	848,300,000	7,604,764	3/05/18	52,186	—
South Korean Won	HSBK	Sell	42,561,000,000	39,397,390	3/05/18	—	(513,526)
Euro	UBSW	Sell	6,231,299	7,417,240	3/06/18	—	(89,042)
Japanese Yen	HSBK	Sell	400,800,000	3,571,238	3/06/18	2,613	—
Euro	BOFA	Sell	11,879,864	14,124,564	3/07/18	—	(186,980)
Euro	GSCO	Sell	2,045,000	2,433,499	3/07/18	—	(30,091)
South Korean Won	GSCO	Sell	44,346,000,000	39,478,323	3/07/18	—	(2,107,098)
Euro	JPHQ	Sell	6,146,997	7,293,351	3/12/18	—	(114,325)
Australian Dollar	CITI	Sell	58,003,000	43,076,218	3/13/18	—	(2,170,645)
Australian Dollar	JPHQ	Sell	86,973,000	64,360,020	3/13/18	—	(3,485,702)
Euro	DBAB	Sell	25,440,500	30,215,936	3/13/18	—	(444,151)
Japanese Yen	DBAB	Sell	595,700,000	5,519,216	3/13/18	212,911	—
Indian Rupee	DBAB	Buy	258,123,000	3,971,429	3/14/18	43,863	—
South Korean Won	DBAB	Sell	13,919,000,000	12,792,023	3/14/18	—	(261,221)
Euro	JPHQ	Sell	14,818,028	17,529,801	3/15/18	—	(330,786)
Euro	BOFA	Sell	10,503,638	12,416,350	3/16/18	—	(244,820)
Euro	GSCO	Sell	1,789,884	2,123,983	3/19/18	—	(33,986)
Euro	MSCO	Sell	15,372,250	18,199,361	3/19/18	—	(334,161)
Indian Rupee	CITI	Buy	69,318,000	1,063,323	3/19/18	14,411	—
Japanese Yen	BZWS	Sell	981,707,504	8,955,845	3/19/18	207,801	—
Japanese Yen	CITI	Sell	286,112,008	2,599,246	3/20/18	49,527	—
South Korean Won	CITI	Sell	5,895,000,000	5,214,737	3/20/18	—	(313,855)
South Korean Won	HSBK	Sell	7,007,000,000	6,198,691	3/20/18	—	(372,785)

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Japanese Yen	DBAB	Sell	725,287,000	6,565,228	3/22/18	\$ 100,938	\$ —
Japanese Yen	CITI	Sell	1,866,452,000	16,883,711	3/23/18	247,471	—
Japanese Yen	BZWS	Sell	983,714,840	8,909,008	3/26/18	139,207	—
Japanese Yen	JPHQ	Sell	285,510,329	2,618,244	3/26/18	72,924	—
Japanese Yen	MSCO	Sell	575,230,000	5,207,586	3/26/18	79,421	—
South Korean Won	HSBK	Sell	23,174,880,977	20,545,107	3/27/18	—	(1,190,513)
Japanese Yen	JPHQ	Sell	172,207,000	1,536,863	3/30/18	1,256	—
Brazilian Real	CITI	Buy	206,375,000	53,420,739	EUR 4/03/18	—	(2,804,513)
Japanese Yen	JPHQ	Sell	2,831,950,000	25,361,920	4/06/18	98,043	—
Japanese Yen	SCNY	Sell	415,980,000	3,729,090	4/10/18	17,220	—
Japanese Yen	BZWS	Sell	1,712,605,900	15,348,971	4/11/18	66,125	—
Japanese Yen	HSBK	Sell	2,816,800,000	25,217,547	4/11/18	81,163	—
Japanese Yen	CITI	Sell	261,800,000	2,410,348	4/13/18	73,829	—
Japanese Yen	DBAB	Sell	1,406,600,000	12,955,816	4/13/18	402,156	—
Japanese Yen	BOFA	Sell	700,840,000	6,454,774	4/18/18	197,991	—
South Korean Won	HSBK	Sell	5,991,000,000	5,243,764	4/18/18	—	(376,897)
Japanese Yen	JPHQ	Sell	1,886,055,000	16,857,989	4/20/18	18,087	—
Japanese Yen	JPHQ	Sell	917,650,000	8,567,961	4/23/18	373,096	—
Indian Rupee	DBAB	Buy	79,271,000	1,196,995	4/25/18	30,604	—
Indian Rupee	DBAB	Buy	838,950,988	12,659,589	4/27/18	329,681	—
Japanese Yen	GSCO	Sell	944,420,000	8,369,327	4/27/18	—	(66,660)
South Korean Won	HSBK	Sell	15,755,000,000	13,995,736	4/30/18	—	(787,943)
Indonesian Rupiah	JPHQ	Buy	1,721,000,000,000	123,991,354	5/03/18	1,963,123	—
Japanese Yen	CITI	Sell	341,992,119	3,022,801	5/09/18	—	(34,267)
Japanese Yen	CITI	Sell	493,314,665	4,392,105	5/14/18	—	(18,982)
Japanese Yen	JPHQ	Sell	335,950,000	2,994,474	5/14/18	—	(9,501)
Australian Dollar	JPHQ	Sell	50,143,500	38,272,277	5/15/18	—	(838,983)
Japanese Yen	GSCO	Sell	490,555,000	4,367,944	5/15/18	—	(18,736)
Japanese Yen	HSBK	Sell	413,563,000	3,697,479	5/15/18	—	(716)
Japanese Yen	SCNY	Sell	366,681,000	3,274,551	5/15/18	—	(4,412)
South Korean Won	CITI	Sell	11,823,000,000	10,619,779	5/15/18	—	(476,744)
Indian Rupee	HSBK	Buy	402,232,000	6,021,248	5/16/18	193,613	—
Japanese Yen	CITI	Sell	366,680,000	3,263,410	5/16/18	—	(15,745)
Japanese Yen	JPHQ	Sell	355,193,000	3,163,711	5/16/18	—	(12,717)
Japanese Yen	SCNY	Sell	340,600,700	3,030,174	5/16/18	—	(15,758)
South Korean Won	HSBK	Sell	75,818,000,000	67,830,910	5/17/18	—	(3,330,449)
Japanese Yen	BOFA	Sell	1,105,661,700	9,924,259	5/18/18	35,312	—
Japanese Yen	CITI	Sell	1,599,298,500	14,346,508	5/18/18	42,515	—
South Korean Won	DBAB	Sell	13,920,000,000	12,530,381	5/18/18	—	(534,862)
Japanese Yen	BOFA	Sell	1,102,846,375	10,045,282	5/21/18	179,706	—
Japanese Yen	CITI	Sell	1,599,308,500	14,295,751	5/21/18	—	(10,955)
Japanese Yen	DBAB	Sell	796,770,000	7,129,295	5/21/18	1,743	—
Japanese Yen	HSBK	Sell	1,106,730,400	10,102,514	5/21/18	202,194	—
Japanese Yen	BOFA	Sell	1,105,842,500	10,134,187	5/22/18	241,205	—
Japanese Yen	CITI	Sell	376,247,000	3,384,374	5/22/18	18,430	—
Japanese Yen	JPHQ	Sell	715,709,000	6,559,067	5/22/18	156,260	—
Japanese Yen	SCNY	Sell	937,086,000	8,427,881	5/24/18	43,587	—
Japanese Yen	BOFA	Sell	1,085,075,000	9,936,584	5/25/18	227,610	—
Japanese Yen	HSBK	Sell	207,909,000	1,871,031	5/29/18	10,259	—

Templeton Global Bond VIP Fund (continued)

Forward Exchange Contracts (continued)

