



Franklin Income VIP Fund

Financial Statements and Other Important Information

Annual | December 31, 2025

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Financial Highlights

Franklin Income VIP Fund

	Year Ended December 31,				
	2025	2024	2023	2022	2021
Class 1					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$15.12	\$14.91	\$15.39	\$17.47	\$15.65
Income from investment operations ^a :					
Net investment income ^b	0.61	0.65	0.64	0.62	0.53
Net realized and unrealized gains (losses)	1.25	0.42	0.64	(1.55)	2.09
Total from investment operations	1.86	1.07	1.28	(0.93)	2.62
Less distributions from:					
Net investment income	(0.80)	(0.80)	(0.82)	(0.83)	(0.80)
Net realized gains	(0.16)	(0.06)	(0.94)	(0.32)	—
Total distributions	(0.96)	(0.86)	(1.76)	(1.15)	(0.80)
Net asset value, end of year	\$16.02	\$15.12	\$14.91	\$15.39	\$17.47
Total return ^c	12.87%	7.46%	8.87%	(5.24)%	17.00%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.47%	0.47%	0.46%	0.45%	0.47%
Expenses net of waiver and payments by affiliates	0.47% ^e	0.46%	0.46% ^{d,e}	0.45% ^{d,e}	0.47% ^{d,e}
Net investment income	3.97%	4.28%	4.35%	3.82%	3.20%
Supplemental data					
Net assets, end of year (000's)	\$336,475	\$308,491	\$291,326	\$220,272	\$243,732
Portfolio turnover rate	41.45%	39.80%	34.98%	64.51%	39.27%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

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

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

Franklin Income VIP Fund (continued)

	Year Ended December 31,				
	2025	2024	2023	2022	2021
Class 2					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.36	\$14.20	\$14.73	\$16.76	\$15.04
Income from investment operations ^a :					
Net investment income ^b	0.54	0.58	0.58	0.55	0.47
Net realized and unrealized gains (losses)	1.19	0.41	0.61	(1.48)	2.02
Total from investment operations	1.73	0.99	1.19	(0.93)	2.49
Less distributions from:					
Net investment income	(0.77)	(0.77)	(0.78)	(0.78)	(0.77)
Net realized gains	(0.16)	(0.06)	(0.94)	(0.32)	—
Total distributions	(0.93)	(0.83)	(1.72)	(1.10)	(0.77)
Net asset value, end of year	\$15.16	\$14.36	\$14.20	\$14.73	\$16.76
Total return ^c	12.56%	7.20%	8.62%	(5.47)%	16.75%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.72%	0.72%	0.71%	0.70%	0.72%
Expenses net of waiver and payments by affiliates	0.72% ^e	0.71%	0.71% ^{d,e}	0.70% ^{d,e}	0.72% ^{d,e}
Net investment income	3.72%	4.03%	4.09%	3.56%	2.95%
Supplemental data					
Net assets, end of year (000's)	\$2,513,164	\$2,463,454	\$2,546,077	\$2,545,382	\$3,026,228
Portfolio turnover rate	41.45%	39.80%	34.98%	64.51%	39.27%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

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

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

Franklin Income VIP Fund (continued)

	Year Ended December 31,				
	2025	2024	2023	2022	2021
Class 4					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.86	\$14.67	\$15.16	\$17.23	\$15.45
Income from investment operations ^a :					
Net investment income ^b	0.55	0.58	0.58	0.55	0.46
Net realized and unrealized gains (losses)	1.22	0.42	0.64	(1.53)	2.07
Total from investment operations	1.77	1.00	1.22	(0.98)	2.53
Less distributions from:					
Net investment income	(0.75)	(0.75)	(0.77)	(0.77)	(0.75)
Net realized gains	(0.16)	(0.06)	(0.94)	(0.32)	—
Total distributions	(0.91)	(0.81)	(1.71)	(1.09)	(0.75)
Net asset value, end of year	\$15.72	\$14.86	\$14.67	\$15.16	\$17.23
Total return ^c	12.43%	7.08%	8.55%	(5.59)%	16.59%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.82%	0.82%	0.81%	0.80%	0.82%
Expenses net of waiver and payments by affiliates	0.82% ^e	0.81%	0.81% ^{d,e}	0.80% ^{d,e}	0.82% ^{d,e}
Net investment income	3.62%	3.92%	3.99%	3.49%	2.82%
Supplemental data					
Net assets, end of year (000's)	\$401,408	\$370,279	\$352,794	\$325,205	\$333,522
Portfolio turnover rate	41.45%	39.80%	34.98%	64.51%	39.27%

^aThe amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.

^bBased on average daily shares outstanding.

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

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

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

Schedule of Investments, December 31, 2025

Franklin Income VIP Fund

	Country	Shares	Value
Common Stocks 34.3%			
Aerospace & Defense 1.5%			
Lockheed Martin Corp.	United States	65,000	\$31,438,550
RTX Corp.	United States	90,000	16,506,000
			47,944,550
Air Freight & Logistics 0.4%			
United Parcel Service, Inc., B	United States	139,000	13,787,410
Banks 1.5%			
Citigroup, Inc.	United States	50,000	5,834,500
Fifth Third Bancorp	United States	200,000	9,362,000
JPMorgan Chase & Co.	United States	100,000	32,222,000
			47,418,500
Beverages 2.1%			
Coca-Cola Co. (The)	United States	250,000	17,477,500
PepsiCo, Inc.	United States	350,000	50,232,000
			67,709,500
Biotechnology 1.1%			
AbbVie, Inc.	United States	100,000	22,849,000
Amgen, Inc.	United States	35,000	11,455,850
			34,304,850
Building Products 0.4%			
Johnson Controls International plc.	United States	100,000	11,975,000
Capital Markets 1.5%			
Charles Schwab Corp. (The)	United States	100,000	9,991,000
Morgan Stanley	United States	200,000	35,506,000
*Yeoman Capital SA	Luxembourg	250,000	2,191,160
			47,688,160
Chemicals 1.0%			
Air Products and Chemicals, Inc.	United States	115,000	28,407,300
LyondellBasell Industries NV, A	United States	110,000	4,763,000
			33,170,300
Communications Equipment 1.2%			
Cisco Systems, Inc.	United States	500,000	38,515,000
Consumer Staples Distribution & Retail 0.2%			
Target Corp.	United States	75,000	7,331,250
Containers & Packaging 0.1%			
International Paper Co.	United States	125,000	4,923,750
Diversified Telecommunication Services 0.3%			
Verizon Communications, Inc.	United States	250,000	10,182,500
Electric Utilities 3.0%			
Duke Energy Corp.	United States	150,000	17,581,500
Edison International	United States	75,000	4,501,500
NextEra Energy, Inc.	United States	450,000	36,126,000
Southern Co. (The)	United States	360,000	31,392,000
Xcel Energy, Inc.	United States	130,000	9,601,800
			99,202,800
Energy Equipment & Services 0.7%			
Halliburton Co.	United States	135,000	3,815,100
SLB Ltd.	United States	481,415	18,476,707
			22,291,807

