



FRANKLIN
TEMPLETON

Franklin VolSmart Allocation VIP Fund

Financial Statements and Other Important Information

Semi-Annual | June 30, 2025

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Financial Highlights

Franklin VolSmart Allocation VIP Fund

	Six Months Ended June 30, 2025 (unaudited)	Year Ended December 31,		
		2024	2023	2022 ^a
Class 1				
Per share operating performance				
(for a share outstanding throughout the period)				
Net asset value, beginning of period	\$13.40	\$12.41	\$12.13	\$13.60
Income from investment operations ^b :				
Net investment income ^{c,d}	0.15	0.24	0.25	0.17
Net realized and unrealized gains (losses)	0.05	1.21	1.13	(0.18)
Total from investment operations	0.20	1.45	1.38	(0.01)
Less distributions from:				
Net investment income	(0.27)	(0.28)	(0.26)	(0.25)
Net realized gains	(1.68)	(0.18)	(0.84)	(1.21)
Total distributions	(1.95)	(0.46)	(1.10)	(1.46)
Net asset value, end of period	\$11.65	\$13.40	\$12.41	\$12.13
Total return ^e	1.70%	11.80%	11.78%	0.15%
Ratios to average net assets^f				
Expenses before waiver and payments by affiliates ^g	0.89%	0.89%	0.81%	0.81%
Expenses net of waiver and payments by affiliates ^g	0.65%	0.65%	0.65% ^h	0.65% ^h
Net investment income	2.28%	1.81%	2.06%	2.20%
Supplemental data				
Net assets, end of period (000's)	\$4	\$5	\$5	\$4
Portfolio turnover rate	7.39%	34.51%	22.91%	37.75%

^aFor the period May 20, 2022 (effective date) to December 31, 2022.

^bThe 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.

^cBased on average daily shares outstanding.

^dRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

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

^fRatios are annualized for periods less than one year.

^gDoes not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.10% for the period ended June 30, 2025.

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

Franklin VolSmart Allocation VIP Fund (continued)

	Six Months Ended June 30, 2025 (unaudited)	Year Ended December 31,				
		2024	2023	2022	2021	2020
Class 2						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.45	\$12.47	\$12.19	\$15.57	\$14.55	\$12.60
Income from investment operations ^a :						
Net investment income ^{b,c}	0.13	0.22	0.25	0.23	0.26	0.24
Net realized and unrealized gains (losses)	0.05	1.22	1.13	(2.15)	2.19	1.86
Total from investment operations	0.18	1.44	1.38	(1.92)	2.45	2.10
Less distributions from:						
Net investment income	(0.23)	(0.28)	(0.26)	(0.25)	(0.64)	(0.15)
Net realized gains	(1.68)	(0.18)	(0.84)	(1.21)	(0.79)	—
Total distributions	(1.91)	(0.46)	(1.10)	(1.46)	(1.43)	(0.15)
Net asset value, end of period	\$11.72	\$13.45	\$12.47	\$12.19	\$15.57	\$14.55
Total return ^d	1.57%	11.66%	11.72%	(12.13)%	17.62%	16.85%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates ^f	1.14%	1.11%	0.85%	0.85%	0.88%	0.88%
Expenses net of waiver and payments by affiliates ^f	0.90%	0.90%	0.65% ^g	0.65% ^g	0.65% ^g	0.65% ^g
Net investment income	2.02%	1.68%	2.11%	1.71%	1.75%	1.85%
Supplemental data						
Net assets, end of period (000's)	\$163	\$167	\$111	\$33	\$48	\$45
Portfolio turnover rate	7.39%	34.51%	22.91%	37.75%	41.28%	69.19%

^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.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

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

^eRatios are annualized for periods less than one year.

^fDoes not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.10% for the period ended June 30, 2025.

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

Franklin VolSmart Allocation VIP Fund (continued)

	Six Months Ended June 30, 2025 (unaudited)	Year Ended December 31,				
		2024	2023	2022	2021	2020
Class 5						
Per share operating performance						
(for a share outstanding throughout the period)						
Net asset value, beginning of period	\$13.43	\$12.43	\$12.15	\$15.52	\$14.52	\$12.59
Income from investment operations ^a :						
Net investment income ^{b,c}	0.14	0.22	0.23	0.21	0.23	0.23
Net realized and unrealized gains (losses)	0.05	1.22	1.13	(2.14)	2.18	1.86
Total from investment operations	0.19	1.44	1.36	(1.93)	2.41	2.09
Less distributions from:						
Net investment income	(0.24)	(0.26)	(0.24)	(0.23)	(0.62)	(0.16)
Net realized gains	(1.68)	(0.18)	(0.84)	(1.21)	(0.79)	—
Total distributions	(1.92)	(0.44)	(1.08)	(1.44)	(1.41)	(0.16)
Net asset value, end of period	\$11.70	\$13.43	\$12.43	\$12.15	\$15.52	\$14.52
Total return ^d	1.67%	11.68%	11.57%	(12.27)%	17.36%	16.78%
Ratios to average net assets^e						
Expenses before waiver and payments by affiliates ^f	1.04%	1.01%	1.00%	1.00%	1.03%	1.03%
Expenses net of waiver and payments by affiliates ^f	0.80%	0.80%	0.80% ^g	0.80% ^g	0.80% ^g	0.80% ^g
Net investment income	2.09%	1.66%	1.89%	1.57%	1.57%	1.70%
Supplemental data						
Net assets, end of period (000's)	\$132,342	\$140,399	\$159,621	\$170,682	\$209,784	\$195,818
Portfolio turnover rate	7.39%	34.51%	22.91%	37.75%	41.28%	69.19%

^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.

^cRecognition of net investment income by the Fund is affected by the timing of declaration of dividends by the Underlying Funds and exchange traded funds in which the Fund invests.

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

^eRatios are annualized for periods less than one year.