Currency	Counterparty ^a	Type	Quantity	Contract Amount*	Settlement Date	Unrealized Appreciation	Unrealized Depreciation
OTC Forward Exchange Contracts (continued)							
Australian Dollar	GSCO	Sell	127,700,540	96,596,519	6/05/18	\$ —	\$ (3,005,724)
Japanese Yen	CITI	Sell	1,370,500,000	12,339,399	6/08/18	66,008	—
Japanese Yen	HSBK	Sell	1,026,200,000	9,202,143	6/11/18	10,413	—
Japanese Yen	CITI	Sell	2,595,800,000	23,119,194	6/12/18	—	(132,953)
Japanese Yen	CITI	Sell	310,702,000	2,769,674	6/13/18	—	(13,642)
Japanese Yen	HSBK	Sell	1,798,900,000	16,034,406	6/13/18	—	(80,414)
Japanese Yen	JPHQ	Sell	1,666,680,000	14,858,055	6/13/18	—	(72,318)
Japanese Yen	JPHQ	Sell	702,800,000	6,277,803	6/15/18	—	(18,758)
Japanese Yen	HSBK	Sell	1,455,540,000	13,558,826	6/18/18	515,886	—
Japanese Yen	MSCO	Sell	300,000,000	2,681,876	6/18/18	—	(6,393)
Japanese Yen	DBAB	Sell	1,453,310,000	13,399,996	6/19/18	376,241	—
Japanese Yen	CITI	Sell	1,086,780,000	9,949,464	6/20/18	209,751	—
Japanese Yen	DBAB	Sell	1,455,820,000	13,275,761	6/22/18	227,116	—
Japanese Yen	CITI	Sell	493,314,665	4,417,414	8/14/18	—	(19,559)
Japanese Yen	HSBK	Sell	1,026,200,000	9,257,472	9/11/18	10,553	—
Total Forward Exchange Contracts						\$ 18,010,439	\$ (55,010,690)
Net unrealized appreciation (depreciation)							\$ (37,000,251)

*In U.S. dollars unless otherwise indicated.

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

At December 31, 2017, the Fund had the following interest rate swap contracts outstanding. See Note 1(c).

Interest Rate Swap Contracts

Description	Payment Frequency	Counter-party	Maturity Date	Notional Amount	Value/Unrealized Appreciation (Depreciation)
Centrally Cleared Swap Contracts					
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.558%	Semi-Annual		3/04/21	\$ 3,240,000	\$ (172,693)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.775%	Semi-Annual		10/04/23	13,090,000	(407,066)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.795%	Semi-Annual		10/04/23	13,090,000	(421,902)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.765%	Semi-Annual		10/07/23	13,090,000	(396,961)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.731%	Semi-Annual		7/07/24	34,000,000	(1,258,372)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.914%	Semi-Annual		1/22/25	114,670,000	2,290,423
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.970%	Semi-Annual		1/23/25	143,340,000	2,309,067
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.973%	Semi-Annual		1/27/25	84,590,000	1,345,775
Receive Floating 3-month USD LIBOR	Quarterly				

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
STATEMENT OF INVESTMENTS

Templeton Global Bond VIP Fund (continued)

Interest Rate Swap Contracts (continued)

Description	Payment Frequency	Counter-party	Maturity Date	Notional Amount	Value/ Unrealized Appreciation (Depreciation)
Centrally Cleared Swap Contracts (continued)					
Pay Fixed 1.937%	Semi-Annual		1/29/25	\$ 21,150,000	\$ 389,976
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.942%	Semi-Annual		1/30/25	17,910,000	324,262
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 1.817%	Semi-Annual		2/03/25	28,210,000	761,758
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 4.349%	Semi-Annual		2/25/41	7,460,000	(2,558,771)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 4.320%	Semi-Annual		2/28/41	5,600,000	(1,886,237)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 4.299%	Semi-Annual		3/01/41	1,870,000	(623,388)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.668%	Semi-Annual		10/04/43	6,370,000	(1,448,812)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.687%	Semi-Annual		10/04/43	6,370,000	(1,472,387)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.675%	Semi-Annual		10/07/43	6,370,000	(1,455,377)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.378%	Semi-Annual		11/18/46	122,400,000	4,088,929
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.537%	Semi-Annual		4/13/47	72,700,000	(151,507)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 2.587%	Semi-Annual		7/27/47	36,700,000	(710,840)
Total Centrally Cleared Swap Contracts					<u>\$ (1,454,123)</u>
OTC Swap Contracts					
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 3.523%	Semi-Annual	DBAB	3/28/21	\$ 14,630,000	\$ (750,940)
Receive Floating 3-month USD LIBOR	Quarterly				
Pay Fixed 4.347%	Semi-Annual	CITI	2/25/41	7,460,000	(2,555,107)
Total OTC Swap Contracts					<u>\$ (3,306,047)</u>
Total Interest Rate Swap Contracts					<u>\$ (4,760,170)</u>

See Note 9 regarding other derivative information.

See Abbreviations on page TGB-33.

Financial Statements

Statement of Assets and Liabilities

December 31, 2017

	Templeton Global Bond VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$2,226,470,661
Cost - Non-controlled affiliates (Note 3e)	664,514,279
Value - Unaffiliated issuers	\$2,244,065,520
Value - Non-controlled affiliates (Note 3e)	664,514,279
Cash	2,269,000
Restricted cash for OTC derivative contracts (Note 1d)	1,729,000
Foreign currency, at value (cost \$1,565,582)	1,572,534
Receivables:	
Investment securities sold	139,787,013
Capital shares sold	1,380,599
Interest	30,564,366
Deposits with brokers for:	
OTC derivative contracts	32,490,000
Centrally cleared swap contracts	49,424,066
Unrealized appreciation on OTC forward exchange contracts	18,010,439
Other assets	1,240
Total assets	3,185,808,056
Liabilities:	
Payables:	
Capital shares redeemed	1,963,760
Management fees	1,022,058
Distribution fees	1,213,990
Variation margin on centrally cleared swap contracts	1,346,893
Deposits from brokers for:	
OTC derivative contracts	1,729,000
Unrealized depreciation on OTC forward exchange contracts	55,010,690
Unrealized depreciation on OTC swap contracts	3,306,047
Deferred tax	3,249,504
Accrued expenses and other liabilities	1,448,840
Total liabilities	70,290,782
Net assets, at value	\$3,115,517,274
Net assets consist of:	
Paid-in capital	\$3,153,176,935
Accumulated net investment loss	(7,265,628)
Net unrealized appreciation (depreciation)	(27,119,763)
Accumulated net realized gain (loss)	(3,274,270)
Net assets, at value	\$3,115,517,274

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
 FINANCIAL STATEMENTS

Statement of Assets and Liabilities (continued)

December 31, 2017

	Templeton Global Bond VIP Fund
<hr/>	
Class 1:	
Net assets, at value	\$ 286,502,241
Shares outstanding	16,690,251
Net asset value and maximum offering price per share	<u>\$17.17</u>
Class 2:	
Net assets, at value	\$2,730,080,907
Shares outstanding	165,373,215
Net asset value and maximum offering price per share	<u>\$16.51</u>
Class 4:	
Net assets, at value	\$ 98,934,126
Shares outstanding	5,862,680
Net asset value and maximum offering price per share	<u>\$16.88</u>

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
FINANCIAL STATEMENTS

Statement of Operations

for the year ended December 31, 2017

	Templeton Global Bond VIP Fund
Investment income:	
Dividends: (net of foreign taxes)*	
Non-controlled affiliates (Note 3e)	\$ 3,302,872
Interest: (net of foreign taxes)~	
Unaffiliated issuers	162,896,234
Total investment income	166,199,106
Expenses:	
Management fees (Note 3a)	14,451,488
Distribution fees: (Note 3c)	
Class 2	6,994,783
Class 4	344,609
Custodian fees (Note 4)	1,522,685
Reports to shareholders	289,240
Professional fees	141,800
Trustees' fees and expenses	13,487
Other	356,249
Total expenses	24,114,341
Expense reductions (Note 4)	(141,945)
Expenses waived/paid by affiliates (Note 3e)	(2,231,184)
Net expenses	21,741,212
Net investment income	144,457,894
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:#	
Unaffiliated issuers	(37,544,209)
Foreign currency transactions	(862,682)
Forward exchange contracts	(38,241,460)
Swap contracts	(7,792,863)
Net realized gain (loss)	(84,441,214)
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	163,324,450
Translation of other assets and liabilities denominated in foreign currencies	490,094
Forward exchange contracts	(162,154,453)
Swap contracts	250,657
Change in deferred taxes on unrealized appreciation	(591,978)
Net change in unrealized appreciation (depreciation)	1,318,770
Net realized and unrealized gain (loss)	(83,122,444)
Net increase (decrease) in net assets resulting from operations	\$ 61,335,450