Franklin Income VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Food Products 0.6%			
Nestle SA, ADR	United States	190,000	\$18,768,200
Ground Transportation 0.9%			
Union Pacific Corp.	United States	129,993	30,069,981
Health Care Equipment & Supplies 0.3%			
Medtronic plc	United States	100,000	9,606,000
Hotels, Restaurants & Leisure 0.3%			
McDonald's Corp.	United States	30,000	9,168,900
Household Products 1.3%			
Procter & Gamble Co. (The)	United States	300,000	42,993,000
Industrial Conglomerates 0.5%			
Honeywell International, Inc.	United States	85,000	16,582,650
IT Services 0.3%			
International Business Machines Corp.	United States	30,000	8,886,300
Machinery 0.2%			
Caterpillar, Inc.	United States	12,500	7,160,875
Media 0.4%			
Comcast Corp., A	United States	400,000	11,956,000
Metals & Mining 0.4%			
Freeport-McMoRan, Inc.	United States	249,529	12,673,578
Multi-Utilities 1.0%			
Dominion Energy, Inc.	United States	300,000	17,577,000
Sempra, Inc.	United States	180,000	15,892,200
			33,469,200
Oil, Gas & Consumable Fuels 5.1%			
Chevron Corp.	United States	350,000	53,343,500
ConocoPhillips	United States	150,000	14,041,500
Exxon Mobil Corp.	United States	525,035	63,182,712
Shell plc, ADR.	United States	250,000	18,370,000
TotalEnergies SE	France	250,000	16,355,000
			165,292,712
Pharmaceuticals 5.2%			
Bristol-Myers Squibb Co.	United States	229,919	12,401,831
Johnson & Johnson	United States	350,000	72,432,500
^a Keenova Therapeutics plc.	United States	48,391	4,328,575
Merck & Co., Inc.	United States	500,000	52,630,000
^a Par Health, Inc.	United States	48,391	453,666
Pfizer, Inc.	United States	1,059,816	26,389,418
			168,635,990
Semiconductors & Semiconductor Equipment 1.1%			
Analog Devices, Inc.	United States	34,000	9,220,800
Texas Instruments, Inc.	United States	155,000	26,890,950
			36,111,750
Specialty Retail 1.1%			
Home Depot, Inc. (The)	United States	100,000	34,410,000
Tobacco 0.6%			
Philip Morris International, Inc.	United States	130,000	20,852,000
Total Common Stocks (Cost \$850,369,572)			1,113,082,513

Franklin Income VIP Fund (continued)

	Country	Shares	Value
^bEquity-Linked Securities 15.5%			
Aerospace & Defense 0.4%			
^c JPMorgan Chase Bank NA into Boeing Co. (The), 144A, 10%, 1/22/26	United States	65,000	\$13,032,240
Banks 1.4%			
^c JPMorgan Chase Bank NA into Truist Financial Corp., 144A, 9.5%, 3/02/26	United States	168,000	7,975,290
^c UBS AG into Bank of America Corp., 144A, 8%, 1/28/26	United States	500,000	26,082,419
^c Wells Fargo Bank NA into Citigroup, Inc., 144A, 8.5%, 2/25/26 ..	United States	130,000	12,539,578
			46,597,287
Biotechnology 0.6%			
^c Mizuho Markets Cayman LP into Amgen, Inc., 144A, 10%, 6/15/26	United States	60,000	18,339,660
Broadline Retail 0.6%			
^c Barclays Bank plc into Amazon.com, Inc., 144A, 10%, 3/25/26 ..	United States	50,000	10,939,362
^c J.P. Morgan Structured Products BV into Amazon.com, Inc., 144A, 9%, 1/11/27	United States	36,000	8,245,652
			19,185,014
Chemicals 0.8%			
^c BofA Finance LLC into Albemarle Corp., 144A, 12.5%, 8/28/26 ..	United States	255,000	25,898,902
Consumer Staples Distribution & Retail 0.4%			
^c BNP Paribas Issuance BV into Target Corp., 144A, 11%, 10/07/26	United States	40,000	3,850,514
^c Toronto-Dominion Bank (The) into Target Corp., 144A, 12%, 6/30/26	United States	80,000	7,773,207
			11,623,721
Electric Utilities 0.3%			
^c Wells Fargo Bank NA into NextEra Energy, Inc., 144A, 9.5%, 10/22/26	United States	100,000	8,354,708
Energy Equipment & Services 0.2%			
^c Merrill Lynch BV into Halliburton Co., 144A, 8.5%, 9/21/26	United States	325,000	8,329,763
Health Care Providers & Services 1.0%			
^c Citigroup Global Markets Holdings, Inc. into UnitedHealth Group, Inc., 144A, 9%, 1/27/26	United States	15,000	5,121,537
^c Merrill Lynch BV into UnitedHealth Group, Inc., 144A, 9%, 9/25/26	United States	25,000	8,168,021
^c Merrill Lynch BV into UnitedHealth Group, Inc., 144A, 10%, 7/01/26	United States	25,000	8,398,140
^c Wells Fargo Bank NA into CVS Health Corp., 144A, 10%, 4/09/26	United States	150,000	11,612,480
			33,300,178
Hotels, Restaurants & Leisure 0.5%			
^c Toronto-Dominion Bank (The) into Starbucks Corp., 144A, 9%, 1/12/26	United States	190,000	16,404,576
Interactive Media & Services 0.5%			
^c Mizuho Markets Cayman LP into Meta Platforms, Inc., 144A, 10%, 12/07/26	United States	26,000	16,587,481
IT Services 0.9%			
^c Citigroup Global Markets Holdings, Inc. into International Business Machines Corp., 144A, 8.5%, 8/21/26	United States	35,000	9,462,261
^c Morgan Stanley Finance LLC into International Business Machines Corp., 144A, 8%, 4/08/27	United States	40,000	11,638,483
^c UBS AG into Accenture plc, 144A, 8%, 7/13/26	United States	31,000	8,647,557
			29,748,301

Franklin Income VIP Fund (continued)

	Country	Shares	Value
Equity-Linked Securities (continued)			
Media 0.2%			
°Merrill Lynch BV into Comcast Corp., 144A, 8.5%, 6/22/26	United States	255,000	\$7,726,062
Metals & Mining 0.6%			
°BNP Paribas Issuance BV into Freeport-McMoRan, Inc., 144A, 10%, 8/28/26	United States	400,000	18,294,305
Oil, Gas & Consumable Fuels 0.6%			
°Mizuho Markets Cayman LP into Exxon Mobil Corp., 144A, 8.5%, 4/07/26	United States	159,000	19,341,877
Semiconductors & Semiconductor Equipment 3.7%			
°Bank of America NA into Microchip Technology, Inc., 144A, 11%, 9/03/26	United States	200,000	12,920,684
°Barclays Bank plc into Microchip Technology, Inc., 144A, 10%, 10/05/26	United States	200,000	13,145,064
°Barclays Bank plc into Micron Technology, Inc., 144A, 10%, 9/08/26	United States	90,000	13,283,051
°BNP Paribas SA into Texas Instruments, Inc., 144A, 9%, 7/01/26	United States	113,500	20,533,455
°Citigroup Global Markets Holdings, Inc. into Intel Corp., 144A, 10%, 3/03/26	United States	541,000	18,073,890
°Mizuho Markets Cayman LP into Analog Devices, Inc., 144A, 8.5%, 5/18/26	United States	80,000	18,452,453
°Toronto-Dominion Bank (The) into QUALCOMM, Inc., 144A, 10%, 11/25/26	United States	85,000	15,030,985
°UBS AG into Marvell Technology, Inc., 144A, 12%, 5/14/26	United States	110,000	8,218,616
			119,658,198
Software 1.6%			
°Merrill Lynch BV into Microsoft Corp., 144A, 7%, 3/09/26	United States	32,655	14,511,635
°Mizuho Markets Cayman LP into Microsoft Corp., 144A, 7.25%, 1/11/27	United States	47,000	22,726,631
°UBS AG into Oracle Corp., 144A, 12%, 1/11/27	United States	33,000	6,328,897
°Wells Fargo Bank NA into Salesforce, Inc., 144A, 9%, 6/15/26	United States	35,000	9,267,809
			52,834,972
Specialty Retail 0.6%			
°J.P. Morgan Structured Products BV into Home Depot, Inc. (The), 144A, 8%, 10/20/26	United States	52,700	19,208,269
Technology Hardware, Storage & Peripherals 0.4%			
°Mizuho Markets Cayman LP into Dell Technologies, Inc., 144A, 12%, 11/09/26	United States	100,000	13,759,056
Textiles, Apparel & Luxury Goods 0.2%			
°Goldman Sachs International Bank into NIKE, Inc., 144A, 9%, 3/31/26	United States	100,000	6,481,229
Total Equity-Linked Securities (Cost \$479,766,189)			504,705,799
Convertible Preferred Stocks 2.0%			
Aerospace & Defense 0.5%			
Boeing Co. (The), 6%	United States	240,000	16,574,400
Capital Markets 0.1%			
Ares Management Corp., B, 6.75%	United States	50,000	2,520,000
Chemicals 0.4%			
Albemarle Corp., 7.25%	United States	230,000	13,659,700
Electric Utilities 0.3%			
NextEra Energy, Inc., 7.234%	United States	50,000	2,437,500

