



FRANKLIN
TEMPLETON

Franklin Income VIP Fund

Financial Statements and Other Important Information

Annual | December 31, 2024

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Financial Highlights

Franklin Income VIP Fund

	Year Ended December 31,				
	2024	2023	2022	2021	2020
Class 1					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.91	\$15.39	\$17.47	\$15.65	\$16.52
Income from investment operations ^a :					
Net investment income ^b	0.65	0.64	0.62	0.53	0.59
Net realized and unrealized gains (losses)	0.42	0.64	(1.55)	2.09	(0.54)
Total from investment operations	1.07	1.28	(0.93)	2.62	0.05
Less distributions from:					
Net investment income	(0.80)	(0.82)	(0.83)	(0.80)	(0.91)
Net realized gains	(0.06)	(0.94)	(0.32)	—	(0.01)
Total distributions	(0.86)	(1.76)	(1.15)	(0.80)	(0.92)
Net asset value, end of year	\$15.12	\$14.91	\$15.39	\$17.47	\$15.65
Total return ^c	7.46%	8.87%	(5.24)%	17.00%	0.97%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.47%	0.46%	0.45%	0.47%	0.47%
Expenses net of waiver and payments by affiliates	0.46%	0.46% ^{d,e}	0.45% ^{d,e}	0.47% ^{d,e}	0.46% ^e
Net investment income	4.28%	4.35%	3.82%	3.20%	3.96%
Supplemental data					
Net assets, end of year (000's)	\$308,491	\$291,326	\$220,272	\$243,732	\$306,641
Portfolio turnover rate	39.80%	34.98%	64.51%	39.27%	45.93%

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

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

Franklin Income VIP Fund (continued)

	Year Ended December 31,				
	2024	2023	2022	2021	2020
Class 2					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.20	\$14.73	\$16.76	\$15.04	\$15.91
Income from investment operations ^a :					
Net investment income ^b	0.58	0.58	0.55	0.47	0.53
Net realized and unrealized gains (losses)	0.41	0.61	(1.48)	2.02	(0.53)
Total from investment operations	0.99	1.19	(0.93)	2.49	—
Less distributions from:					
Net investment income	(0.77)	(0.78)	(0.78)	(0.77)	(0.86)
Net realized gains	(0.06)	(0.94)	(0.32)	—	(0.01)
Total distributions	(0.83)	(1.72)	(1.10)	(0.77)	(0.87)
Net asset value, end of year	\$14.36	\$14.20	\$14.73	\$16.76	\$15.04
Total return ^c	7.20%	8.62%	(5.47)%	16.75%	0.69%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.72%	0.71%	0.70%	0.72%	0.72%
Expenses net of waiver and payments by affiliates	0.71%	0.71% ^{d,e}	0.70% ^{d,e}	0.72% ^{d,e}	0.71% ^e
Net investment income	4.03%	4.09%	3.56%	2.95%	3.73%
Supplemental data					
Net assets, end of year (000's)	\$2,463,454	\$2,546,077	\$2,545,382	\$3,026,228	\$3,852,709
Portfolio turnover rate	39.80%	34.98%	64.51%	39.27%	45.93%

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

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

Franklin Income VIP Fund (continued)

	Year Ended December 31,				
	2024	2023	2022	2021	2020
Class 4					
Per share operating performance					
(for a share outstanding throughout the year)					
Net asset value, beginning of year	\$14.67	\$15.16	\$17.23	\$15.45	\$16.32
Income from investment operations ^a :					
Net investment income ^b	0.58	0.58	0.55	0.46	0.53
Net realized and unrealized gains (losses)	0.42	0.64	(1.53)	2.07	(0.54)
Total from investment operations	1.00	1.22	(0.98)	2.53	(0.01)
Less distributions from:					
Net investment income	(0.75)	(0.77)	(0.77)	(0.75)	(0.85)
Net realized gains	(0.06)	(0.94)	(0.32)	—	(0.01)
Total distributions	(0.81)	(1.71)	(1.09)	(0.75)	(0.86)
Net asset value, end of year	\$14.86	\$14.67	\$15.16	\$17.23	\$15.45
Total return ^c	7.08%	8.55%	(5.59)%	16.59%	0.58%
Ratios to average net assets					
Expenses before waiver and payments by affiliates	0.82%	0.81%	0.80%	0.82%	0.82%
Expenses net of waiver and payments by affiliates	0.81%	0.81% ^{d,e}	0.80% ^{d,e}	0.82% ^{d,e}	0.81% ^e
Net investment income	3.92%	3.99%	3.49%	2.82%	3.62%
Supplemental data					
Net assets, end of year (000's)	\$370,279	\$352,794	\$325,205	\$333,522	\$302,474
Portfolio turnover rate	39.80%	34.98%	64.51%	39.27%	45.93%