*Foreign taxes withheld on dividends	\$ 7
~Foreign taxes withheld on interest	\$ 4,965,980
#Net of foreign taxes	\$ 286,625

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
FINANCIAL STATEMENTS

Statements of Changes in Net Assets

	Templeton Global Bond VIP Fund	
	Year Ended December 31,	
	2017	2016
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$ 144,457,894	\$ 116,633,475
Net realized gain (loss)	(84,441,214)	(287,949,944)
Net change in unrealized appreciation (depreciation)	1,318,770	258,515,773
Net increase (decrease) in net assets resulting from operations	61,335,450	87,199,304
Distributions to shareholders from:		
Net realized gains:		
Class 1	(806,829)	(230,624)
Class 2	(8,999,053)	(2,445,769)
Class 4	(307,109)	(81,295)
Total distributions to shareholders	(10,112,991)	(2,757,688)
Capital share transactions: (Note 2)		
Class 1	40,791,975	(58,117,212)
Class 2	(128,337,512)	(233,957,681)
Class 4	715,746	(8,756,905)
Total capital share transactions	(86,829,791)	(300,831,798)
Net increase (decrease) in net assets	(35,607,332)	(216,390,182)
Net assets:		
Beginning of year	3,151,124,606	3,367,514,788
End of year	\$3,115,517,274	\$3,151,124,606
Accumulated net investment loss included in net assets:		
End of year	\$ (7,265,628)	\$ (170,378,447)

Notes to Financial Statements

Templeton Global Bond VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP). Templeton Global Bond 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 as of 4 p.m. Eastern time each day the New York Stock Exchange (NYSE) is open for trading. Under compliance policies and procedures approved by the Trust's Board of Trustees (the Board), the Fund's administrator has responsibility for oversight of valuation, including leading the cross-functional Valuation Committee (VC). The VC provides administration and oversight of the Fund's valuation policies and procedures, which are approved annually by the Board. Among other things, these procedures allow the Fund to 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 (OTC) market rather than on a securities exchange. The Fund's pricing services use multiple valuation techniques to determine fair value. In instances where sufficient market activity exists, the pricing services may utilize a market-based approach through which quotes from market makers are used to determine fair value. In instances where sufficient market activity may not exist or is limited, the pricing services also utilize proprietary valuation models which may consider market characteristics

such as benchmark yield curves, credit spreads, estimated default rates, anticipated market interest rate volatility, coupon rates, anticipated timing of principal repayments, underlying collateral, and other unique security features in order to estimate the relevant cash flows, which are then discounted to calculate the fair value. Securities denominated in a foreign currency are converted into their U.S. dollar equivalent at the foreign exchange rate in effect at 4 p.m. Eastern time on the date that the values of the foreign debt securities are determined.

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

Derivative financial instruments listed on an exchange are valued at the official closing price of the day. Certain derivative financial instruments are centrally cleared or trade in the OTC market. The Fund's pricing services use various techniques including industry standard option pricing models and proprietary discounted cash flow models to determine the fair value of those instruments. The Fund's net benefit or obligation under the derivative contract, as measured by the fair value of the contract, is included in net assets.

The Fund has procedures to determine the fair value of financial instruments for which market prices are not reliable or readily available. Under these procedures, the VC convenes on a regular basis to review such financial instruments and considers a number of factors, including significant unobservable valuation inputs, when arriving at fair value. The VC primarily employs a market-based approach which may use related or comparable assets or liabilities, recent transactions, market multiples, book values, and other relevant information for the investment to determine the fair value of the investment. An income-based valuation approach may also be used in which the anticipated future cash flows of the investment are discounted to calculate fair value. Discounts may also be applied due to the nature or duration of any restrictions on the disposition of the investments. Due to the inherent uncertainty of valuations of such investments, the fair values may differ significantly from the values that would have been used had an active market existed. The VC employs various methods for calibrating these valuation approaches including a regular review of key inputs and assumptions, transactional back-testing or disposition analysis, and reviews of any related market activity.

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

b. Foreign Currency Translation

Portfolio securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the exchange rate of such currencies against U.S. dollars on the date of valuation. The Fund may enter into foreign currency exchange contracts to facilitate transactions denominated in a foreign currency. Purchases and sales of securities, income and expense items denominated in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the transaction date. Portfolio securities and assets and liabilities denominated in foreign currencies contain risks that those currencies will decline in value relative to the U.S. dollar. Occasionally, events may impact the availability or reliability of foreign exchange rates used to convert the U.S. dollar equivalent value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

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

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

c. Derivative Financial Instruments

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

for market movements which expose the Fund to gains or losses in excess of the amounts shown in the Statement of Assets and Liabilities. Realized gain and loss and unrealized appreciation and depreciation on these contracts for the period are included in the Statement of Operations.

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

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

Templeton Global Bond VIP Fund (continued)

the Fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives. To the extent that the amounts due to the Fund from its counterparties are not subject to collateralization or are not fully collateralized, the Fund bears the risk of loss from counterparty non-performance.

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

The Fund entered into interest rate swap contracts primarily to manage interest rate risk. An interest rate swap is an agreement between the Fund and a counterparty to exchange cash flows based on the difference between two interest rates, applied to a notional amount. These agreements may be privately negotiated in the over-the-counter market (OTC interest rate swaps) or may be executed on a registered exchange (centrally cleared interest rate swaps). For centrally cleared interest rate swaps, required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statement of Assets and Liabilities. Over the term of the contract, contractually required payments to be paid and to be received are accrued daily and recorded as unrealized depreciation and appreciation until the payments are made, at which time they are realized.

The Fund invests in value recovery instruments (VRI) primarily to gain exposure to economic growth. Periodic payments from VRI are dependent on established benchmarks for underlying variables. VRI has a notional amount, which is used to calculate amounts of payments to holders. Payments are recorded upon receipt as realized gains in the Statement of Operations. The risks of investing in VRI include growth risk, liquidity, and the potential loss of investment.

See Note 9 regarding other derivative information.

d. Restricted Cash

At December 31, 2017, the Fund held restricted cash in connection with investments in certain derivative securities. Restricted cash is held in a segregated account with the Fund's counterparty broker and is reflected in the Statement of Assets and Liabilities.

e. 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 December 31, 2017, 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.

f. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income and estimated expenses are accrued daily. Amortization of premium and accretion of discount on debt securities are included in interest income. Dividend income is recorded on the ex-dividend date. 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.

Templeton Global Bond VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

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

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. 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.