Franklin Income VIP Fund (continued)

	Country	Shares	Value
Convertible Preferred Stocks (continued)			
Electric Utilities (continued)			
Southern Co. (The), A, 7.125%	United States	135,000	\$6,798,600
			9,236,100
Financial Services 0.7%			
FNMA, 5.375%	United States	475	23,512,500
Total Convertible Preferred Stocks (Cost \$72,440,823)			65,502,700
		Principal Amount^f	
Corporate Bonds 34.2%			
Aerospace & Defense 1.4%			
Boeing Co. (The), Senior Note, 5.15%, 5/01/30	United States	15,000,000	15,417,839
^c Bombardier, Inc., Senior Note, 144A, 7.25%, 7/01/31	Canada	4,250,000	4,534,317
^c TransDigm, Inc.,			
Senior Secured Note, 144A, 6.75%, 8/15/28	United States	5,000,000	5,094,330
Senior Secured Note, 144A, 6.625%, 3/01/32	United States	15,000,000	15,625,035
Senior Sub. Note, 144A, 6.75%, 1/31/34	United States	5,750,000	5,993,335
			46,664,856
Automobile Components 0.3%			
^d Dornoch Debt Merger Sub, Inc., Senior Note, 144A, 6.625%, 10/15/29	United States	11,945,000	10,356,111
Automobiles 1.0%			
Ford Motor Co.,			
Senior Bond, 3.25%, 2/12/32	United States	3,000,000	2,644,782
Senior Bond, 6.1%, 8/19/32	United States	7,000,000	7,215,702
General Motors Co.,			
Senior Bond, 5.6%, 10/15/32	United States	5,000,000	5,231,871
Senior Bond, 5.15%, 4/01/38	United States	13,500,000	13,020,725
^e Rivian Holdings LLC / Rivian LLC / Rivian Automotive LLC, Senior Secured Note, 144A, 10%, 1/15/31	United States	3,000,000	2,951,352
			31,064,432
Banks 3.1%			
Barclays plc,			
Senior Bond, 5.746% to 8/08/32, FRN thereafter, 8/09/33 .. .	United Kingdom	15,000,000	15,752,237
Senior Bond, 7.437% to 11/01/32, FRN thereafter, 11/02/33 .. .	United Kingdom	10,000,000	11,438,602
Citigroup, Inc., Senior Bond, 6.27% to 11/16/32, FRN thereafter, 11/17/33	United States	24,500,000	26,688,329
JPMorgan Chase & Co.,			
^d NN, Junior Sub. Bond, 6.875% to 5/31/29, FRN thereafter, Perpetual	United States	5,000,000	5,306,329
^d OO, Junior Sub. Bond, 6.5% to 3/31/30, FRN thereafter, Perpetual	United States	3,000,000	3,119,614
Senior Bond, 6.254% to 10/22/33, FRN thereafter, 10/23/34 .. .	United States	3,000,000	3,299,078
PNC Financial Services Group, Inc. (The), Senior Bond, 6.037% to 10/27/32, FRN thereafter, 10/28/33	United States	8,000,000	8,650,849
Truist Financial Corp., Sub. Bond, 4.916% to 7/27/32, FRN thereafter, 7/28/33	United States	4,000,000	4,024,006
US Bancorp, Senior Bond, 5.85% to 10/20/32, FRN thereafter, 10/21/33	United States	10,000,000	10,712,802
Wells Fargo & Co., Senior Bond, 5.557% to 7/24/33, FRN thereafter, 7/25/34	United States	10,000,000	10,489,728
			99,481,574

Franklin Income VIP Fund (continued)

	Country	Principal Amount ¹	Value
Corporate Bonds (continued)			
Biotechnology 0.2%			
°Genmab A/S / Genmab Finance LLC,			
Senior Note, 144A, 7.25%, 12/15/33	Denmark	2,000,000	\$2,102,504
Senior Secured Note, 144A, 6.25%, 12/15/32	Denmark	4,000,000	4,102,166
			<u>6,204,670</u>
Building Products 0.6%			
°Camelot Return Merger Sub, Inc., Senior Secured Note, 144A,			
8.75%, 8/01/28	United States	3,400,000	2,637,500
°EMRLD Borrower LP / Emerald Co-Issuer, Inc., Senior Secured			
Note, 144A, 6.625%, 12/15/30	United States	11,000,000	11,470,383
°Quikrete Holdings, Inc., Senior Secured Note, 144A, 6.375%,			
3/01/32	United States	6,500,000	6,769,977
			<u>20,877,860</u>
Capital Markets 1.3%			
Goldman Sachs Group, Inc. (The), Senior Bond, 6.561% to			
10/23/33, FRN thereafter, 10/24/34	United States	17,000,000	18,953,923
Morgan Stanley,			
Senior Bond, 6.342% to 10/17/32, FRN thereafter, 10/18/33	United States	8,650,000	9,483,319
Senior Bond, 5.25% to 4/20/33, FRN thereafter, 4/21/34	United States	5,700,000	5,870,271
Senior Bond, 6.627% to 10/31/33, FRN thereafter, 11/01/34	United States	6,000,000	6,711,437
			<u>41,018,950</u>
Chemicals 1.5%			
Celanese US Holdings LLC, Senior Note, 6.665%, 7/15/27			
	United States	12,000,000	12,377,488
°Rain Carbon, Inc., Senior Secured Note, 144A, 12.25%, 9/01/29			
	United States	7,300,000	7,610,874
°SCIH Salt Holdings, Inc.,			
Senior Note, 144A, 6.625%, 5/01/29	United States	5,500,000	5,528,298
Senior Secured Note, 144A, 4.875%, 5/01/28	United States	4,388,000	4,404,841
°Tronox, Inc.,			
Senior Note, 144A, 4.625%, 3/15/29	United States	9,000,000	6,308,248
Senior Secured Note, 144A, 9.125%, 9/30/30	United States	11,000,000	10,991,792
			<u>47,221,541</u>
Commercial Services & Supplies 0.1%			
°RR Donnelley & Sons Co., Senior Secured Note, 144A, 9.5%,			
8/01/29	United States	4,500,000	4,654,102
Communications Equipment 1.0%			
°CommScope LLC,			
Senior Note, 144A, 8.25%, 3/01/27	United States	11,000,000	11,093,179
Senior Note, 144A, 7.125%, 7/01/28	United States	9,846,000	9,905,588
Senior Secured Note, 144A, 4.75%, 9/01/29	United States	5,500,000	5,496,563
Senior Secured Note, 144A, 9.5%, 12/15/31	United States	6,000,000	6,065,401
			<u>32,560,731</u>
Consumer Finance 1.3%			
Capital One Financial Corp.,			
Senior Note, 3.273% to 2/28/29, FRN thereafter, 3/01/30	United States	7,000,000	6,800,498
Senior Note, 5.247% to 7/25/29, FRN thereafter, 7/26/30	United States	6,070,000	6,262,281
Ford Motor Credit Co. LLC,			
Senior Note, 4.95%, 5/28/27	United States	15,000,000	15,063,646
Senior Note, 7.35%, 3/06/30	United States	1,500,000	1,610,547
Senior Note, 6.532%, 3/19/32	United States	7,654,000	8,007,711
General Motors Financial Co., Inc., Senior Bond, 6.4%, 1/09/33.			
	United States	5,000,000	5,400,607
			<u>43,145,290</u>