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

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

Schedule of Investments, December 31, 2024

Franklin Income VIP Fund

	Country	Shares	Value
Common Stocks 32.0%			
Aerospace & Defense 1.5%			
*Boeing Co. (The)	United States	34,541	\$6,113,757
Lockheed Martin Corp.	United States	65,000	31,586,100
RTX Corp.	United States	90,000	10,414,800
			48,114,657
Air Freight & Logistics 0.6%			
United Parcel Service, Inc., B	United States	139,000	17,527,900
Banks 2.3%			
Bank of America Corp.	United States	500,000	21,975,000
Citigroup, Inc.	United States	150,000	10,558,500
Fifth Third Bancorp	United States	200,000	8,456,000
JPMorgan Chase & Co.	United States	100,000	23,971,000
Truist Financial Corp.	United States	150,000	6,507,000
			71,467,500
Beverages 1.6%			
Coca-Cola Co. (The).	United States	250,000	15,565,000
PepsiCo, Inc.	United States	230,000	34,973,800
			50,538,800
Biotechnology 1.4%			
AbbVie, Inc.	United States	140,000	24,878,000
Amgen, Inc.	United States	70,000	18,244,800
			43,122,800
Building Products 0.5%			
Johnson Controls International plc.	United States	200,000	15,786,000
Capital Markets 1.0%			
Charles Schwab Corp. (The).	United States	100,000	7,401,000
Morgan Stanley.	United States	200,000	25,144,000
			32,545,000
Chemicals 1.0%			
Air Products and Chemicals, Inc.	United States	80,000	23,203,200
LyondellBasell Industries NV, A	United States	110,000	8,169,700
			31,372,900
Communications Equipment 1.1%			
Cisco Systems, Inc.	United States	600,000	35,520,000
Consumer Staples Distribution & Retail 0.2%			
Target Corp.	United States	50,000	6,759,000
Containers & Packaging 0.2%			
International Paper Co.	United States	100,000	5,382,000
Diversified Telecommunication Services 0.3%			
Verizon Communications, Inc.	United States	250,000	9,997,500
Electric Utilities 3.0%			
American Electric Power Co., Inc.	United States	100,000	9,223,000
Duke Energy Corp.	United States	150,000	16,161,000
Edison International	United States	75,000	5,988,000
NextEra Energy, Inc.	United States	332,379	23,828,250
Southern Co. (The).	United States	360,000	29,635,200
Xcel Energy, Inc.	United States	130,000	8,777,600
			93,613,050

Franklin Income VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Food Products 0.5%			
Nestle SA, ADR	United States	190,000	\$15,523,000
Ground Transportation 0.9%			
Union Pacific Corp.	United States	129,993	29,643,604
Health Care Equipment & Supplies 0.3%			
Medtronic plc	United States	100,000	7,988,000
Health Care Providers & Services 0.1%			
CVS Health Corp.	United States	100,000	4,489,000
Hotels, Restaurants & Leisure 0.3%			
McDonald's Corp.	United States	30,000	8,696,700
Household Products 1.1%			
Procter & Gamble Co. (The)	United States	200,000	33,530,000
Industrial Conglomerates 0.3%			
Honeywell International, Inc.	United States	45,391	10,253,373
Media 0.7%			
Comcast Corp., A	United States	575,000	21,579,750
Metals & Mining 0.7%			
Rio Tinto plc, ADR.	Australia	365,529	21,496,760
Multi-Utilities 1.0%			
Dominion Energy, Inc.	United States	300,000	16,158,000
Sempra.	United States	180,000	15,789,600
			31,947,600
Oil, Gas & Consumable Fuels 4.4%			
Chevron Corp.	United States	350,000	50,694,000
ConocoPhillips	United States	150,000	14,875,500
Exxon Mobil Corp.	United States	400,000	43,028,000
Shell plc, ADR.	United States	250,000	15,662,500
TotalEnergies SE, ADR	France	250,000	13,625,000
			137,885,000
Pharmaceuticals 3.8%			
AstraZeneca plc, ADR.	United Kingdom	125,000	8,190,000
^a Bausch Health Cos., Inc.	United States	200,000	1,612,000
^a Endo, Inc.	United States	187,928	4,500,876
Johnson & Johnson	United States	350,000	50,617,000
Merck & Co., Inc.	United States	250,000	24,870,000
Pfizer, Inc.	United States	1,059,816	28,116,918
			117,906,794
Semiconductors & Semiconductor Equipment 1.5%			
Analog Devices, Inc.	United States	60,000	12,747,600
Microchip Technology, Inc.	United States	146,059	8,376,484
Micron Technology, Inc.	United States	150,000	12,624,000
Texas Instruments, Inc.	United States	75,000	14,063,250
			47,811,334
Software 0.1%			
Microsoft Corp.	United States	11,000	4,636,500
Specialty Retail 1.0%			
Home Depot, Inc. (The).	United States	80,000	31,119,200
Textiles, Apparel & Luxury Goods 0.1%			
NIKE, Inc., B.	United States	50,000	3,783,500