2. Shares of Beneficial Interest

At December 31, 2017, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31,			
	2017		2016	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	4,567,479	\$ 79,103,441	2,249,431	\$ 36,190,152
Shares issued in reinvestment of distributions	46,290	806,829	14,671	230,624
Shares redeemed	(2,272,230)	(39,118,295)	(5,831,060)	(94,537,988)
Net increase (decrease)	2,341,539	\$ 40,791,975	(3,566,958)	\$ (58,117,212)
Class 2 Shares:				
Shares sold	10,419,624	\$ 173,987,516	12,422,365	\$ 192,901,752
Shares issued in reinvestment of distributions	535,977	8,999,053	161,118	2,445,769
Shares redeemed	(18,675,809)	(311,324,081)	(27,589,750)	(429,305,202)
Net increase (decrease)	(7,720,208)	\$(128,337,512)	(15,006,267)	\$(233,957,681)
Class 4 Shares:				
Shares sold	1,027,651	\$ 17,546,285	793,050	\$ 12,575,365
Shares issued in reinvestment of distributions	17,886	307,109	5,231	81,295
Shares redeemed	(1,005,305)	(17,137,648)	(1,344,557)	(21,413,565)
Net increase (decrease)	40,232	\$ 715,746	(546,276)	\$ (8,756,905)

g. 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.

h. Guarantees and Indemnifications

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

Templeton Global Bond 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 Investments. 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 Templeton Distributors, Inc. (Distributors)	Principal underwriter
Franklin Templeton Investor Services, LLC (Investor Services)	Transfer agent

a. Management Fees

The Fund pays an investment management fee 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 year ended December 31, 2017, the gross effective investment management fee rate was 0.458% 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 distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.25% and 0.35% per year of its average daily net assets of Class 2 and Class 4, respectively. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

d. Transfer Agent Fees

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

Templeton Global Bond VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies for purposes other than exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the affiliated management investment companies, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees paid directly or indirectly by each affiliate. During the year ended December 31, 2017, the Fund held investments in affiliated management investment companies as follows:

	Number of Shares Held at Beginning of Year	Gross Additions	Gross Reductions	Number of Shares Held at End of Year	Value at End of Year	Dividend Income	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)
Non-Controlled Affiliates								
Institutional Fiduciary Trust Money Market Portfolio, 0.89%	436,780,215	983,120,684	(755,386,620)	664,514,279	\$664,514,279	\$3,302,879	\$ —	\$ —

f. Interfund Transactions

The Fund engaged in purchases and sales of investments with funds or other accounts that have common investment managers (or affiliated investment managers), directors, trustees or officers. During the year ended December 31, 2017, these purchase and sale transactions aggregated \$- and \$8,246,196 respectively.

4. Expense Offset Arrangement

The Fund has entered into an arrangement with its custodian whereby credits realized as a result of uninvested cash balances are used to reduce a portion of the Fund's custodian expenses. During the year ended December 31, 2017, the custodian fees were reduced as noted in the Statement of Operations.

5. Income Taxes

For tax purposes, capital losses may be carried over to offset future capital gains, if any. At December 31, 2017, the capital loss carryforwards were as follows:

	Templeton Global Bond VIP Fund
Capital loss carryforwards not subject to expiration:	
Short term	\$2,981,110
Long term	294,319
Total capital loss carryforwards	\$3,275,429

The tax character of distributions paid during the years ended December 31, 2017 and 2016, was as follows:

	2017	2016
Distributions paid from:		
Long term capital gain	\$10,104,459	\$2,757,688

Templeton Global Bond VIP Fund (continued)

At December 31, 2017, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	<u>\$2,901,580,071</u>
Unrealized appreciation	\$ 188,593,995
Unrealized depreciation	<u>(219,327,805)</u>
Net unrealized appreciation (depreciation)	<u>\$ (30,733,810)</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 foreign currency transactions and bond discounts and premiums.

6. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2017, aggregated \$845,917,023 and \$1,311,452,669 respectively.

7. Credit Risk

At December 31, 2017, the Fund had 20.6% of its portfolio invested in high yield or other securities rated below investment grade and unrated securities, if any. These securities may be more sensitive to economic conditions causing greater price volatility and are potentially subject to a greater risk of loss due to default than higher rated securities.

8. Concentration of Risk

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

Templeton Global Bond VIP Fund (continued)

9. Other Derivative Information

At December 31, 2017, the Fund's investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Interest rate contracts	Variation margin on centrally cleared swap contracts	\$11,510,190 ^a	Variation margin on centrally cleared swap contracts	\$12,964,313 ^a
			Unrealized depreciation on OTC swap contracts	3,306,047
Foreign exchange contracts	Unrealized appreciation on OTC forward exchange contracts	18,010,439	Unrealized depreciation on OTC forward exchange contracts	55,010,690
Value recovery instruments	Investments in securities, at value	16,705,241 ^b		
Totals		<u>\$46,225,870</u>		<u>\$71,281,050</u>

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

^bVRI are included in investments in securities, at value in the Statement of Assets and Liabilities.

For the year ended December 31, 2017, the effect of derivative contracts in the Fund's Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts	Swap contracts	\$ (7,792,863)	Swap contracts	\$ 250,657
Foreign exchange contracts	Forward exchange contracts	(38,241,460)	Forward exchange contracts	(162,154,453)
Value recovery instruments	Investments	—	Investments	7,561,632 ^a
Totals		<u>\$(46,034,323)</u>		<u>\$(154,342,164)</u>

^aVRI are included in net change in unrealized appreciation (depreciation) on investments in the Statement of Operations.

For the year ended December 31, 2017, the average month end notional amount of swap contracts represented \$830,981,538. The average month end contract value and fair value of forward exchange contracts and VRI, was \$3,367,244,937 and \$13,040,195, respectively.

See Note 1(e) regarding derivative financial instruments.

Templeton Global Bond VIP Fund (continued)

At December 31, 2017, the Fund's OTC derivative assets and liabilities are as follows:

	Gross Amounts of Assets and Liabilities Presented in the Statement of Assets and Liabilities	
	Assets^a	Liabilities^a
Derivatives		
Forward exchange contracts	\$18,010,439	\$55,010,690
Swap Contracts	-	3,306,047
Total	\$18,010,439	\$58,316,737

^aAbsent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities.

At December 31, 2017, the Fund's OTC derivative assets, which may be offset against the Fund's OTC derivative liabilities and collateral received from the counterparty, are as follows:

	Gross Amounts of Assets Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Received	Cash Collateral Received^b	
Counterparty					
BOFA	\$ 881,824	\$ (881,824)	\$ —	\$ —	\$ —
BZWS	1,594,184	(500,943)	—	(1,093,241)	—
CITI	1,379,442	(1,379,442)	—	—	—
DBAB	3,270,252	(3,270,252)	—	—	—
GSCO	394,423	(394,423)	—	—	—
HSBK	2,620,363	(2,620,363)	—	—	—
JPHQ	7,272,599	(7,272,599)	—	—	—
MSCO	79,421	(79,421)	—	—	—
SCNY	517,931	(517,931)	—	—	—
UBSW	—	—	—	—	—
Total	\$18,010,439	\$(16,917,198)	\$ —	\$(1,093,241)	\$ —

Templeton Global Bond VIP Fund (continued)

9. Other Derivative Information (continued)

At December 31, 2017, the Fund's OTC derivative liabilities, which may be offset against the Fund's OTC derivative assets and collateral pledged to the counterparty, are as follows:

	Gross Amounts of Liabilities Presented in the Statement of Assets and Liabilities	Amounts Not Offset in the Statement of Assets and Liabilities			Net Amount (Not less than zero)
		Financial Instruments Available for Offset	Financial Instruments Collateral Pledged	Cash Collateral Pledged	
Counterparty					
BOFA	\$ 5,089,907	\$ (881,824)	\$ —	\$ (3,150,000)	\$ 1,058,083
BZWS	500,943	(500,943)	—	—	—
CITI	14,129,410	(1,379,442)	—	(10,910,000)	1,839,968
DBAB	4,870,666	(3,270,252)	—	(540,000)	1,060,414
GSCO	6,663,763	(394,423)	—	(5,600,000)	669,340
HSBK	15,256,809	(2,620,363)	—	(10,890,000)	1,746,446
JPHQ	9,866,709	(7,272,599)	—	(850,000)	1,744,110
MSCO	671,740	(79,421)	—	(290,000)	302,319
SCNY	738,931	(517,931)	—	—	221,000
UBSW	527,859	—	—	(260,000)	267,859
Total	\$58,316,737	\$(16,917,198)	\$ —	\$(32,490,000)	\$8,909,539

^bIn some instances, the collateral amounts disclosed in the table above were adjusted due to the requirement to limit collateral amounts to avoid the effect of overcollateralization. Actual collateral received and/or pledged may be more than the amounts disclosed herein.