^fDoes not include expenses of the Underlying Funds in which the Fund invests. The weighted average indirect expenses of the Underlying Funds was 0.10% for the period ended June 30, 2025.

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

Schedule of Investments (unaudited), June 30, 2025

Franklin VolSmart Allocation VIP Fund

	Shares	Value
Common Stocks 61.3%		
Aerospace & Defense 1.1%		
General Dynamics Corp.	1,784	\$520,321
Howmet Aerospace, Inc.	1,205	224,287
RTX Corp.	4,868	710,825
		<u>1,455,433</u>
Automobiles 0.6%		
General Motors Co.	2,957	145,514
^a Tesla, Inc.	1,920	609,907
		<u>755,421</u>
Banks 1.7%		
Citigroup, Inc.	5,977	508,762
Citizens Financial Group, Inc.	1,311	58,667
JPMorgan Chase & Co.	5,666	1,642,630
M&T Bank Corp.	320	62,077
		<u>2,272,136</u>
Beverages 0.3%		
Coca-Cola Consolidated, Inc.	341	38,073
PepsiCo, Inc.	3,028	399,817
		<u>437,890</u>
Biotechnology 1.2%		
AbbVie, Inc.	6,116	1,135,252
^a Exelixis, Inc.	1,278	56,328
Gilead Sciences, Inc.	3,053	338,486
^a United Therapeutics Corp.	147	42,240
		<u>1,572,306</u>
Broadline Retail 1.2%		
^a Amazon.com, Inc.	6,859	1,504,796
eBay, Inc.	1,444	107,520
		<u>1,612,316</u>
Building Products 0.9%		
Armstrong World Industries, Inc.	360	58,478
Carlisle Cos., Inc.	1,139	425,303
Johnson Controls International plc.	6,206	655,478
Lennox International, Inc.	121	69,362
		<u>1,208,621</u>
Capital Markets 3.0%		
Ares Management Corp., A	2,583	447,376
Bank of New York Mellon Corp. (The)	1,616	147,234
Charles Schwab Corp. (The)	6,935	632,749
Goldman Sachs Group, Inc. (The)	765	541,429
Houlihan Lokey, Inc., A	249	44,807
Interactive Brokers Group, Inc., A	968	53,637
Janus Henderson Group plc	1,217	47,268
Jefferies Financial Group, Inc.	781	42,713
LPL Financial Holdings, Inc.	122	45,746
Moody's Corp.	505	253,303
Morgan Stanley	6,546	922,070
Nasdaq, Inc.	8,082	722,692
Northern Trust Corp.	415	52,618

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Capital Markets (continued)		
SEI Investments Co.	566	\$50,861
		<u>4,004,503</u>
Chemicals 1.8%		
Air Products and Chemicals, Inc.	1,906	537,606
CF Industries Holdings, Inc.	604	55,568
Eastman Chemical Co.	484	36,135
Ecolab, Inc.	1,634	440,265
Linde plc.	2,105	987,624
NewMarket Corp.	80	55,269
Sherwin-Williams Co. (The).	794	272,628
		<u>2,385,095</u>
Commercial Services & Supplies 0.7%		
Cintas Corp.	3,550	791,189
Republic Services, Inc., A	582	143,527
Rollins, Inc.	894	50,439
		<u>985,155</u>
Communications Equipment 1.0%		
^a Arista Networks, Inc.	3,247	332,201
Cisco Systems, Inc.	8,641	599,513
^a F5, Inc.	179	52,683
Motorola Solutions, Inc.	508	213,594
Ubiquiti, Inc.	133	54,749
		<u>1,252,740</u>
Construction & Engineering 0.1%		
Comfort Systems USA, Inc.	130	69,707
EMCOR Group, Inc.	137	73,280
Valmont Industries, Inc.	130	42,454
		<u>185,441</u>
Construction Materials 0.1%		
CRH plc	1,789	164,230
Consumer Finance 0.2%		
Capital One Financial Corp.	514	109,358
Synchrony Financial	1,547	103,247
		<u>212,605</u>
Consumer Staples Distribution & Retail 2.4%		
^a BJ's Wholesale Club Holdings, Inc.	452	48,739
Casey's General Stores, Inc.	745	380,151
Costco Wholesale Corp.	776	768,193
Kroger Co. (The).	1,439	103,220
Target Corp.	1,373	135,447
Walmart, Inc.	17,240	1,685,727
		<u>3,121,477</u>
Containers & Packaging 0.1%		
Amcor plc	4,589	42,173
International Paper Co.	1,402	65,656
Packaging Corp. of America	288	54,273
		<u>162,102</u>

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Diversified Consumer Services 0.0%†		
^a Grand Canyon Education, Inc.	255	\$48,195
Diversified Telecommunication Services 0.9%		
AT&T, Inc.	21,848	632,281
Verizon Communications, Inc.	12,209	528,284
		1,160,565
Electric Utilities 0.5%		
Entergy Corp.	1,209	100,492
Evergy, Inc.	661	45,563
NextEra Energy, Inc.	5,565	386,322
NRG Energy, Inc.	432	69,371
		601,748
Electrical Equipment 0.5%		
Acuity, Inc.	149	44,453
nVent Electric plc	7,557	553,550
		598,003
Electronic Equipment, Instruments & Components 0.4%		
Amphenol Corp., A	3,490	344,638
Avnet, Inc.	897	47,613
Corning, Inc.	2,295	120,694
TD SYNNEX Corp.	332	45,052
		557,997
Entertainment 0.2%		
^a Spotify Technology SA	414	317,679
Financial Services 2.4%		
^a Berkshire Hathaway, Inc., B.	1,166	566,408
Equitable Holdings, Inc.	828	46,451
^a Fiserv, Inc.	1,284	221,374
Mastercard, Inc., A	1,408	791,212
MGIC Investment Corp.	1,855	51,643
^a Toast, Inc., A.	1,076	47,656
Visa, Inc., A.	4,168	1,479,848
Western Union Co. (The).	3,944	33,209
		3,237,801
Food Products 0.3%		
Ingredion, Inc.	351	47,603
Kellanova	707	56,228
McCormick & Co., Inc.	3,406	258,243
Pilgrim's Pride Corp.	975	43,855
		405,929
Gas Utilities 0.1%		
Atmos Energy Corp.	314	48,390
MDU Resources Group, Inc.	2,646	44,109
National Fuel Gas Co.	607	51,419
UGI Corp.	1,336	48,657
		192,575
Ground Transportation 0.0%†		
Ryder System, Inc.	323	51,357