Franklin Income VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Tobacco 0.5%			
Philip Morris International, Inc.	United States	130,000	\$15,645,500
Total Common Stocks (Cost \$827,516,561)			1,005,682,722
^bEquity-Linked Securities 14.0%			
Aerospace & Defense 1.0%			
^c Barclays Bank plc into RTX Corp., 144A, 7.5%, 10/16/25	United States	98,000	11,594,391
^c Citigroup Global Markets Holdings, Inc. into Boeing Co. (The), 144A, 8.5%, 12/08/25	United States	79,900	12,986,340
^c Wells Fargo Bank NA into Boeing Co. (The), 144A, 9%, 6/17/25	United States	35,000	6,140,834
			30,721,565
Banks 0.7%			
^c BNP Paribas Issuance BV into Bank of America Corp., 144A, 8.5%, 2/26/25	United States	225,000	8,422,449
^c JPMorgan Chase Bank NA into Truist Financial Corp., 144A, 9.5%, 3/02/26	United States	168,000	7,213,133
^c Merrill Lynch International & Co. CV into Fifth Third Bancorp, 144A, 10%, 3/10/25	United States	160,000	6,196,517
			21,832,099
Capital Markets 0.3%			
^c Merrill Lynch International & Co. CV into Morgan Stanley, 144A, 9%, 7/14/25	United States	100,000	10,825,433
Chemicals 0.5%			
^c Barclays Bank plc into Air Products and Chemicals, Inc., 144A, 8.5%, 3/10/25	United States	33,000	8,472,645
^c National Bank of Canada into Albemarle Corp., 144A, 12%, 3/31/25	United States	80,000	7,098,807
			15,571,452
Communications Equipment 0.2%			
^c Royal Bank of Canada into Cisco Systems, Inc., 144A, 8%, 9/17/25	United States	150,000	8,044,843
Consumer Staples Distribution & Retail 0.4%			
^c Barclays Bank plc into Target Corp., 144A, 10%, 12/29/25	United States	75,000	10,186,599
^c UBS AG into Target Corp., 144A, 10%, 9/15/25	United States	28,200	3,855,263
			14,041,862
Containers & Packaging 0.5%			
^c BNP Paribas SA into International Paper Co., 144A, 9%, 10/20/25	United States	125,000	6,557,109
^c Mizuho Markets Cayman LP into International Paper Co., 144A, 10%, 1/22/25	United States	215,000	9,149,304
			15,706,413
Electric Utilities 0.5%			
^c Wells Fargo Bank NA into NextEra Energy, Inc., 144A, 8%, 5/21/25	United States	205,000	14,924,431
Energy Equipment & Services 0.5%			
^c Merrill Lynch International & Co. CV into Halliburton Co., 144A, 8.5%, 11/13/25	United States	225,000	6,406,970
^c Wells Fargo Bank NA into Schlumberger NV, 144A, 10%, 11/26/25	United States	206,500	8,310,166
			14,717,136

Franklin Income VIP Fund (continued)