See Abbreviations on page TGB-35.

10. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton Investments, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2 billion (Global Credit Facility) which matured on February 9, 2018. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests. Effective February 9, 2018, the Borrowers renewed the Global Credit Facility for a one year term, maturing February 8, 2019, for a total of \$2 billion.

Under the terms of the Global Credit Facility, the Fund shall, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the year ended December 31, 2017, the Fund did not use the Global Credit Facility.

11. Fair Value Measurements

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

- Level 1 – quoted prices in active markets for identical financial instruments
- Level 2 – other significant observable inputs (including quoted prices for similar financial instruments, interest rates, prepayment speed, credit risk, etc.)

Templeton Global Bond VIP Fund (continued)

- 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.

For movements between the levels within the fair value hierarchy, the Fund has adopted a policy of recognizing the transfers as of the date of the underlying event which caused the movement.

A summary of inputs used as of December 31, 2017, in valuing the Fund’s assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Investments in Securities: ^a				
Foreign Government and Agency Securities	\$ —	\$ 1,871,366,666	\$ —	\$ 1,871,366,666
Short Term Investments	795,455,602	241,757,531	—	1,037,213,133
Total Investments in Securities	\$ 795,455,602	\$ 2,113,124,197	\$ —	\$ 2,908,579,799
Other Financial Instruments:				
Forward Exchange Contracts	\$ —	\$ 18,010,439	\$ —	\$ 18,010,439
Swap Contracts	—	11,510,190	—	11,510,190
Total Other Financial Instruments	\$ —	\$ 29,520,629	\$ —	\$ 29,520,629
Liabilities:				
Other Financial Instruments:				
Forward Exchange Contracts	\$ —	\$ 55,010,690	\$ —	\$ 55,010,690
Swap Contracts	—	16,270,360	—	16,270,360
Total Other Financial Instruments	\$ —	\$ 71,281,050	\$ —	\$ 71,281,050

^aFor detailed categories, see the accompanying Statement of Investments.

12. Subsequent Events

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

Abbreviations

Counterparty/Exchange	Currency	Selected Portfolio
BOFA Bank of America Corp.	ARS Argentine Peso	ARS Auction Rate Security
BZWS Barclays Bank PLC	BRL Brazilian Real	BADLAR Argentina Deposit Rates Badlar Private
CITI Citigroup, Inc.	COP Colombian Peso	Banks ARS
DBAB Deutsche Bank AG	EUR Euro	FRN Floating Rate Note
GSCO The Goldman Sachs Group, Inc.	GHS Ghanaian Cedi	GDP Gross Domestic Product
HSBK HSBC Bank PLC	IDR Indonesian Rupiah	LIBOR London InterBank Offered Rate
JPHQ JP Morgan Chase & Co.	INR Indian Rupee	VRI Value Recovery Instrument
MSCO Morgan Stanley	KRW South Korean Won	
SCNY Standard Chartered Bank	MXN Mexican Peso	
UBSW UBS AG	PEN Peruvian Nuevo Sol	
	PHP Philippine Peso	
	USD United States Dollar	
	ZAR South African Rand	

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the statement of investments, of Templeton Global Bond VIP Fund (the "Fund") as of December 31, 2017, the related statement of operations for the year ended December 31, 2017, the statement of changes in net assets for each of the two years in the period ended December 31, 2017, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2017 (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2017, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period ended December 31, 2017 and the financial highlights for each of the five years in the period ended December 31, 2017 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on the Fund's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Fund in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our procedures included confirmation of securities owned as of December 31, 2017 by correspondence with the custodian, transfer agent, and brokers; when replies were not received from brokers, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

San Francisco, California

February 15, 2018

We have served as the auditor of one or more investment companies in the Franklin Templeton Group of Funds since 1948.

Tax Information (unaudited)**Templeton Global Bond VIP Fund**

Under Section 852(b)(3)(C) of the Internal Revenue Code, the Fund hereby reports the maximum amount allowable but no less than \$10,104,459 as a long term capital gain dividend for the fiscal year ended December 31, 2017.

At December 31, 2017, more than 50% of the Fund's total assets were invested in securities of foreign issuers. In most instances, foreign taxes were withheld from income paid to the Fund on these investments. The Fund elects to treat foreign taxes paid as allowed under Section 853 of the Internal Revenue Code (Code). This election will allow shareholders of record as of the 2018 distribution date, to treat their proportionate share of foreign taxes paid by the Fund as having been paid directly by them. The shareholder shall consider these amounts as foreign taxes paid in the tax year in which they receive the Fund distribution.

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Index Descriptions

The indexes are unmanaged and include reinvestment of any income or distributions. They do not reflect any fees, expenses or sales charges.

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

Bloomberg Barclays US Aggregate Bond Index is a market capitalization-weighted index representing the US investment-grade, fixed-rate, taxable bond market with index components for government and corporate, mortgage pass-through and asset-backed securities. All issues included are SEC registered, taxable, dollar denominated and nonconvertible, must have at least one year to final maturity and must be rated investment grade (Baa3/BBB-/BBB- or higher) using the middle rating of Moody's, Standard & Poor's and Fitch, respectively.

Bloomberg Barclays US Government Index: Intermediate Component is the intermediate component of the Barclays US Government Index, which includes public obligations of the US Treasury with at least one year to final maturity and publicly issued debt of US government agencies, quasi-federal corporations, and corporate or foreign debt guaranteed by the US government.

Citigroup World Government Bond Index is a market capitalization-weighted index consisting of investment-grade world government bond markets.

Consumer Price Index (CPI) is a commonly used measure of the inflation rate.

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

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

Lipper Multi-Sector Income Funds Classification Average is calculated by averaging the total returns of all funds within the Lipper Multi-Sector Income Funds Classification in the Lipper Open-End underlying funds universe. Lipper Multi-Sector Income Funds are defined as funds that seek current income by allocation of assets among different fixed income securities sectors (not primarily in one sector except for defensive purposes), including US and foreign governments, with a significant portion rated below investment grade. For the 12-month period ended 12/31/17, there were 316 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP Equity Income Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper Equity Income Funds classification in the Lipper VIP underlying funds universe. Lipper Equity Income Funds seek relatively high current income and growth of income through investing 60% or more of their portfolios in equities. For the 12-month period ended 12/31/17, there were 75 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

Lipper VIP General US Government Funds Classification Average is an equally weighted average calculation of performance figures for all funds within the Lipper General US Government Funds classification in the Lipper VIP underlying funds universe. Lipper General US Government Funds invest primarily in US government and agency issues. For the 12-month period ended 12/31/17, there were 56 funds in this category. Lipper calculations do not include contract fees, expenses or sales charges, and may have been different if such charges had been considered.

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

MSCI All Country World Index (ACWI) ex USA Index captures large- and mid-capitalization representation across 22 of 23 developed markets countries (excluding the US) and 23 emerging markets countries. The index covers approximately 85% of the global equity opportunity set outside the US.

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

MSCI Frontier Markets Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in frontier markets.

MSCI World Index is a free float-adjusted, market capitalization-weighted index designed to measure equity market performance in global developed markets.

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

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

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

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

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

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

Russell 3000® Growth Index is market capitalization weighted and measures performance of those Russell 3000® Index companies with higher price-to-book ratios and higher forecasted growth values.

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

Russell Midcap® Index is market capitalization weighted and measures performance of the smallest companies in the Russell 1000® Index, which represents a modest amount of the Russell 1000® Index's total market capitalization.

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

Standard & Poor's®/International Finance Corporation Investable (S&P/IFCI) Composite Index is a free float-adjusted, market capitalization-weighted index designed to measure equity performance in global emerging markets.