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Health Care Equipment & Supplies 3.6%		
Abbott Laboratories	9,407	\$1,279,446
Becton Dickinson & Co.	1,843	317,457
^a Boston Scientific Corp.	4,685	503,216
^a Globus Medical, Inc., A	592	34,940
^a Insulet Corp.	167	52,468
^a Intuitive Surgical, Inc.	1,062	577,101
^a Masimo Corp.	242	40,709
Medtronic plc	1,658	144,528
ResMed, Inc.	373	96,234
STERIS plc.	1,325	318,292
Stryker Corp.	3,470	1,372,836
		<u>4,737,227</u>
Health Care Providers & Services 0.4%		
Cardinal Health, Inc.	353	59,304
Chemed Corp.	78	37,981
^a DaVita, Inc.	306	43,590
Encompass Health Corp.	476	58,372
Labcorp Holdings, Inc.	183	48,039
Premier, Inc., A	2,082	45,658
Quest Diagnostics, Inc.	289	51,913
^a Tenet Healthcare Corp.	349	61,424
UnitedHealth Group, Inc.	222	69,257
		<u>475,538</u>
Health Care REITs 0.2%		
Medical Properties Trust, Inc.	7,955	34,286
Omega Healthcare Investors, Inc.	1,182	43,320
Welltower, Inc.	894	137,435
		<u>215,041</u>
Health Care Technology 0.0%[†]		
^a Doximity, Inc., A	663	40,668
Hotel & Resort REITs 0.0%[†]		
Park Hotels & Resorts, Inc.	3,369	34,465
Hotels, Restaurants & Leisure 1.7%		
Booking Holdings, Inc.	106	613,659
Darden Restaurants, Inc.	228	49,697
Domino's Pizza, Inc.	114	51,368
^a DoorDash, Inc., A	464	114,381
^a Dutch Bros, Inc., A	574	39,244
Expedia Group, Inc.	231	38,965
Hilton Worldwide Holdings, Inc.	646	172,056
McDonald's Corp.	2,260	660,304
Royal Caribbean Cruises Ltd.	630	197,278
Starbucks Corp.	1,462	133,963
Texas Roadhouse, Inc., A	265	49,664
Travel + Leisure Co.	844	43,559
Wyndham Hotels & Resorts, Inc.	434	35,245
Yum! Brands, Inc.	392	58,087
		<u>2,257,470</u>
Household Durables 0.2%		
DR Horton, Inc.	1,399	180,359

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Household Durables (continued)		
Garmin Ltd.	547	\$114,170
		294,529
Household Products 0.8%		
Colgate-Palmolive Co.	2,860	259,974
Kimberly-Clark Corp.	869	112,031
Procter & Gamble Co. (The)	3,912	623,260
		995,265
Independent Power and Renewable Electricity Producers 0.1%		
Vistra Corp.	521	100,975
Industrial Conglomerates 0.6%		
3M Co.	1,360	207,047
Honeywell International, Inc.	2,580	600,830
		807,877
Insurance 0.7%		
Aon plc, A.	424	151,266
Axis Capital Holdings Ltd.	471	48,899
Erie Indemnity Co., A.	753	261,133
Lincoln National Corp.	1,429	49,444
Marsh & McLennan Cos., Inc.	1,505	329,053
Unum Group.	579	46,760
		886,555
Interactive Media & Services 2.4%		
Alphabet, Inc., A.	5,135	904,941
Alphabet, Inc., C.	4,272	757,810
Meta Platforms, Inc., A.	2,050	1,513,085
		3,175,836
IT Services 1.3%		
Accenture plc, A.	2,467	737,362
Amdocs Ltd.	531	48,448
Cognizant Technology Solutions Corp., A.	1,431	111,661
^a GoDaddy, Inc., A.	310	55,819
International Business Machines Corp.	2,460	725,159
^a Twilio, Inc., A.	382	47,505
		1,725,954
Life Sciences Tools & Services 0.5%		
Danaher Corp.	2,005	396,068
^a Medpace Holdings, Inc.	146	45,823
^a Waters Corp.	117	40,838
West Pharmaceutical Services, Inc.	1,065	233,022
		715,751
Machinery 1.3%		
Allison Transmission Holdings, Inc.	485	46,070
Caterpillar, Inc.	1,385	537,671
Cummins, Inc.	399	130,673
Illinois Tool Works, Inc.	635	157,004
PACCAR, Inc.	1,619	153,902
Parker-Hannifin Corp.	911	636,306
Snap-on, Inc.	130	40,453
		1,702,079