Franklin Income VIP Fund (continued)

	Country	Principal Amount ¹	Value
Corporate Bonds (continued)			
Containers & Packaging 1.3%			
°Ardagh Group SA,			
° Secured Note, 144A, PIK, 12%, 12/01/30	United States	11,000,000	\$9,993,194
Senior Secured Note, 144A, 9.5%, 12/01/30	United States	8,402,000	9,120,815
°Clydesdale Acquisition Holdings, Inc., Senior Secured Note,			
144A, 6.75%, 4/15/32	United States	4,000,000	4,115,778
°Mauser Packaging Solutions Holding Co.,			
Secured Note, 144A, 9.25%, 4/15/30	United States	12,032,000	11,610,880
Senior Secured Note, 144A, 7.875%, 4/15/30	United States	7,000,000	6,951,248
			41,791,915
Diversified Telecommunication Services 0.8%			
°CCO Holdings LLC / CCO Holdings Capital Corp.,			
Senior Bond, 144A, 4.75%, 3/01/30	United States	2,500,000	2,389,172
Senior Note, 144A, 6.375%, 9/01/29	United States	17,500,000	17,749,389
°Connect Holding II LLC, Senior Secured Note, 144A, 10.5%,			
4/03/31	United States	6,750,000	6,400,620
			26,539,181
Electric Utilities 1.8%			
°NRG Energy, Inc.,			
Senior Bond, 144A, 6%, 1/15/36	United States	7,500,000	7,603,262
Senior Note, 144A, 5.75%, 7/15/29	United States	20,000,000	20,002,095
Southern Co. (The),			
2025, Junior Sub. Bond, 6.375% to 3/14/35, FRN thereafter,	United States	1,000,000	1,044,261
3/15/55	United States	10,000,000	10,610,480
Senior Bond, 5.7%, 10/15/32	United States		
°Vistra Operations Co. LLC,			
Senior Note, 144A, 4.375%, 5/01/29	United States	10,505,000	10,378,306
Senior Note, 144A, 7.75%, 10/15/31	United States	4,700,000	4,980,342
Senior Note, 144A, 6.875%, 4/15/32	United States	2,800,000	2,950,893
			57,569,639
Electrical Equipment 0.2%			
Regal Rexnord Corp., Senior Note, 6.4%, 4/15/33	United States	5,000,000	5,380,942
Energy Equipment & Services 0.3%			
°Weatherford International Ltd.,			
Senior Note, 144A, 8.625%, 4/30/30	United States	5,316,000	5,452,621
Senior Note, 144A, 6.75%, 10/15/33	United States	3,500,000	3,586,247
			9,038,868
Food Products 0.4%			
JBS USA Holding Lux SARL / JBS USA Food Co. / JBS Lux Co.			
SARL, Senior Note, 5.75%, 4/01/33	United States	8,000,000	8,362,704
Pilgrim's Pride Corp., Senior Bond, 6.25%, 7/01/33	United States	4,000,000	4,281,042
			12,643,746
Ground Transportation 0.1%			
°Ashtead Capital, Inc., Senior Note, 144A, 4.25%, 11/01/29	United Kingdom	4,500,000	4,452,358
Health Care Equipment & Supplies 0.6%			
GE HealthCare Technologies, Inc., Senior Note, 5.905%, 11/22/32	United States	4,000,000	4,311,022
°Medline Borrower LP,			
Senior Note, 144A, 5.25%, 10/01/29	United States	4,000,000	4,023,984
Senior Secured Note, 144A, 3.875%, 4/01/29	United States	10,000,000	9,770,040
			18,105,046

Franklin Income VIP Fund (continued)

	Country	Principal Amount ¹	Value
Corporate Bonds (continued)			
Health Care Providers & Services 5.6%			
Centene Corp., Senior Note, 4.625%, 12/15/29	United States	10,000,000	\$9,706,437
°CHS/Community Health Systems, Inc., 144A, 10.75%, 6/15/33	United States	20,000,000	21,499,500
Secured Note, 144A, 6.875%, 4/15/29	United States	23,820,000	21,222,429
Secured Note, 144A, 6.125%, 4/01/30	United States	19,430,000	15,585,645
Senior Secured Note, 144A, 10.875%, 1/15/32	United States	27,898,000	30,483,866
Senior Secured Note, 144A, 9.75%, 1/15/34	United States	12,000,000	12,618,943
CVS Health Corp., Senior Bond, 5.25%, 2/21/33	United States	5,000,000	5,149,429
°DaVita, Inc., Senior Note, 144A, 4.625%, 6/01/30	United States	8,500,000	8,271,052
HCA, Inc., Senior Bond, 5.5%, 6/01/33	United States	10,000,000	10,411,477
Tenet Healthcare Corp., Senior Note, 6.125%, 10/01/28	United States	13,580,000	13,649,013
° Senior Note, 144A, 6%, 11/15/33	United States	10,000,000	10,302,190
Senior Secured Note, 6.125%, 6/15/30	United States	12,500,000	12,806,793
Senior Secured Note, 6.75%, 5/15/31	United States	10,000,000	10,410,490
			182,117,264
Hotels, Restaurants & Leisure 1.9%			
°Caesars Entertainment, Inc., Senior Note, 144A, 6%, 10/15/32	United States	12,500,000	12,165,111
Senior Secured Note, 144A, 7%, 2/15/30	United States	6,250,000	6,475,794
°Carnival Corp., Senior Note, 144A, 5.75%, 8/01/32	United States	11,750,000	12,073,489
°Fertitta Entertainment LLC / Fertitta Entertainment Finance Co., Inc., Senior Note, 144A, 6.75%, 1/15/30	United States	4,100,000	3,901,149
Senior Secured Note, 144A, 4.625%, 1/15/29	United States	3,500,000	3,403,236
°NCL Corp. Ltd., Senior Note, 144A, 6.75%, 2/01/32	United States	2,000,000	2,049,075
°Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp., Senior Bond, 144A, 5.25%, 5/15/27	United States	6,000,000	6,026,796
°Wynn Resorts Finance LLC / Wynn Resorts Capital Corp., Senior Note, 144A, 6.25%, 3/15/33	United States	15,000,000	15,346,436
			61,441,086
Household Durables 0.1%			
°Newell Brands, Inc., Senior Note, 144A, 8.5%, 6/01/28	United States	2,500,000	2,624,620
Independent Power and Renewable Electricity Producers 0.5%			
°Calpine Corp., Senior Note, 144A, 5.125%, 3/15/28	United States	7,800,000	7,812,410
Senior Secured Note, 144A, 4.5%, 2/15/28	United States	2,000,000	2,002,264
°dVistra Corp., Junior Sub. Bond, 144A, 7% to 12/14/26, FRN thereafter, Perpetual	United States	7,800,000	7,965,388
			17,780,062
Insurance 0.1%			
°Asurion LLC and Asurion Co-Issuer, Inc., Senior Secured Note, 144A, 8%, 12/31/32	United States	4,500,000	4,671,569
IT Services 0.1%			
°CoreWeave, Inc., Senior Note, 144A, 9%, 2/01/31	United States	2,500,000	2,294,425
Media 0.3%			
°Clear Channel Outdoor Holdings, Inc., Senior Note, 144A, 7.75%, 4/15/28	United States	2,800,000	2,804,124
°Stagwell Global LLC, Senior Note, 144A, 5.625%, 8/15/29	United States	5,000,000	4,879,565
°Univision Communications, Inc., Senior Secured Note, 144A, 9.375%, 8/01/32	United States	3,000,000	3,226,584
			10,910,273