Special Meeting of Shareholders

MEETING OF SHAREHOLDERS: OCTOBER 30, 2017

(UNAUDITED)

A Special Meeting of Shareholders of Franklin Templeton Variable Insurance Products Trust was held at the offices of Franklin Templeton Investments, One Franklin Parkway, San Mateo, California on October 30, 2017. The purpose of the meeting was to elect Trustees of Franklin Templeton Variable Insurance Products Trust and to vote on the following proposals: for each of the Funds, except Franklin Founding Funds Allocation VIP Fund and Franklin VolSmart Allocation VIP Fund, to approve the use of a “manager of managers” structure whereby the Fund’s investment manager would be able to hire and replace subadvisers without shareholder approval; for Franklin Rising Dividends VIP Fund, to approve a new Investment Management Agreement with Franklin Advisers, Inc.; for Templeton Developing Markets VIP Fund, to approve a new Subadvisory Agreement with Franklin Templeton Investment Management Limited; and for each of the Funds, to approve an amended fundamental investment restriction regarding investments in commodities. At the meeting, (i) the following persons were elected by the shareholders to serve as Trustees of Franklin Templeton Variable Insurance Products Trust: Harris J. Ashton, Terrence J. Checki, Mary C. Choksi, Edith E. Holiday, Gregory E. Johnson, Rupert H. Johnson, Jr., J. Michael Luttig, Larry D. Thompson, and John B. Wilson; and (ii) all other proposals voted on were approved by shareholders. No other business was transacted at the meeting.

The results of the voting at the meeting are as follows:

Proposal 1. To elect a Board of Trustees:

Name	For	Withheld
Harris J. Ashton	1,483,931,005	63,700,507
Terrence J. Checki	1,487,851,289	59,780,222
Mary C. Choksi	1,487,649,087	59,982,424
Edith E. Holiday	1,487,786,345	59,845,166
Gregory E. Johnson	1,490,898,162	56,733,349
Rupert H. Johnson, Jr.	1,485,176,267	62,455,244
J. Michael Luttig	1,488,062,993	59,568,519
Larry D. Thompson	1,486,098,183	61,533,328
John B. Wilson	1,489,011,786	58,619,724

Total Trust Shares Outstanding*: 1,598,054,299

Proposal 2. To approve the use of a “manager of managers” structure whereby the Fund’s investment manager would be able to hire and replace subadvisers without shareholder approval:

Franklin Flex Cap Growth VIP Fund

	Shares
For	13,749,224
Against	879,952
Abstain	1,118,404
Total Fund Shares Voted	15,747,580
Total Fund Outstanding Shares*	15,802,049

* As of the record date.

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin Rising Dividends VIP Fund

	Shares
For	58,234,322
Against	5,102,328
Abstain	3,925,714
Total Fund Shares Voted	67,262,364
Total Fund Outstanding Shares*	69,031,623

Franklin Small-Mid Cap Growth VIP Fund

	Shares
For	23,115,445
Against	2,258,073
Abstain	1,396,522
Total Fund Shares Voted	26,770,040
Total Fund Outstanding Shares*	27,311,145

Franklin Small Cap Value VIP Fund

	Shares
For	53,566,894
Against	4,789,585
Abstain	3,897,280
Total Fund Shares Voted	62,253,759
Total Fund Outstanding Shares*	73,514,199

Franklin Strategic Income VIP Fund

	Shares
For	50,927,089
Against	5,281,784
Abstain	3,535,384
Total Fund Shares Voted	59,744,257
Total Fund Outstanding Shares*	60,841,388

Franklin U.S. Government Securities VIP Fund

	Shares
For	89,132,433
Against	7,353,649
Abstain	6,346,786
Total Fund Shares Voted	102,832,867
Total Fund Outstanding Shares*	109,725,751

Franklin Mutual Global Discovery VIP Fund

	Shares
For	27,411,088
Against	2,091,298
Abstain	2,391,763
Total Fund Shares Voted	31,894,149
Total Fund Outstanding Shares*	32,602,413

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin Mutual Shares VIP Fund

	Shares
For	173,288,690
Against	16,123,033
Abstain	11,727,399
Total Fund Shares Voted	201,139,121
Total Fund Outstanding Shares*	201,829,901

Templeton Developing Markets VIP Fund

	Shares
For	33,445,421
Against	2,083,042
Abstain	1,602,155
Total Fund Shares Voted	37,130,617
Total Fund Outstanding Shares*	38,665,160

Templeton Foreign VIP Fund

	Shares
For	90,056,367
Against	6,884,702
Abstain	5,875,891
Total Fund Shares Voted	102,816,960
Total Fund Outstanding Shares*	113,425,059

Templeton Global Bond VIP Fund

	Shares
For	153,662,270
Against	14,159,085
Abstain	9,838,114
Total Fund Shares Voted	177,659,469
Total Fund Outstanding Shares*	188,040,251

Templeton Growth VIP Fund

	Shares
For	77,388,057
Against	7,366,622
Abstain	5,511,620
Total Fund Shares Voted	90,266,300
Total Fund Outstanding Shares*	91,604,126

Franklin Growth and Income VIP Fund

	Shares
For	6,587,641
Against	468,056
Abstain	110,295
Total Fund Shares Voted	7,165,992
Total Fund Outstanding Shares*	7,208,893

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin Income VIP Fund

	Shares
For	331,527,467
Against	31,877,033
Abstain	26,008,222
Total Fund Shares Voted	389,412,722
Total Fund Outstanding Shares*	392,023,197

Franklin Large Cap Growth VIP Fund

	Shares
For	5,389,158
Against	481,087
Abstain	485,968
Total Fund Shares Voted	6,356,213
Total Fund Outstanding Shares*	6,415,938

Franklin Global Real Estate VIP Fund

	Shares
For	10,375,756
Against	709,592
Abstain	684,561
Total Fund Shares Voted	11,769,909
Total Fund Outstanding Shares*	11,847,583

Proposal 3. To approve a new Investment Management Agreement with Franklin Advisers, Inc:

Franklin Rising Dividends VIP Fund

	Shares
For	61,230,619
Against	1,892,274
Abstain	4,139,471
Total Fund Shares Voted	67,262,364
Total Fund Shares Outstanding*	69,031,623

Proposal 4. To approve a new Subadvisory Agreement with Franklin Templeton Investment Management Limited:

Templeton Developing Markets VIP Fund

	Shares
For	34,067,321
Against	1,503,503
Abstain	1,559,793
Total Fund Shares Voted	37,130,617
Total Fund Shares Outstanding*	38,665,160

Proposal 5. To approve an amended fundamental investment restriction regarding investments in commodities:

Franklin Flex Cap Growth VIP Fund

	Shares
For	13,865,526
Against	747,561
Abstain	1,134,493
Total Fund Shares Voted	15,747,580
Total Fund Outstanding Shares*	15,802,049

Franklin Rising Dividends VIP Fund

	Shares
For	59,751,082
Against	2,758,376
Abstain	4,752,906
Total Fund Shares Voted	67,262,364
Total Fund Outstanding Shares*	69,031,623

Franklin Small-Mid Cap Growth VIP Fund

	Shares
For	23,646,532
Against	1,565,814
Abstain	1,557,694
Total Fund Shares Voted	26,770,040
Total Fund Outstanding Shares*	27,311,145

Franklin Small Cap Value VIP Fund

	Shares
For	54,478,087
Against	3,057,279
Abstain	4,718,393
Total Fund Shares Voted	62,253,759
Total Fund Outstanding Shares*	73,514,199

Franklin Strategic Income VIP Fund

	Shares
For	52,089,907
Against	3,535,016
Abstain	4,119,335
Total Fund Shares Voted	59,744,257
Total Fund Outstanding Shares*	60,841,388

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin U.S. Government Securities VIP Fund

	Shares
For	90,516,652
Against	4,962,770
Abstain	7,353,445
Total Fund Shares Voted	102,832,867
Total Fund Outstanding Shares*	109,725,751