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Media 0.1%		
Fox Corp., A	817	\$45,785
Fox Corp., B	843	43,524
		89,309
Metals & Mining 0.2%		
Newmont Corp.	1,469	85,584
Royal Gold, Inc.	322	57,264
Southern Copper Corp.	487	49,270
Steel Dynamics, Inc.	455	58,245
		250,363
Mortgage Real Estate Investment Trusts (REITs) 0.0%[†]		
Rithm Capital Corp.	3,758	42,428
Office REITs 0.1%		
Cousins Properties, Inc.	1,601	48,078
Highwoods Properties, Inc.	1,477	45,920
Kilroy Realty Corp.	1,321	45,323
		139,321
Oil, Gas & Consumable Fuels 1.0%		
APA Corp.	1,897	34,696
Chevron Corp.	2,766	396,063
Civitas Resources, Inc.	863	23,750
Devon Energy Corp.	1,418	45,107
DT Midstream, Inc.	475	52,207
EOG Resources, Inc.	2,548	304,766
Exxon Mobil Corp.	2,657	286,425
Targa Resources Corp.	415	72,243
Texas Pacific Land Corp.	59	62,327
		1,277,584
Passenger Airlines 0.1%		
Delta Air Lines, Inc.	1,685	82,868
^a United Airlines Holdings, Inc.	833	66,332
		149,200
Personal Care Products 0.0%[†]		
^a BellRing Brands, Inc.	600	34,758
Pharmaceuticals 1.9%		
Bristol-Myers Squibb Co.	4,751	219,924
Eli Lilly & Co.	1,232	960,381
^a Jazz Pharmaceuticals plc	337	35,762
Johnson & Johnson	8,128	1,241,552
Organon & Co.	3,206	31,034
Royalty Pharma plc, A.	1,356	48,857
		2,537,510
Professional Services 0.3%		
Automatic Data Processing, Inc.	905	279,102
Genpact Ltd.	855	37,629
Paychex, Inc.	470	68,366
SS&C Technologies Holdings, Inc.	606	50,177
		435,274
Residential REITs 0.1%		
AvalonBay Communities, Inc.	303	61,661

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Residential REITs (continued)		
Essex Property Trust, Inc.	178	\$50,445
		112,106
Retail REITs 0.3%		
Agree Realty Corp.	616	45,005
NNN REIT, Inc.	997	43,050
Realty Income Corp.	1,818	104,735
Simon Property Group, Inc.	1,030	165,583
		358,373
Semiconductors & Semiconductor Equipment 6.8%		
Analog Devices, Inc.	2,790	664,076
Applied Materials, Inc.	1,225	224,261
Broadcom, Inc.	9,796	2,700,268
NVIDIA Corp.	20,970	3,313,050
QUALCOMM, Inc.	3,290	523,965
Texas Instruments, Inc.	7,300	1,515,626
		8,941,246
Software 7.6%		
^a DocuSign, Inc., A	565	44,008
^a Fair Isaac Corp.	59	107,850
^a Fortinet, Inc.	1,618	171,055
^a Guidewire Software, Inc.	237	55,802
Microsoft Corp.	12,548	6,241,501
Oracle Corp.	8,675	1,896,615
^a Palantir Technologies, Inc., A.	4,889	666,468
Roper Technologies, Inc.	1,560	884,270
		10,067,569
Specialized REITs 0.2%		
EPR Properties.	858	49,987
Gaming and Leisure Properties, Inc.	907	42,339
Millrose Properties, Inc., A.	1,998	56,963
VICI Properties, Inc., A	2,695	87,857
		237,146
Specialty Retail 2.0%		
Best Buy Co., Inc.	637	42,762
Dick's Sporting Goods, Inc.	231	45,694
Home Depot, Inc. (The)	1,893	694,049
Lowe's Cos., Inc.	2,477	549,572
^a O'Reilly Automotive, Inc.	1,809	163,045
Ross Stores, Inc.	3,313	422,673
TJX Cos., Inc. (The)	3,351	413,815
Tractor Supply Co.	4,479	236,357
Williams-Sonoma, Inc.	464	75,804
		2,643,771
Technology Hardware, Storage & Peripherals 3.1%		
Apple, Inc.	19,072	3,913,002
Hewlett Packard Enterprise Co.	4,211	86,115
HP, Inc.	3,000	73,380
NetApp, Inc.	695	74,052
		4,146,549

Franklin VolSmart Allocation VIP Fund (continued)

	Shares	Value
Common Stocks (continued)		
Textiles, Apparel & Luxury Goods 0.2%		
^a Lululemon Athletica, Inc.	159	\$37,775
NIKE, Inc., B.	2,219	157,638
Ralph Lauren Corp., A.	200	54,856
Tapestry, Inc.	712	62,521
		312,790
Tobacco 0.9%		
Altria Group, Inc.	6,643	389,479
Philip Morris International, Inc.	4,022	732,527
		1,122,006
Trading Companies & Distributors 0.6%		
Fastenal Co.	3,926	164,892
WW Grainger, Inc.	627	652,230
		817,122
Wireless Telecommunication Services 0.3%		
T-Mobile US, Inc.	1,459	347,621
Total Common Stocks (Cost \$41,993,477)		81,186,596
Investments In Underlying Funds and Exchange Traded Funds		
34.0%		
Domestic Fixed Income 26.3%		
^b Franklin U.S. Core Bond ETF	1,084,725	23,343,282
^b Putnam Core Bond Fund, Class R6.	1,409,176	11,597,515
		34,940,797
Domestic Hybrid 7.7%		
^b Franklin Income VIP Fund, Class 1	681,956	10,202,068
Total Investments In Underlying Funds and Exchange Traded Funds (Cost		
\$49,625,205)		45,142,865
Total Long Term Investments (Cost \$91,618,682)		126,329,461
Short Term Investments 1.1%		
Money Market Funds 1.1%		
^{b,c} Institutional Fiduciary Trust - Money Market Portfolio, 4.332%	1,408,058	1,408,058
Total Money Market Funds (Cost \$1,408,058)		1,408,058
Total Short Term Investments (Cost \$1,408,058)		1,408,058
Total Investments (Cost \$93,026,740) 96.4%		\$127,737,519
Other Assets, less Liabilities 3.6%		4,771,944
Net Assets 100.0%		\$132,509,463

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

^aNon-income producing.

^bSee Note 3(e) regarding investments in FT Underlying Funds.

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

Franklin VolSmart Allocation VIP Fund (continued)

At June 30, 2025, the Fund had the following futures contracts outstanding. See Note 1(c).

Futures Contracts

Description	Type	Number of Contracts	Notional Amount*	Expiration Date	Value/ Unrealized Appreciation (Depreciation)
Equity contracts					
S&P 500 E-Mini Index	Short	68	\$21,262,750	9/19/25	\$(753,407)
Total Futures Contracts					\$(753,407)

*As of period end.