Franklin Income VIP Fund (continued)

	Country	Principal Amount ¹	Value
Corporate Bonds (continued)			
Metals & Mining 1.6%			
°Alcoa Nederland Holding BV, Senior Note, 144A, 4.125%, 3/31/29	United States	8,500,000	\$8,339,931
ArcelorMittal SA, Senior Bond, 6.8%, 11/29/32	Luxembourg	12,000,000	13,444,373
°Cleveland-Cliffs, Inc.,			
Senior Note, 144A, 7%, 3/15/32	United States	5,000,000	5,131,252
Senior Note, 144A, 7.375%, 5/01/33	United States	4,000,000	4,163,611
Senior Note, 144A, 7.625%, 1/15/34	United States	5,000,000	5,228,930
°Fortescue Treasury Pty. Ltd.,			
Senior Bond, 144A, 4.375%, 4/01/31	Australia	6,000,000	5,808,143
Senior Bond, 144A, 6.125%, 4/15/32	Australia	3,442,000	3,594,769
Senior Note, 144A, 5.875%, 4/15/30	Australia	5,000,000	5,146,291
			50,857,300
Oil, Gas & Consumable Fuels 2.6%			
°Calumet Specialty Products Partners LP / Calumet Finance Corp.,			
Senior Note, 144A, 11%, 4/15/26	United States	4,618,000	4,665,847
Senior Note, 144A, 8.125%, 1/15/27	United States	8,820,000	8,833,318
Senior Secured Note, 144A, 9.25%, 7/15/29	United States	5,500,000	5,653,115
°Hilcorp Energy I LP / Hilcorp Finance Co., Senior Bond, 144A, 7.25%, 2/15/35	United States	4,000,000	3,803,908
°Matador Resources Co., Senior Note, 144A, 6.25%, 4/15/33	United States	3,500,000	3,518,025
Occidental Petroleum Corp.,			
Senior Bond, 6.625%, 9/01/30	United States	6,000,000	6,463,614
Senior Bond, 5.55%, 10/01/34	United States	3,000,000	3,061,913
°Venture Global LNG, Inc.,			
° Junior Sub. Bond, 144A, 9% to 9/29/29, FRN thereafter, Perpetual	United States	12,250,000	9,683,144
Senior Secured Note, 144A, 8.125%, 6/01/28	United States	9,000,000	9,120,992
Senior Secured Note, 144A, 7%, 1/15/30	United States	5,161,000	4,970,788
Senior Secured Note, 144A, 8.375%, 6/01/31	United States	7,500,000	7,462,544
°Venture Global Plaquemines LNG LLC,			
Senior Secured Bond, 144A, 7.75%, 5/01/35	United States	8,500,000	9,311,652
Senior Secured Note, 144A, 6.125%, 12/15/30	United States	2,000,000	2,037,849
Senior Secured Note, 144A, 6.5%, 6/15/34	United States	1,800,000	1,840,100
Williams Cos., Inc. (The), Senior Bond, 5.65%, 3/15/33	United States	5,000,000	5,269,256
			85,696,065
Passenger Airlines 1.1%			
°American Airlines, Inc., Senior Secured Note, 144A, 8.5%, 5/15/29	United States	7,000,000	7,325,619
°American Airlines, Inc. / AAdvantage Loyalty IP Ltd.,			
Senior Secured Note, 144A, 5.5%, 4/20/26	United States	2,500,000	2,504,854
Senior Secured Note, 144A, 5.75%, 4/20/29	United States	4,460,000	4,544,490
°Delta Air Lines, Inc. / SkyMiles IP Ltd., Senior Secured Note, 144A, 4.75%, 10/20/28	United States	5,000,000	5,031,199
°JetBlue Airways Corp. / JetBlue Loyalty LP, Senior Secured Note, 144A, 9.875%, 9/20/31	United States	7,000,000	7,058,353
°United Airlines, Inc., Senior Secured Note, 144A, 4.625%, 4/15/29	United States	8,750,000	8,718,216
			35,182,731
Personal Care Products 0.1%			
°Opal Bidco SAS, Senior Secured Note, 144A, 6.5%, 3/31/32	France	2,750,000	2,818,527
Pharmaceuticals 0.6%			
°Endo Finance Holdings, Inc., Senior Secured Note, 144A, 8.5%, 4/15/31	United States	4,000,000	4,232,764
°Organon & Co. / Organon Foreign Debt Co-Issuer BV,			
Senior Note, 144A, 7.875%, 5/15/34	United States	3,000,000	2,445,546
Senior Secured Note, 144A, 4.125%, 4/30/28	United States	3,000,000	2,935,814

Franklin Income VIP Fund (continued)

	Country	Principal Amount ¹	Value
Corporate Bonds (continued)			
Pharmaceuticals (continued)			
Teva Pharmaceutical Finance Netherlands III BV, Senior Note, 6.75%, 3/01/28	Israel	10,000,000	\$10,385,875
			19,999,999
Semiconductors & Semiconductor Equipment 0.5%			
^e Broadcom, Inc., Senior Bond, 144A, 4.15%, 4/15/32	United States	10,000,000	9,794,404
Micron Technology, Inc., Senior Bond, 5.875%, 2/09/33	United States	4,000,000	4,263,075
^c Qnity Electronics, Inc.,			
Senior Note, 144A, 6.25%, 8/15/33	United States	1,650,000	1,712,373
Senior Secured Note, 144A, 5.75%, 8/15/32	United States	2,000,000	2,047,392
			17,817,244
Software 0.3%			
Oracle Corp.,			
Senior Bond, 6.25%, 11/09/32	United States	6,750,000	7,040,064
Senior Bond, 5.2%, 9/26/35	United States	2,500,000	2,396,100
			9,436,164
Specialized REITs 0.3%			
American Tower Corp., Senior Bond, 5.65%, 3/15/33	United States	5,000,000	5,277,669
^a Millrose Properties, Inc., Senior Note, 144A, 6.375%, 8/01/30 ..	United States	4,000,000	4,095,476
			9,373,145
Textiles, Apparel & Luxury Goods 0.3%			
^e Beach Acquisition Bidco LLC, Senior Note, 144A, PIK, 10%, 7/15/33	United States	10,000,000	10,538,691
Tobacco 0.2%			
BAT Capital Corp., Senior Bond, 6.421%, 8/02/33	United Kingdom	6,000,000	6,627,650
Trading Companies & Distributors 0.7%			
^c Herc Holdings, Inc., Senior Note, 144A, 7%, 6/15/30	United States	2,500,000	2,632,559
United Rentals North America, Inc.,			
Senior Bond, 4.875%, 1/15/28	United States	12,800,000	12,808,845
^c Senior Secured Note, 144A, 6%, 12/15/29	United States	8,000,000	8,224,544
			23,665,948
Total Corporate Bonds (Cost \$1,064,994,583)			1,112,624,575
^fSenior Floating Rate Interests 0.6%			
^gContainers & Packaging 0.1%			
Clydesdale Acquisition Holdings, Inc., First Lien, 2025 Incremental Closing Date CME Term Loan, B, 6.966%, (1-month SOFR + 3.25%), 4/01/32	United States	3,913,667	3,915,056
Clydesdale Acquisition Holdings, Inc., First Lien, 2025 Incremental Delayed Draw CME Term Loan, B, 7.034%, (1-month SOFR + 3.25%), 4/01/32	United States	55,216	55,236
			3,970,292
Health Care Providers & Services 0.1%			
^g MPH Acquisition Holdings LLC, First Lien, Exchange First Out CME Term Loan, 7.59%, (3-month SOFR + 3.75%), 12/31/30 ..	United States	1,580,554	1,586,877
IT Services 0.2%			
^g X Corp., First Lien, CME Term Loan, B1, 10.448%, (6-month SOFR + 6.5%), 10/26/29	United States	7,670,918	7,553,131