Franklin Mutual Global Discovery VIP Fund

	Shares
For	28,033,432
Against	1,252,638
Abstain	2,608,079
Total Fund Shares Voted	31,894,149
Total Fund Outstanding Shares*	32,602,413

Franklin Mutual Shares VIP Fund

	Shares
For	177,273,923
Against	10,129,961
Abstain	13,735,237
Total Fund Shares Voted	201,139,121
Total Fund Outstanding Shares*	201,829,901

Templeton Developing Markets VIP Fund

	Shares
For	34,011,236
Against	1,427,546
Abstain	1,691,835
Total Fund Shares Voted	37,130,617
Total Fund Outstanding Shares*	38,665,160

Templeton Foreign VIP Fund

	Shares
For	91,743,616
Against	4,425,178
Abstain	6,648,165
Total Fund Shares Voted	102,816,960
Total Fund Outstanding Shares*	113,425,059

Templeton Global Bond VIP Fund

	Shares
For	157,121,313
Against	8,459,106
Abstain	12,079,050
Total Fund Shares Voted	177,659,469
Total Fund Outstanding Shares*	188,040,251

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Templeton Growth VIP Fund

	Shares
For	79,782,773
Against	4,136,520
Abstain	6,347,006
Total Fund Shares Voted	90,266,300
Total Fund Outstanding Shares*	91,604,126

Franklin Growth and Income VIP Fund

	Shares
For	6,699,033
Against	291,508
Abstain	175,451
Total Fund Shares Voted	7,165,992
Total Fund Outstanding Shares*	7,208,893

Franklin Income VIP Fund

	Shares
For	338,299,973
Against	18,075,707
Abstain	33,037,042
Total Fund Shares Voted	389,412,722
Total Fund Outstanding Shares*	392,023,197

Franklin Large Cap Growth VIP Fund

	Shares
For	5,515,296
Against	284,582
Abstain	556,334
Total Fund Shares Voted	6,356,213
Total Fund Outstanding Shares*	6,415,938

Franklin Global Real Estate VIP Fund

	Shares
For	10,531,666
Against	347,186
Abstain	891,057
Total Fund Shares Voted	11,769,909
Total Fund Outstanding Shares*	11,847,583

Franklin Founding Funds Allocation VIP Fund

	Shares
For	122,854,798
Against	4,270,018
Abstain	14,343,426
Total Fund Shares Voted	141,468,242
Total Fund Outstanding Shares*	142,224,672

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
SPECIAL MEETING OF SHAREHOLDERS

Franklin VolSmart Allocation VIP Fund

	Shares
For	13,979,495
Against	469,722
Abstain	1,491,733
Total Fund Shares Voted	15,940,951
Total Fund Outstanding Shares*	15,940,951

Board Members and Officers

The name, year of birth and address of the officers and board members, as well as their affiliations, positions held with the Trust, principal occupations during at least the past five years and number of US registered portfolios overseen in the Franklin Templeton Investments fund complex, are shown below. Generally, each board member serves until that person's successor is elected and qualified.

Independent Board Members

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Harris J. Ashton (1932) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 1988	139	Bar-S Foods (meat packing company) (1981-2010).
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Director, RBC Holdings, Inc. (bank holding company) (until 2002); and President, Chief Executive Officer and Chairman of the Board, General Host Corporation (nursery and craft centers) (until 1998).				
Terrence J. Checki (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since October 2017	113	Hess Corporation (exploration of oil and gas) (2014-present).
Principal Occupation During at Least the Past 5 Years: Member of the Council on Foreign Relations (1996-present); Member of the National Committee on U.S.-China Relations (1999-present); member of the Board of Trustees of the Economic Club of New York (2013-present); member of the Board of Trustees of the Foreign Policy Association (2005-present) and member of various other boards of trustees and advisory boards; and formerly , Executive Vice President of the Federal Reserve Bank of New York and Head of its Emerging Markets and Internal Affairs Group and Member of Management Committee (1995-2014); and Visiting Fellow at the Council on Foreign Relations (2014).				
Mary C. Choksi (1950) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2014	139	Avis Budget Group Inc. (car rental) (2007-present), Omnicom Group Inc. (advertising and marketing communications services) (2011-present) and White Mountains Insurance Group, Ltd. (holding company) (2017-present)
Principal Occupation During at Least the Past 5 Years: Director of various companies; and formerly , Founder and Senior Advisor, Strategic Investment Group (investment management group) (2015-2017); Founding Partner and Senior Managing Director, Strategic Investment Group (1987-2015); Founding Partner and Managing Director, Emerging Markets Management LLC (investment management firm) (1987-2011); and Loan Officer/Senior Loan Officer/Senior Pension Investment Officer, World Bank Group (international financial institution) (1977-1987).				
Edith E. Holiday (1952) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2005	139	Hess Corporation (exploration of oil and gas) (1993-present), Canadian National Railway (railroad) (2001-present), White Mountains Insurance Group, Ltd. (holding company) (2004-present), Santander Consumer USA Holdings, Inc. (consumer finance) (November 2016), RTI International Metals, Inc. (manufacture and distribution of titanium) (1999-2015) and H.J. Heinz Company (processed foods and allied products) (1994-2013).
Principal Occupation During at Least the Past 5 Years: Director or Trustee of various companies and trusts; and formerly , Assistant to the President of the United States and Secretary of the Cabinet (1990-1993); General Counsel to the United States Treasury Department (1989-1990); and Counselor to the Secretary and Assistant Secretary for Public Affairs and Public Liaison – United States Treasury Department (1988-1989).				
J. Michael Luttig (1954) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2009	139	Boeing Capital Corporation (aircraft financing) (2006-2013).
Principal Occupation During at Least the Past 5 Years: Executive Vice President, General Counsel and member of the Executive Council, The Boeing Company (aerospace company) (2006-present); and formerly , Federal Appeals Court Judge, U.S. Court of Appeals for the Fourth Circuit (1991-2006).				

Independent Board Members (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Larry D. Thompson (1945) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2007	139	The Southern Company (energy company) (2014-present; previously 2010-2012), Graham Holdings Company (education and media organization) (2011-present) and Cbeyond, Inc. (business communications provider) (2010-2012).

Principal Occupation During at Least the Past 5 Years:

Director of various companies; Counsel, Finch McCranie, LLP (law firm) (2015-present); Independent Compliance Monitor and Auditor, Volkswagen AG (manufacturer of automobiles and commercial vehicles) (2017-present); John A. Sibley Professor of Corporate and Business Law, University of Georgia School of Law (2015; previously 2011-2012); and **formerly**, Executive Vice President – Government Affairs, General Counsel and Corporate Secretary, PepsiCo, Inc. (consumer products) (2012-2014); Senior Vice President – Government Affairs, General Counsel and Secretary, PepsiCo, Inc. (2004-2011); Senior Fellow of The Brookings Institution (2003-2004); Visiting Professor, (2003-2004); Visiting Professor, University of Georgia School of Law (2004); and Deputy Attorney General, U.S. Department of Justice (2001-2003).

John B. Wilson (1959) One Franklin Parkway San Mateo, CA 94403-1906	Lead Independent Trustee	Trustee since 2007 and Lead Independent Trustee since 2008	113	None
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Principal Occupation During at Least the Past 5 Years:

President and Founder, Hyannis Port Capital, Inc. (real estate and private equity investing) (2002-present); serves on private and non-profit boards; and **formerly**, President, Staples International and Head of Global Transformation (office supplies) (2012-2016); Chief Operating Officer and Executive Vice President, Gap, Inc. (retail) (1996-2000); Chief Financial Officer and Executive Vice President – Finance and Strategy, Staples, Inc. (1992-1996); Senior Vice President – Corporate Planning, Northwest Airlines, Inc. (airlines) (1990-1992); and Vice President and Partner, Bain & Company (consulting firm) (1986-1990).