At June 30, 2025, the Fund had the following total return swap contracts outstanding. See Note 1(c).

Total Return Swap Contracts

Underlying Instruments	Financing Rate	Payment Frequency	Counter-party	Maturity Date	Notional Value*	Value/ Unrealized Appreciation (Depreciation)
OTC Swap Contracts						
Long^(a)						
Dynamic VIX Backwardation (BEFSDVB1 Index)	—	Monthly	BZWS	8/25/25	4,000,000	\$(1,014)
Total Return Swap Contracts						\$(1,014)

*In U.S. dollars unless otherwise indicated.

^(a)The Fund receives the total return on the underlying instrument.

See Note 6 regarding other derivative information.

See Abbreviations on page 25.

Statement of Assets and Liabilities

June 30, 2025 (unaudited)

	Franklin VolSmart Allocation VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$41,993,477
Cost - Non-controlled affiliates (Note 3e)	51,033,263
Value - Unaffiliated issuers	\$81,186,596
Value - Non-controlled affiliates (Note 3e)	46,550,923
Cash	48,773
Receivables:	
Investment securities sold	2,502,334
Capital shares sold	694,660
Dividends	48,007
Deposits with brokers for:	
OTC derivative contracts	390,000
Futures contracts	1,371,079
Total assets	132,792,372
Liabilities:	
Payables:	
Capital shares redeemed	78,262
Management fees	58,767
Distribution fees	16,032
Professional fees	34,720
Trustees' fees and expenses	602
Variation margin on futures contracts	102,851
Unrealized depreciation on OTC swap contracts	1,014
Accrued expenses and other liabilities	(9,339)
Total liabilities	282,909
Net assets, at value	\$132,509,463
Net assets consist of:	
Paid-in capital	\$95,507,389
Total distributable earnings (losses)	37,002,074
Net assets, at value	\$132,509,463
	Franklin VolSmart Allocation VIP Fund
Class 1:	
Net assets, at value	\$4,284
Shares outstanding	368
Net asset value and maximum offering price per share ^a	\$11.65
Class 2:	
Net assets, at value	\$162,687
Shares outstanding	13,877
Net asset value and maximum offering price per share ^a	\$11.72
Class 5:	
Net assets, at value	\$132,342,492
Shares outstanding	11,314,458
Net asset value and maximum offering price per share ^a	\$11.70

^aNet asset value per share may not recalculate due to rounding.

Statement of Operations

for the six months ended June 30, 2025 (unaudited)

**Franklin
VolSmart
Allocation VIP
Fund**

Investment income:	
Dividends: (net of foreign taxes of \$40)	
Unaffiliated issuers	\$682,275
Non-controlled affiliates (Note 3e)	1,236,967
Interest:	
Unaffiliated issuers	12,985
Total investment income	1,932,227
Expenses:	
Management fees (Note 3a)	534,410
Distribution fees: (Note 3c)	
Class 2	205
Class 5	100,075
Custodian fees	535
Reports to shareholders fees	4,890
Professional fees	46,164
Trustees' fees and expenses	1,270
Other	4,795
Total expenses	692,344
Expenses waived/paid by affiliates (Note 3e and 3f)	(157,854)
Net expenses	534,490
Net investment income	1,397,737
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	6,587,342
Non-controlled affiliates (Note 3e)	(166,040)
Futures contracts	(4,103,594)
Swap contracts	(475,996)
Capital gain distributions from Underlying Funds:	
Non-controlled affiliates (Note 3e)	102,934
Net realized gain (loss)	1,944,646
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	(1,411,482)
Non-controlled affiliates (Note 3e)	687,719
Futures contracts	(753,407)
Swap contracts	228,180
Net change in unrealized appreciation (depreciation)	(1,248,990)
Net realized and unrealized gain (loss)	695,656
Net increase (decrease) in net assets resulting from operations	\$2,093,393

Statements of Changes in Net Assets

	Franklin VolSmart Allocation VIP Fund	
	Six Months Ended June 30, 2025 (unaudited)	Year Ended December 31, 2024
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$1,397,737	\$2,551,924
Net realized gain (loss)	1,944,646	16,762,453
Net change in unrealized appreciation (depreciation)	(1,248,990)	(1,928,802)
Net increase (decrease) in net assets resulting from operations	2,093,393	17,385,575
Distributions to shareholders:		
Class 1	(715)	(169)
Class 2	(23,475)	(7,620)
Class 5	(18,742,527)	(5,130,477)
Total distributions to shareholders	(18,766,717)	(5,138,266)
Capital share transactions: (Note 2)		
Class 2	17,044	39,281
Class 5	8,595,342	(31,452,078)
Total capital share transactions	8,612,386	(31,412,797)
Net increase (decrease) in net assets	(8,060,938)	(19,165,488)
Net assets:		
Beginning of period	140,570,401	159,735,889
End of period	\$132,509,463	\$140,570,401

Notes to Financial Statements (unaudited)

Franklin VolSmart Allocation VIP Fund

1. Organization and Significant Accounting Policies

Franklin Templeton Variable Insurance Products Trust (Trust) is registered under the Investment Company Act of 1940 (1940 Act) as an open-end management investment company, consisting of eighteen separate funds. The Trust follows the accounting and reporting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 946, Financial Services – Investment Companies (ASC 946) and applies the specialized accounting and reporting guidance in U.S. Generally Accepted Accounting Principles (U.S. GAAP), including, but not limited to, ASC 946. Franklin VolSmart Allocation VIP Fund (Fund) is included in this report. The Fund invests a large percentage of its assets in mutual funds (Underlying Funds) and exchange traded funds (ETFs), including affiliated funds managed by Franklin Templeton (FT Underlying Funds). Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. At June 30, 2025, 98.0% of the Fund's shares were held through one insurance company. Investment activities of these insurance company separate accounts could have a material impact on the Fund. The Fund offers three classes of shares: Class 1, Class 2 and Class 5. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The accounting policies of the Underlying Funds are outlined in their respective shareholder reports. A copy of the Underlying Funds' shareholder reports is available on the U.S. Securities and Exchange Commission (SEC) website at sec.gov. The Underlying Funds' shareholder reports are not covered by this report.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