Franklin Income VIP Fund (continued)

	Country	Principal Amount ^f	Value
^fSenior Floating Rate Interests (continued)			
Personal Care Products 0.2%			
^g OPAL US LLC, First Lien, CME Term Loan, B4, 6.686%, (3-month SOFR + 3%), 4/28/32	United States	5,735,625	\$5,778,642
Total Senior Floating Rate Interests (Cost \$18,701,235)			18,888,942
U.S. Government and Agency Securities 5.6%			
U.S. Treasury Bonds,			
3.625%, 5/15/53	United States	42,500,000	34,394,287
4.125%, 8/15/53	United States	21,000,000	18,596,485
^h 5.03%, 11/15/54	United States	115,000,000	27,882,788
4.5%, 11/15/54	United States	10,000,000	9,435,156
U.S. Treasury Notes,			
4%, 5/31/30	United States	16,000,000	16,206,250
4.125%, 8/31/30	United States	30,000,000	30,533,203
2.875%, 5/15/32	United States	30,000,000	28,291,992
4.125%, 5/31/32	United States	16,000,000	16,212,813
Total U.S. Government and Agency Securities (Cost \$188,128,666)			181,552,974
Asset-Backed Securities 0.3%			
Passenger Airlines 0.3%			
United Airlines Pass-Through Trust,			
2020-1, A, 5.875%, 10/15/27	United States	3,400,583	3,489,255
2023-1, A, 5.8%, 1/15/36	United States	5,877,717	6,160,866
			9,650,121
Total Asset-Backed Securities (Cost \$9,278,301)			9,650,121
Mortgage-Backed Securities 6.1%			
Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 2.7%			
FHLMC Pool, 30 Year, 5%, 5/01/53	United States	14,892,111	14,918,572
FHLMC Pool, 30 Year, 5%, 11/01/54	United States	25,463,682	25,414,392
FHLMC Pool, 30 Year, 5.5%, 7/01/53 - 2/01/55	United States	42,589,128	43,237,451
FHLMC Pool, 30 Year, 6%, 9/01/55	United States	4,702,431	4,832,269
			88,402,684
Federal National Mortgage Association (FNMA) Fixed Rate 1.4%			
FNMA, 30 Year, 4%, 8/01/49	United States	1,197,201	1,157,791
FNMA, 30 Year, 5%, 5/01/53 - 11/01/53	United States	27,422,209	27,482,773
FNMA, 30 Year, 5.5%, 11/01/54	United States	6,083,801	6,174,169
FNMA, 30 Year, 6%, 8/01/55	United States	8,835,808	9,079,772
			43,894,505
Government National Mortgage Association (GNMA) Fixed Rate 2.0%			
GNMA II, Single-family, 30 Year, 5.5%, 5/20/55 - 12/20/55	United States	37,254,964	37,661,605
GNMA II, Single-family, 30 Year, 6%, 5/20/55 - 8/20/55	United States	27,836,057	28,417,658
			66,079,263
Total Mortgage-Backed Securities (Cost \$194,933,116)			198,376,452
Total Long Term Investments (Cost \$2,878,612,485)			3,204,384,076

Franklin Income VIP Fund (continued)

Short Term Investments 0.8%

	Country	Principal Amount [†]	Value
U.S. Government and Agency Securities 0.6%			
^h U.S. Treasury Bills, 3.28%, 1/29/26	United States	20,000,000	\$19,947,260
Total U.S. Government and Agency Securities (Cost \$19,944,078)			19,947,260
		<u>Shares</u>	
Money Market Funds 0.2%			
^h Franklin Institutional U.S. Government Money Market Fund, 3.681%	United States	6,044,868	6,044,868
Total Money Market Funds (Cost \$6,044,868)			6,044,868
Total Short Term Investments (Cost \$25,988,946)			25,992,128
Total Investments (Cost \$2,904,601,431) 99.4%			\$3,230,376,204
Other Assets, less Liabilities 0.6%			20,670,094
Net Assets 100.0%			\$3,251,046,298

See Abbreviations on page 29.

[†]The principal amount is stated in U.S. dollars unless otherwise indicated.

^aNon-income producing.

^bSee Note 1(c) regarding equity-linked securities.

^cSecurity was purchased pursuant to Rule 144A or Regulation S under the Securities Act of 1933. 144A securities may be sold in transactions exempt from registration only to qualified institutional buyers or in a public offering registered under the Securities Act of 1933. Regulation S securities cannot be sold in the United States without either an effective registration statement filed pursuant to the Securities Act of 1933, or pursuant to an exemption from registration. At December 31, 2025, the aggregate value of these securities was \$1,204,613,629, representing 37.1% of net assets.

^dPerpetual security with no stated maturity date.

^eIncome may be received in additional securities and/or cash.

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

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

^hThe rate shown represents the yield at period end.

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

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

Statement of Assets and Liabilities

December 31, 2025

**Franklin Income
VIP Fund**

Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	\$2,898,556,563
Cost - Non-controlled affiliates (Note 3e)	6,044,868
Value - Unaffiliated issuers	\$3,224,331,336
Value - Non-controlled affiliates (Note 3e)	6,044,868
Cash	128,870
Receivables:	
Capital shares sold	564,948
Dividends and interest	23,418,103
European Union tax reclaims (Note 1f)	1,738,456
Total assets	3,256,226,581
Liabilities:	
Payables:	
Capital shares redeemed	3,105,982
Management fees	1,259,345
Distribution fees	653,400
Trustees' fees and expenses	127
Accrued expenses and other liabilities	161,429
Total liabilities	5,180,283
Net assets, at value	\$3,251,046,298
Net assets consist of:	
Paid-in capital	\$2,755,704,155
Total distributable earnings (losses)	495,342,143
Net assets, at value	\$3,251,046,298

**Franklin Income
VIP Fund**

Class 1:	
Net assets, at value	\$336,474,912
Shares outstanding	21,005,885
Net asset value and maximum offering price per share ^a	\$16.02
Class 2:	
Net assets, at value	\$2,513,163,694
Shares outstanding	165,801,693
Net asset value and maximum offering price per share ^a	\$15.16
Class 4:	
Net assets, at value	\$401,407,692
Shares outstanding	25,529,575
Net asset value and maximum offering price per share ^a	\$15.72

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

Statement of Operations

for the year ended December 31, 2025

	Franklin Income VIP Fund
Investment income:	
Dividends: (net of foreign taxes of \$367,547)	
Unaffiliated issuers	\$37,564,287
Non-controlled affiliates (Note 3e)	1,152,410
Interest:	
Unaffiliated issuers	101,506,260
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	(167,057)
Non-controlled affiliates (Note 3e)	253,570
Other income (Note 1f)	81,216
Total investment income	<u>140,390,686</u>
Expenses:	
Management fees (Note 3a)	14,479,292
Distribution fees: (Note 3c)	
Class 2	6,155,355
Class 4	1,329,417
Custodian fees	17,490
Reports to shareholders fees	106,083
Professional fees	128,787
Trustees' fees and expenses	33,726
Other	116,695
Total expenses	<u>22,366,845</u>
Expenses waived/paid by affiliates (Note 3e)	(95,841)
Net expenses	<u>22,271,004</u>
Net investment income	<u>118,119,682</u>
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	66,472,711
Foreign currency transactions	(6,579)
Net realized gain (loss)	<u>66,466,132</u>
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	189,707,606
Translation of other assets and liabilities denominated in foreign currencies	214,744
Net change in unrealized appreciation (depreciation)	<u>189,922,350</u>
Net realized and unrealized gain (loss)	<u>256,388,482</u>
Net increase (decrease) in net assets resulting from operations	<u>\$374,508,164</u>