Interested Board Members and Officers

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
**Gregory E. Johnson (1961) One Franklin Parkway San Mateo, CA 94403-1906	Trustee	Since 2013	153	None

Principal Occupation During at Least the Past 5 Years:

Chairman of the Board, Member – Office of the Chairman, Director and Chief Executive Officer, Franklin Resources, Inc.; officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 43 of the investment companies in Franklin Templeton Investments; Vice Chairman, Investment Company Institute; and **formerly**, President, Franklin Resources, Inc. (1994-2015).

**Rupert H. Johnson, Jr. (1940) One Franklin Parkway San Mateo, CA 94403-1906	Chairman of the Board, and Trustee	Chairman of the Board since 2013, and Trustee since 1988	139	None
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Principal Occupation During at Least the Past 5 Years:

Vice Chairman, Member – Office of the Chairman and Director, Franklin Resources, Inc.; Director, Franklin Advisers, Inc.; Senior Vice President, Franklin Advisory Services, LLC; and officer and/or director or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 41 of the investment companies in Franklin Templeton Investments.

Alison E. Baur (1964) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2012	Not Applicable	Not Applicable
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Principal Occupation During at Least the Past 5 Years:

Deputy General Counsel, Franklin Templeton Investments; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 45 of the investment companies in Franklin Templeton Investments.

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Gaston Gardey (1967) One Franklin Parkway San Mateo, CA 94403-1906	Chief Financial Officer, Chief Accounting Officer and Treasurer	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Treasurer, U.S. Fund Administration & Reporting, Franklin Templeton Investments; and officer of 28 of the investment companies in Franklin Templeton Investments.				
Aliya S. Gordon (1973) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Steven J. Gray (1955) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2009	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Vice President, Franklin Templeton Distributors, Inc. and FASA, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Matthew T. Hinkle (1971) One Franklin Parkway San Mateo, CA 94403-1906	Chief Executive Officer – Finance and Administration	Since June 2017	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Vice President, Franklin Templeton Services, LLC; officer of 45 of the investment companies in Franklin Templeton Investments; and formerly , Vice President, Global Tax (2012-April 2017) and Treasurer/Assistant Treasurer, Franklin Templeton Investments (2009-2017).				
Edward B. Jamieson (1948) One Franklin Parkway San Mateo, CA 94403-1906	President and Chief Executive Officer – Investment Management	Since 2010	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: President and Director, Franklin Advisers, Inc.; Executive Vice President, Franklin Templeton Institutional, LLC; and officer and/or trustee, as the case may be, of some of the other subsidiaries of Franklin Resources, Inc. and of 10 of the investment companies in Franklin Templeton Investments.				
Robert Lim (1948) One Franklin Parkway San Mateo, CA 94403-1906	Vice President – AML Compliance	Since 2016	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Vice President, Franklin Templeton Companies, LLC; Chief Compliance Officer, Franklin Templeton Distributors, Inc. and Franklin Templeton Investor Services, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Kimberly H. Novotny (1972) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton Investments; Vice President and Corporate Secretary, Fiduciary Trust International of the South; Vice President, Templeton Investment Counsel, LLC; Assistant Secretary, Franklin Resources, Inc.; and officer of 45 of the investment companies in Franklin Templeton Investments.				

Interested Board Members and Officers (continued)

Name, Year of Birth and Address	Position	Length of Time Served	Number of Portfolios in Fund Complex Overseen by Board Member*	Other Directorships Held During at Least the Past 5 Years
Robert C. Rosselot (1960) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Chief Compliance Officer	Since 2013	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Director, Global Compliance, Franklin Templeton Investments; Vice President, Franklin Templeton Companies, LLC; officer of 45 of the investment companies in Franklin Templeton Investments; and formerly , Senior Associate General Counsel, Franklin Templeton Investments (2007-2013); and Secretary and Vice President, Templeton Group of Funds (2004-2013).				
Karen L. Skidmore (1952) One Franklin Parkway San Mateo, CA 94403-1906	Vice President and Secretary	Since 2006	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Navid J. Tofigh (1972) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2015	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Associate General Counsel, Franklin Templeton Investments; and officer of 45 of the investment companies in Franklin Templeton Investments.				
Craig S. Tyle (1960) One Franklin Parkway San Mateo, CA 94403-1906	Vice President	Since 2005	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: General Counsel and Executive Vice President, Franklin Resources, Inc.; and officer of some of the other subsidiaries of Franklin Resources, Inc. and of 45 of the investment companies in Franklin Templeton Investments.				
Lori A. Weber (1964) 300 S.E. 2nd Street Fort Lauderdale, FL 33301-1923	Vice President	Since 2011	Not Applicable	Not Applicable
Principal Occupation During at Least the Past 5 Years: Senior Associate General Counsel, Franklin Templeton Investments; Assistant Secretary, Franklin Resources, Inc.; Vice President and Secretary, Templeton Investment Counsel, LLC; and officer of 45 of the investment companies in Franklin Templeton Investments.				

*We base the number of portfolios on each separate series of the US registered investment companies within the Franklin Templeton Investments fund complex. These portfolios have a common investment manager or affiliated investment managers.

**Gregory E. Johnson is considered to be an interested person of the Fund under the federal securities laws due to his position as an officer and director of Franklin Resources, Inc. (Resources), which is the parent company of the Fund's investment manager and distributor. Rupert H. Johnson, Jr. is considered to be an interested person of the Fund under the federal securities laws due to his position as officer and director and major shareholder of Resources.

Note 1: Rupert H. Johnson, Jr. is the uncle of Gregory E. Johnson.

Note 2: Officer information is current as of the date of this report. It is possible that after this date, information about officers may change.

The Sarbanes-Oxley Act of 2002 and Rules adopted by the Securities and Exchange Commission require the Fund to disclose whether the Fund's Audit Committee includes at least one member who is an audit committee financial expert within the meaning of such Act and Rules. The Fund's Board has determined that there is at least one such financial expert on the Audit Committee and has designated John B. Wilson as its audit committee financial expert. The Board believes that Mr. Wilson qualifies as such an expert in view of his extensive business background and experience, including service as chief financial officer of Staples, Inc. from 1992 to 1996. Mr. Wilson has been a Member and Chairman of the Fund's Audit Committee since 2007. As a result of such background and experience, the Board believes that Mr. Wilson has acquired an understanding of generally accepted accounting principles and financial statements, the general application of such principles in connection with the accounting estimates, accruals and reserves, and analyzing and evaluating financial statements that present a breadth and level of complexity of accounting issues generally comparable to those of the Fund, as well as an understanding of internal controls and procedures for financial reporting and an understanding of audit committee functions. Mr. Wilson is an independent Board member as that term is defined under the relevant Securities and Exchange Commission Rules and Releases.

The Statement of Additional Information (SAI) includes additional information about the board members and is available, without charge, upon request. Shareholders may call (800) DIAL BEN/342-5236 to request the SAI.

Shareholder Information

Proxy Voting Policies and Procedures

The Trust's investment manager has established Proxy Voting Policies and Procedures (Policies) that the Trust uses to determine how to vote proxies relating to portfolio securities. Shareholders may view the Trust's complete Policies online at franklintempleton.com. Alternatively, shareholders may request copies of the Policies free of charge by calling the Proxy Group collect at (954) 527-7678 or by sending a written request to: Franklin Templeton Companies, LLC, 300 S.E. 2nd Street, Fort Lauderdale, FL 33301, Attention: Proxy Group. Copies of the Trust's proxy voting records are also made available online at franklintempleton.com and posted on the US Securities and Exchange Commission's website at sec.gov and reflect the most recent 12-month period ended June 30.

Quarterly Statement of Investments

The Trust files a complete statement of investments with the US Securities and Exchange Commission for the first and third quarters for each fiscal year on Form N-Q. Shareholders may view the filed Form N-Q 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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Annual Report
Franklin Templeton
Variable Insurance Products Trust

Investment Managers

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

Fund Administrator

Franklin Templeton Services, LLC

Distributor

Franklin Templeton Distributors, Inc.

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.