The Fund's investments in financial instruments are carried at fair value daily. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Fund calculates the net asset value (NAV) per share each business day as of 4 p.m. Eastern time or the regularly scheduled close of the New York Stock Exchange (NYSE), whichever is earlier. Under compliance policies and procedures approved by the Trust's Board of

Trustees (the Board), the Board has designated the Fund's investment manager as the valuation designee and has responsibility for oversight of valuation. The investment manager is assisted by the Fund's administrator in performing this responsibility, including leading the cross-functional Valuation Committee (VC). The Fund may utilize independent pricing services, quotations from securities and financial instrument dealers, and other market sources to determine fair value.

Investments in the Underlying Funds are valued at their closing NAV each trading day.

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

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

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

Franklin VolSmart Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies

(continued)

a. Financial Instrument Valuation (continued)

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

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

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

b. Foreign Currency Translation

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

value. If such an event occurs, the foreign exchange rate will be valued at fair value using procedures established and approved by the Board.

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

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

c. 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.

Franklin VolSmart Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

c. Derivative Financial Instruments (continued)

Termination events applicable to the counterparty include certain deteriorations in the credit quality of the counterparty. Termination events applicable to the Fund include failure of the Fund to maintain certain net asset levels and/or limit the decline in net assets over various periods of time. In the event of default or early termination, the ISDA master agreement gives the non-defaulting party the right to net and close-out all transactions traded, whether or not arising under the ISDA agreement, to one net amount payable by one counterparty to the other. However, absent an event of default or early termination, OTC derivative assets and liabilities are presented gross and not offset in the Statement of Assets and Liabilities. Early termination by the counterparty may result in an immediate payment by the Fund of any net liability owed to that counterparty under the ISDA agreement. At June 30, 2025, the Fund had OTC derivatives in a net liability position of \$1,014 and the aggregate value of collateral pledged for such contracts was \$390,000.

Collateral requirements differ by type of derivative. Collateral or initial margin requirements are set by the broker or exchange clearing house for exchange traded and centrally cleared derivatives. Initial margin deposited is held at the exchange and can be in the form of cash and/or securities. For OTC derivatives traded under an ISDA master agreement, posting of collateral is required by either the Fund or the applicable counterparty if the total net exposure of all OTC derivatives with the applicable counterparty exceeds the minimum transfer amount, which typically ranges from \$100,000 to \$250,000, and can vary depending on the counterparty and the type of agreement. Generally, collateral is determined at the close of Fund business each day and any additional collateral required due to changes in derivative values may be delivered by the Fund or the counterparty the next business day, or within a few business days. Collateral pledged and/or received by the Fund for OTC derivatives, if any, is held in segregated accounts with the Fund's custodian/counterparty broker and can be in the form of cash and/or securities. Unrestricted cash may be invested according to the Fund's investment objectives. To the extent that the amounts due to the Fund from its counterparties are not subject to collateralization or are not fully collateralized, the Fund bears the risk of loss from counterparty non-performance.

The Fund entered into exchange traded futures contracts primarily to manage and/or gain exposure to equity price risk. A futures contract is an agreement between the Fund and a counterparty to buy or sell an asset at a specified price on a future date. Required initial margins are pledged by the Fund, and the daily change in fair value is accounted for as a variation margin payable or receivable in the Statement of Assets and Liabilities. Futures contracts outstanding at period end, if any, are listed in the Fund's Schedule of Investments.

The Fund entered into OTC total return swap contracts primarily to manage and/or gain exposure to credit risk of an underlying instrument such as a stock, bond, index or basket of securities or indices. A total return swap is an agreement between the Fund and a counterparty to exchange a return linked to an underlying instrument for a floating or fixed rate payment, both based upon a notional amount. Over the term of the contract, contractually required payments to be paid or received are accrued daily and recorded as unrealized appreciation or depreciation until the payments are made, at which time they are recognized as realized gain or loss. Total return swap contracts outstanding at period end, if any, are listed in the Fund's Schedule of Investments.

See Note 6 regarding other derivative information.

d. Income and Deferred Taxes

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

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

Franklin VolSmart Allocation VIP Fund (continued)

1. Organization and Significant Accounting Policies

(continued)

d. Income and Deferred Taxes (continued)

The Fund may recognize an income tax liability related to its uncertain tax positions under U.S. GAAP when the uncertain tax position has a less than 50% probability that it will be sustained upon examination by the tax authorities based on its technical merits. As of June 30, 2025, the Fund has determined that no tax liability is required in its financial statements related to uncertain tax positions for any open tax years (or expected to be taken in future tax years). Open tax years are those that remain subject to examination and are based on the statute of limitations in each jurisdiction in which the Fund invests.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Interest income (including interest income from payment-in-kind securities, if any) and estimated expenses are accrued daily. Dividend income and capital gain distributions by Underlying Funds and ETFs are recorded on the ex-dividend date except for certain dividends from securities where the dividend rate is not available. In such cases, the dividend is recorded as soon as the information is received by the Fund. Distributions to shareholders are recorded on the ex-dividend date. Distributable earnings are determined according to income tax regulations (tax basis) and may differ from earnings recorded in accordance with U.S. GAAP. These differences may be permanent or temporary. Permanent differences are reclassified among capital accounts to reflect their tax character. These reclassifications have no impact on net assets or the results of operations. Temporary differences are not reclassified, as they may reverse in subsequent periods.

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

The Fund indirectly bears its proportionate share of expenses from the Underlying Funds and ETFs. Since the Underlying Funds and ETFs have varied expense levels and the Fund may own different proportions of the Underlying Funds and ETFs at different times, the amount of expenses incurred indirectly by the Fund will vary.