Statements of Changes in Net Assets

	Franklin Income VIP Fund	
	Year Ended December 31, 2025	Year Ended December 31, 2024
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$118,119,682	\$128,502,262
Net realized gain (loss)	66,466,132	72,495,556
Net change in unrealized appreciation (depreciation)	189,922,350	20,610,074
Net increase (decrease) in net assets resulting from operations	374,508,164	221,607,892
Distributions to shareholders:		
Class 1	(19,293,764)	(16,729,510)
Class 2	(151,222,313)	(141,660,042)
Class 4	(22,018,717)	(19,161,630)
Total distributions to shareholders	(192,534,794)	(177,551,182)
Capital share transactions: (Note 2)		
Class 1	8,477,274	12,405,411
Class 2	(90,023,704)	(116,766,420)
Class 4	8,394,722	12,330,730
Total capital share transactions	(73,151,708)	(92,030,279)
Net increase (decrease) in net assets	108,821,662	(47,973,569)
Net assets:		
Beginning of year	3,142,224,636	3,190,198,205
End of year	\$3,251,046,298	\$3,142,224,636

Notes to Financial Statements

Franklin Income 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 seventeen 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 Income VIP Fund (Fund) is included in this report. Shares of the Fund are generally sold only to insurance company separate accounts to fund the benefits of variable life insurance policies or variable annuity contracts. The Fund offers three classes of shares: Class 1, Class 2 and Class 4. Each class of shares may differ by its distribution fees, voting rights on matters affecting a single class and its exchange privilege.

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

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

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

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

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

Franklin Income VIP Fund (continued)**1. Organization and Significant Accounting Policies**
(continued)**a. Financial Instrument Valuation** (continued)

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. Equity-Linked Securities

The Fund invests in equity-linked securities. Equity-linked securities are hybrid financial instruments that generally combine both debt and equity characteristics into a single note form. Income received from equity-linked securities is recorded as realized gains in the Statement of Operations and may be based on the performance of an underlying equity security, an equity index, or an option position. The risks of investing in equity-linked securities include unfavorable price movements in the underlying security and the credit risk of the issuing financial institution. There may be no guarantee of a return of principal with equity-linked securities and the appreciation potential may be limited. Equity-linked securities may be more volatile and less liquid than other investments held by the Fund.

d. Securities Lending

The Fund participates in an agency based securities lending program to earn additional income. The Fund receives collateral in the form of cash and/or U.S. Government and Agency securities against the loaned securities in an amount equal to at least 102% of the fair value of the loaned securities. Collateral is maintained over the life of the loan in an amount not less than 100% of the fair value of loaned securities, as determined at the close of Fund business each day; any additional collateral required due to changes in security values is delivered to the Fund on the next business day. The Fund may receive income from the investment of cash collateral, in addition to lending fees paid by the borrower. Income from securities loaned, net of fees paid

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies

(continued)

d. Securities Lending (continued)

to the securities lending agent and/or third-party vendor, is reported separately in the Statement of Operations. The Fund bears the market risk with respect to any cash collateral investment, securities loaned, and the risk that the agent may default on its obligations to the Fund. If the borrower defaults on its obligation to return the securities loaned, the Fund has the right to repurchase the securities in the open market using the collateral received. The securities lending agent has agreed to indemnify the Fund in the event of default by a third party borrower. Securities on loan outstanding at period end, if any, are listed in the Funds' Schedule of Investments.

e. Senior Floating Rate Interests

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

f. 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.

As a result of several court cases, in certain countries across the European Union, the Fund filed additional tax reclaims for previously withheld taxes on dividends earned in those countries (EU reclaims). Income recognized, if any, for EU reclaims is reflected as other income in the Statement of Operations and any related receivable, if any, is reflected as European Union tax reclaims in the Statement of Assets and Liabilities. Any fees associated with these filings are reflected in other expenses in the Statement of Operations. When uncertainty exists as to the ultimate resolution of these proceedings, the likelihood of receipt of these EU reclaims, and the potential timing of payment, no amounts are reflected in the financial statements. For U.S. income tax purposes, when EU reclaims are received by the Fund and the Fund previously passed foreign tax credit on to its shareholders, the Fund will enter into a closing agreement with the Internal Revenue Service (IRS) in order to pay the associated tax liability on behalf of the Fund's shareholders.

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, 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). The Fund's federal and state income and federal excise tax returns for the prior three fiscal years are subject to examination by the Internal Revenue Service and state departments of revenue.

g. 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. Amortization of premium and accretion of discount on debt securities are included in interest income. Paydown gains and losses are recorded as an adjustment to interest income. The Fund may receive other income from investments in senior secured corporate loans or unfunded commitments, including amendment fees, consent fees or commitment fees. These fees are recorded as income when received by the Fund. Facility fees are recognized as income over the expected term of the loan. Dividend income is recorded on the ex-

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies
(continued)

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

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.

2. Shares of Beneficial Interest

At December 31, 2025, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31, 2025		Year Ended December 31, 2024	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	1,147,091	\$17,612,657	1,183,735	\$17,865,510
Shares issued in reinvestment of distributions	1,307,165	19,293,764	1,152,170	16,729,510
Shares redeemed	(1,848,990)	(28,429,147)	(1,472,487)	(22,189,609)
Net increase (decrease)	605,266	\$8,477,274	863,418	\$12,405,411
Class 2 Shares:				
Shares sold	11,715,804	\$170,807,235	9,812,811	\$141,106,886
Shares issued in reinvestment of distributions	10,809,315	151,222,313	10,265,220	141,660,042
Shares redeemed	(28,314,413)	(412,053,252)	(27,814,220)	(399,533,348)
Net increase (decrease)	(5,789,294)	\$(90,023,704)	(7,736,189)	\$(116,766,420)

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.

h. 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.

i. 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.

Franklin Income VIP Fund (continued)

2. Shares of Beneficial Interest (continued)

	Year Ended December 31, 2025		Year Ended December 31, 2024	
	Shares	Amount	Shares	Amount
Class 4 Shares:				
Shares sold	2,544,388	\$38,486,008	3,067,878	\$45,695,339
Shares issued in reinvestment of distributions	1,516,441	22,018,717	1,339,974	19,161,630
Shares redeemed	(3,449,045)	(52,110,003)	(3,540,719)	(52,526,239)
Net increase (decrease)	611,784	\$8,394,722	867,133	\$12,330,730

3. Transactions with Affiliates

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

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

a. Management Fees

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

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

For the year ended December 31, 2025, 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.