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

f. Accounting Estimates

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

g. Guarantees and Indemnifications

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

2. Shares of Beneficial Interest

At June 30, 2025, there were an unlimited number of shares authorized (without par value). During the period ended June 30, 2025 and the year ended December 31, 2024, there were no transactions of the Fund's Class 1 shares. Transactions in the Fund's Class 2 and Class 5 shares were as follows:

Franklin VolSmart Allocation VIP Fund (continued)

2. Shares of Beneficial Interest (continued)

	Six Months Ended June 30, 2025		Year Ended December 31, 2024	
	Shares	Amount	Shares	Amount
Class 2 Shares:				
Shares sold	325	\$4,354	16,683	\$212,735
Shares issued in reinvestment of distributions	1,590	18,328	490	6,384
Shares redeemed	(431)	(5,638)	(13,654)	(179,838)
Net increase (decrease)	1,484	\$17,044	3,519	\$39,281
Class 5 Shares:				
Shares sold	421,916	\$5,453,758	468,170	\$6,114,023
Shares issued in reinvestment of distributions	1,629,785	18,742,527	394,652	5,130,477
Shares redeemed	(1,192,754)	(15,600,943)	(3,246,808)	(42,696,578)
Net increase (decrease)	858,947	\$8,595,342	(2,383,986)	\$(31,452,078)

3. Transactions with Affiliates

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

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

a. Management Fees

The Fund pays an investment management fee, calculated daily and paid monthly, to Advisers of 0.80% per year of the average daily net assets of the Fund.

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 5 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% and 0.15% per year of its average daily net assets of Class 2 and Class 5, respectively. The Board has agreed to limit the current rate to 0.25% per year for Class 2. The plan year, for purposes of monitoring compliance with the maximum annual plan rates, is February 1 through January 31.

d. Transfer Agent Fees

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

Franklin VolSmart Allocation VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in FT Underlying Funds

The Fund invests in Underlying Funds which are managed by affiliates of the Fund's administrative manager, Franklin Templeton Services, LLC. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the Underlying Fund's outstanding shares or has the power to exercise control over management or policies of such Underlying Fund. The Fund does not invest in Underlying Funds for the purpose of exercising a controlling influence over the management or policies. Management fees paid by the Fund are waived on assets invested in the Underlying Funds, as noted in the Statement of Operations, in an amount not to exceed the management and administrative fees, if applicable, paid directly or indirectly by the Underlying Funds.

Investments in Underlying Funds for the period ended June 30, 2025, were as follows:

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Dividend Income
Franklin VolSmart Allocation VIP Fund								
Non-Controlled Affiliates								
Franklin Income VIP Fund, Class 1	\$10,986,407	\$617,283	\$(1,260,001)	\$(166,040)	\$24,419	\$10,202,068	681,956	\$617,283 ^a
Franklin U.S. Core Bond ETF . . .	22,876,850	—	—	—	466,432	23,343,282	1,084,725	403,981
Institutional Fiduciary Trust - Money Market Portfolio, 4.332%	4,998,049	16,335,818	(19,925,809)	—	—	1,408,058	1,408,058	64,057
Putnam Core Bond Fund, Class R6	11,185,947	214,700	—	—	196,868	11,597,515	1,409,176	254,580
Total Affiliated Securities	\$50,047,253	\$17,167,801	\$(21,185,810)	\$(166,040)	\$687,719	\$46,550,923		\$1,339,901

^aDividend income includes capital gain distributions received, if any, from underlying funds, and are presented in corresponding line item in the Statement of Operations.

f. Waiver and Expense Reimbursements

Advisers has contractually agreed in advance to waive or limit its fees and to assume as its own expense certain expenses otherwise payable by the Fund so that the operating expenses (excluding interest expense, distribution fees, acquired fund fees and expenses and certain non-routine expenses or costs, including those relating to litigation, indemnification, reorganizations, and liquidations) for each class of the Fund do not exceed 0.65% based on the average net assets of each class until April 30, 2026. Total expenses waived or paid are not subject to recapture subsequent to the Fund's fiscal year end.

4. Income Taxes

At June 30, 2025, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	\$93,124,341
Unrealized appreciation	\$39,796,242
Unrealized depreciation	(5,937,485)
Net unrealized appreciation (depreciation)	<u>\$33,858,757</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 wash sales and derivative financial instruments.

Franklin VolSmart Allocation VIP Fund (continued)

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2025, aggregated \$9,704,834 and \$24,742,681, respectively.

6. Other Derivative Information

At June 30, 2025, investments in derivative contracts are reflected in the Statement of Assets and Liabilities as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Asset Derivatives		Liability Derivatives	
	Statement of Assets and Liabilities Location	Fair Value	Statement of Assets and Liabilities Location	Fair Value
Franklin VolSmart Allocation VIP Fund				
Equity contracts				
	Variation margin on futures contracts	\$—	Variation margin on futures contracts	\$753,407 ^a
	Unrealized appreciation on OTC swap contracts	—	Unrealized depreciation on OTC swap contracts	1,014
Total		<u>\$—</u>		<u>\$754,421</u>

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

For the period ended June 30, 2025, the effect of derivative contracts in the Statement of Operations was as follows:

Derivative Contracts Not Accounted for as Hedging Instruments	Statement of Operations Location	Net Realized Gain (Loss) for the Period	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Period
Franklin VolSmart Allocation VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Equity contracts				
	Futures contracts	\$ (4,103,594)	Futures contracts	\$ (753,407)
	Swap contracts	(475,996)	Swap contracts	228,180
Total		<u>\$ (4,579,590)</u>		<u>\$ (525,227)</u>

For the period ended June 30, 2025, the average month end notional amount of futures contracts and swap contracts represented \$11,437,050 and \$4,000,000, respectively.

See Note 1(c) regarding derivative financial instruments.

7. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.995 billion (Global Credit Facility) which matures on January 30, 2026. 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.

Franklin VolSmart Allocation VIP Fund (continued)

7. Credit Facility (continued)

Under the terms of the Global Credit Facility, the Fund may, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2025, the Fund did not use the Global Credit Facility.

8. Fair Value Measurements

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

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

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

A summary of inputs used as of June 30, 2025, in valuing the Fund's assets and liabilities carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin VolSmart Allocation VIP Fund				
Assets:				
Investments in Securities: ^a				
Common Stocks	\$81,186,596	\$—	\$—	\$81,186,596
Investments in Underlying Funds and Exchange Traded Funds	45,142,865	—	—	45,142,865
Short Term Investments	1,408,058	—	—	1,408,058
Total Investments in Securities	\$127,737,519	\$—	\$—	\$127,737,519
Liabilities:				
Other Financial Instruments:				
Futures Contracts	753,407	—	—	753,407
Swap Contracts	—	1,014	—	1,014
Total Other Financial Instruments	\$753,407	\$1,014	\$—	\$754,421

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

9. New Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740) – Improvements to Income Tax Disclosures. The amendments enhance income tax disclosures by requiring greater disaggregation in the rate reconciliation and income taxes paid by jurisdiction, while removing certain disclosure requirements. The ASU is effective for annual periods beginning after December 15, 2024, with early adoption permitted. Management is currently evaluating the impact and believes that the adoption of the ASU will not have a material impact on the financial statements.

Franklin VolSmart Allocation VIP Fund (continued)

10. Operating Segments

The Fund has adopted the FASB Accounting Standards Update (ASU) 2023-07, *Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures*. The update is limited to disclosure requirements and does not impact the Fund's financial position or results of operations.

The Fund operates as a single operating segment, which is an investment portfolio. The Fund's Investment manager serves as the Chief Operating Decision Maker (CODM), evaluating fund-wide results and performance under a unified investment strategy. The CODM uses these measures to assess fund performance and allocate resources effectively. Internal reporting provided to the CODM aligns with the accounting policies and measurement principles used in the financial statements.

For information regarding segment assets, segment profit or loss, and significant expenses, refer to the Statement of Assets and Liabilities and the Statement of Operations, along with the related notes to the financial statements. The Schedule of Investments provides details of the Fund's investments that generate returns such as interest, dividends, and realized and unrealized gains or losses. Performance metrics, including portfolio turnover and expense ratios, are disclosed in the Financial Highlights.

11. Subsequent Events

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

Abbreviations

Counterparty

BZWS	Barclays Bank plc
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Selected Portfolio

ETF	Exchange-Traded Fund
REIT	Real Estate Investment Trust
VIX	Market Volatility Index

Changes In and Disagreements with Accountants

For the period covered by this report

Not applicable.

Results of Meeting(s) of Shareholders

For the period covered by this report

Not applicable.

Remuneration Paid to Directors, Officers and Others

For the period covered by this report

Refer to the financial statements included herein. Remuneration to officers is paid by the Fund's investment manager according to the terms of the agreement.

Board Approval of Management and Subadvisory Agreements

For the period covered by this report

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST

Franklin VolSmart Allocation VIP Fund
(Fund)

At an in-person meeting held on April 15, 2025 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not "interested persons" as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the investment management agreement between Franklin Advisers, Inc. (Manager) and the Trust, on behalf of the Fund (Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel to consider the renewal of the Management Agreement.

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

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

Nature, Extent and Quality of Services

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

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of Franklin Resources, Inc. (FRI), the Manager's parent, and its commitment to the mutual fund business as evidenced by its continued reassessment of the fund offerings in response to FT acquisitions and the market environment, as well as its evaluation of ways to incorporate private assets into more traditional investment vehicles. The Board specifically noted FT's commitment to technological innovation and advancement, including its continued focus on developing potential use cases for tokenization and the blockchain and the use of artificial intelligence tools to help streamline day-to-day tasks.

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

Fund Performance

The Board reviewed and considered the performance results of the Fund over various time periods ended December 31, 2024. The Board considered the performance returns for the Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of the Fund's performance results is below.

The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying variable insurance products (VIPs). The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Comparative Fees and Expenses

The Board reviewed and considered information regarding the Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of the

Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from the fund's most recent annual or semi-annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

The Expense Group for the Fund included the Fund, three other flexible portfolio funds underlying VIPs and one mixed-asset target allocation aggressive growth fund underlying VIPs. The Board noted that the Management Rate and actual total expense ratio for the Fund were above the medians of its Expense Group. The Board also noted management's explanation that, unlike the peers in the Fund's Expense Group that primarily invest in underlying funds, the Fund primarily makes direct investments. Management further explained that, when comparing the Fund's and the Expense Group peers' actual total expense ratios including underlying fund expenses, the Fund's actual total expense ratio is the second lowest among its peers. The Board further noted the small size of the Fund's Expense Group for the Management Rate and actual total expense ratio and that no quintile information was provided for the Fund. The Board also noted that the Fund's actual total expense ratio reflected an expense cap on operating expenses. The Board concluded that the Management Rate charged to the Fund is reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by the Manager and its affiliates in connection with the operation of the Fund. In this respect, the Board considered the Fund profitability analysis provided by the Manager that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2024, being the most recent fiscal year-end for FRI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Fund's profitability report presentations from prior years. The Board also noted that an independent registered public accounting firm has been engaged by the Manager to periodically review and assess the allocation methodologies to be used solely by the Fund's Board with respect to the profitability analysis.

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

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

Economies of Scale

The Board reviewed and considered the extent to which the Manager may realize economies of scale, if any, as the Fund grows larger and whether the Fund's management fee structure reflects any economies of scale for the benefit of shareholders. The Board considered management's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments the Manager incurs across the FT family of funds as a whole. The Board noted that the Fund does not currently have an asset size that would likely enable the Fund to achieve economies of scale.

Conclusion

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



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