Franklin Income VIP Fund (continued)

3. Transactions with Affiliates (continued)

c. Distribution Fees

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

d. Transfer Agent Fees

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

e. Investments in Affiliated Management Investment Companies

The Fund invests in one or more affiliated management investment companies. As defined in the 1940 Act, an investment is deemed to be a "Controlled Affiliate" of a fund when a fund owns, either directly or indirectly, 25% or more of the affiliated fund's outstanding shares or has the power to exercise control over management or policies of such fund. The Fund does not invest for purposes of exercising a controlling influence over the management or policies. Management fees paid by the Fund 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, if applicable, paid directly or indirectly by each affiliate. During the year ended December 31, 2025, the Fund held investments in affiliated management investment companies as follows:

	Value at Beginning of Year	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Year	Number of Shares Held at End of Year	Investment Income
Franklin Income VIP Fund								
Non-Controlled Affiliates								
								Dividends
Franklin Institutional U.S. Government Money Market Fund, 3.681%	\$71,500,603	\$925,455,265	\$(990,911,000)	\$—	\$—	\$6,044,868	6,044,868	\$1,152,410
Non-Controlled Affiliates								
								Income from securities loaned
Franklin Institutional U.S. Government Money Market Fund, 3.681%	\$2,784,000	\$125,691,000	\$(128,475,000)	\$—	\$—	\$—	—	\$253,570
Total Affiliated Securities . . .	\$74,284,603	\$1,051,146,265	\$(1,119,386,000)	\$—	\$—	\$6,044,868		\$1,405,980

Franklin Income VIP Fund (continued)

4. Income Taxes

The tax character of distributions paid during the years ended December 31, 2025 and 2024, was as follows:

	2025	2024
Distributions paid from:		
Ordinary income	\$172,241,911	\$172,403,325
Long term capital gain	20,292,883	5,147,857
	\$192,534,794	\$177,551,182

At December 31, 2025, the cost of investments, net unrealized appreciation (depreciation), undistributed ordinary income and undistributed long term capital gains for income tax purposes were as follows:

Cost of investments	\$2,909,924,823
Unrealized appreciation	\$411,943,439
Unrealized depreciation	(91,492,058)
Net unrealized appreciation (depreciation)	\$320,451,381
Distributable earnings:	
Undistributed ordinary income	\$158,872,584
Undistributed long term capital gains	14,283,225
Total distributable earnings	\$173,155,809

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of EU reclaims and equity-linked securities.

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2025, aggregated \$1,282,157,625 and \$1,343,384,837, respectively.

6. Credit Risk

At December 31, 2025, the Fund had 22.1% of its portfolio invested in high yield securities, senior secured floating rate loans, or other securities rated below investment grade and unrated securities. 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.

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 matured 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. Effective January 30, 2026, the Borrowers renewed the Global Credit Facility for a one-year term, maturing January 29, 2027, for a total of \$2.995 billion.

Franklin Income 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 year ended December 31, 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 December 31, 2025, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Franklin Income VIP Fund				
Assets:				
Investments in Securities: ^a				
Common Stocks:				
Aerospace & Defense	\$47,944,550	\$—	\$—	\$47,944,550
Air Freight & Logistics	13,787,410	—	—	13,787,410
Banks	47,418,500	—	—	47,418,500
Beverages	67,709,500	—	—	67,709,500
Biotechnology	34,304,850	—	—	34,304,850
Building Products	11,975,000	—	—	11,975,000
Capital Markets	45,497,000	2,191,160	—	47,688,160
Chemicals	33,170,300	—	—	33,170,300
Communications Equipment	38,515,000	—	—	38,515,000
Consumer Staples Distribution & Retail	7,331,250	—	—	7,331,250
Containers & Packaging	4,923,750	—	—	4,923,750
Diversified Telecommunication Services	10,182,500	—	—	10,182,500
Electric Utilities	99,202,800	—	—	99,202,800
Energy Equipment & Services	22,291,807	—	—	22,291,807
Food Products	18,768,200	—	—	18,768,200
Ground Transportation	30,069,981	—	—	30,069,981
Health Care Equipment & Supplies	9,606,000	—	—	9,606,000
Hotels, Restaurants & Leisure	9,168,900	—	—	9,168,900
Household Products	42,993,000	—	—	42,993,000
Industrial Conglomerates	16,582,650	—	—	16,582,650
IT Services	8,886,300	—	—	8,886,300
Machinery	7,160,875	—	—	7,160,875
Media	11,956,000	—	—	11,956,000
Metals & Mining	12,673,578	—	—	12,673,578

Franklin Income VIP Fund (continued)

8. Fair Value Measurements (continued)

	Level 1	Level 2	Level 3	Total
Franklin Income VIP Fund (continued)				
Assets: (continued)				
Investments in Securities: ^a (continued)				
Common Stocks: (continued)				
Multi-Utilities	\$33,469,200	\$—	\$—	\$33,469,200
Oil, Gas & Consumable Fuels	165,292,712	—	—	165,292,712
Pharmaceuticals	163,853,749	4,782,241	—	168,635,990
Semiconductors & Semiconductor Equipment	36,111,750	—	—	36,111,750
Specialty Retail	34,410,000	—	—	34,410,000
Tobacco	20,852,000	—	—	20,852,000
Equity-Linked Securities	—	504,705,799	—	504,705,799
Convertible Preferred Stocks:				
Aerospace & Defense	16,574,400	—	—	16,574,400
Capital Markets	2,520,000	—	—	2,520,000
Chemicals	13,659,700	—	—	13,659,700
Electric Utilities	9,236,100	—	—	9,236,100
Financial Services	—	23,512,500	—	23,512,500
Corporate Bonds	—	1,112,624,575	—	1,112,624,575
Senior Floating Rate Interests	—	18,888,942	—	18,888,942
U.S. Government and Agency Securities	—	181,552,974	—	181,552,974
Asset-Backed Securities	—	9,650,121	—	9,650,121
Mortgage-Backed Securities	—	198,376,452	—	198,376,452
Short Term Investments	6,044,868	19,947,260	—	25,992,128
Total Investments in Securities	<u>\$1,154,144,180</u>	<u>\$2,076,232,024</u>	<u>\$—</u>	<u>\$3,230,376,204</u>

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

9. Operating Segments

The Fund operates as a single operating segment, which is an investment portfolio. The portfolio managers assigned to the Fund within the Fund's Investment manager serve as the Chief Operating Decision Maker ("CODM") and are responsible for evaluating the Fund's operating results and allocating resources in accordance with the Fund's investment strategy. 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.

10. Subsequent Events

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

Franklin Income VIP Fund (continued)

Abbreviations

Selected Portfolio

ADR	American Depositary Receipt
CME	Chicago Mercantile Exchange
FHLMC	Federal Home Loan Mortgage Corp.
FNMA	Federal National Mortgage Association
FRN	Floating Rate Note
GNMA	Government National Mortgage Association
PIK	Payment-In-Kind
REIT	Real Estate Investment Trust
SOFR	Secured Overnight Financing Rate

Report of Independent Registered Public Accounting Firm

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

Opinion on the Financial Statements

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Franklin Income VIP Fund (one of the funds constituting Franklin Templeton Variable Insurance Products Trust, referred to hereafter as the "Fund") as of December 31, 2025, the related statement of operations for the year ended December 31, 2025, the statements of changes in net assets for each of the two years in the period ended December 31, 2025, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2025 (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, 2025, 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, 2025 and the financial highlights for each of the five years in the period ended December 31, 2025 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, 2025 by correspondence with the custodian, transfer agent, private placement agent, agent banks and broker; when replies were not received from a private placement agent or agent banks, we performed other auditing procedures. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP

San Francisco, California

February 19, 2026

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

Tax Information (unaudited)

Franklin Income VIP Fund

By mid-February, tax information related to a shareholder's proportionate share of distributions paid during the preceding calendar year will be received, if applicable. Please also refer to www.franklintempleton.com for per share tax information related to any distributions paid during the preceding calendar year. Shareholders are advised to consult with their tax advisors for further information on the treatment of these amounts on their tax returns.

The following tax information for the Fund is required to be furnished to shareholders with respect to income earned and distributions paid during its fiscal year.

The Fund hereby reports the following amounts, or if subsequently determined to be different, the maximum allowable amounts, for the fiscal year ended December 31, 2025:

	Pursuant to:	Amount Reported
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	\$20,292,883
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$31,739,797
Interest Earned from Federal Obligations	Note (1)	\$17,674,966

Note (1) - The Law varies in each state as to whether and what percentage of dividend income attributable to Federal obligations is exempt from state income tax. Shareholders are advised to consult with their tax advisors to determine if any portion of the dividends received is exempt from state income taxes.

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

Not applicable.

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