	Country	Shares	Value
Equity-Linked Securities (continued)			
Health Care Providers & Services 0.5%			
•JPMorgan Chase Bank NA into CVS Health Corp., 144A, 9%, 11/25/25	United States	145,000	\$6,694,192
•Wells Fargo Bank NA into UnitedHealth Group, Inc., 144A, 7%, 7/14/25	United States	17,000	8,438,710
			15,132,902
Hotels, Restaurants & Leisure 0.6%			
•Toronto-Dominion Bank (The) into Starbucks Corp., 144A, 9%, 1/12/26	United States	190,000	17,943,221
Interactive Media & Services 0.4%			
•JPMorgan Chase Bank NA into Alphabet, Inc., 144A, 8%, 3/28/25	United States	75,500	11,979,928
IT Services 0.4%			
•Barclays Bank plc into International Business Machines Corp., 144A, 8.5%, 6/09/25	United States	75,000	14,368,532
Metals & Mining 1.1%			
•BNP Paribas Issuance BV into Freeport-McMoRan, Inc., 144A, 10%, 8/12/25	United States	350,000	13,995,370
•Mizuho Markets Cayman LP into Barrick Gold Corp., 144A, 9%, 7/01/25	Canada	303,000	4,854,092
•Mizuho Markets Cayman LP into Freeport-McMoRan, Inc., 144A, 10%, 12/24/25	United States	250,000	9,877,424
•UBS AG into Newmont Corp., 144A, 11%, 1/16/25	United States	143,000	5,388,066
			34,114,952
Oil, Gas & Consumable Fuels 0.6%			
•Citigroup Global Markets Holdings, Inc. into Exxon Mobil Corp., 144A, 9%, 3/12/25	United States	120,665	12,843,468
•JPMorgan Chase Bank NA into Exxon Mobil Corp., 144A, 8.5%, 11/03/25	United States	50,000	5,561,084
			18,404,552
Pharmaceuticals 0.4%			
•Mizuho Markets Cayman LP into Bristol-Myers Squibb Co., 144A, 9.5%, 5/08/25	United States	230,000	12,421,160
Semiconductors & Semiconductor Equipment 3.2%			
•Barclays Bank plc into Microchip Technology, Inc., 144A, 10%, 10/14/25	United States	135,000	8,639,873
•BNP Paribas Issuance BV into Applied Materials, Inc., 144A, 10%, 12/10/25	United States	60,000	10,074,246
•Mizuho Markets Cayman LP into Intel Corp., 144A, 10%, 12/08/25	United States	615,000	13,033,711
•National Bank of Canada into Broadcom, Inc., 144A, 11.5%, 5/13/25	United States	8,000	11,479,234
•Royal Bank of Canada into Texas Instruments, Inc., 144A, 8%, 6/11/25	United States	160,000	30,500,182
•UBS AG into Analog Devices, Inc., 144A, 9%, 9/17/25	United States	34,000	7,366,110
•Wells Fargo Bank NA into Intel Corp., 144A, 11%, 2/14/25	United States	350,000	7,381,872
•Wells Fargo Bank NA into QUALCOMM, Inc., 144A, 10%, 10/22/25	United States	68,500	11,155,454
			99,630,682
Software 1.1%			
•Barclays Bank plc into Oracle Corp., 144A, 8.5%, 2/05/25	United States	85,000	10,320,286
•Merrill Lynch BV into Microsoft Corp, 144A, 7.5%, 10/06/25	United States	25,600	11,124,814
•UBS AG into Oracle Corp., 144A, 9%, 6/10/25	United States	105,000	14,507,232
			35,952,332

Franklin Income VIP Fund (continued)

	Country	Shares	Value
^bEquity-Linked Securities (continued)			
Specialty Retail 0.3%			
^c J.P. Morgan Structured Products BV into Home Depot, Inc. (The), 144A, 8%, 10/15/25	United States	25,000	\$9,708,175
Technology Hardware, Storage & Peripherals 0.8%			
^c Barclays Bank plc into Dell Technologies Inc, 144A, 12%, 9/03/25	United States	75,000	8,781,612
^c Mizuho Markets Cayman LP into Hewlett Packard Enterprise Co., 144A, 9.5%, 9/30/25	United States	400,000	7,664,770
^c UBS AG into Apple, Inc., 144A, 7%, 4/02/25	United States	39,000	7,591,199
			24,037,581
Total Equity-Linked Securities (Cost \$445,723,339)			440,079,251
Convertible Preferred Stocks 1.5%			
Aerospace & Defense 0.5%			
Boeing Co. (The), 6%	United States	240,000	14,613,600
Capital Markets 0.1%			
Ares Management Corp., 6.75%, B	United States	50,000	2,752,000
Chemicals 0.3%			
Albemarle Corp., 7.25%	United States	230,000	9,358,700
Electric Utilities 0.1%			
^a NextEra Energy, Inc., 7.234%	United States	50,000	2,280,000
Financial Services 0.5%			
^a FNMA, 5.375%	United States	475	16,446,875
Total Convertible Preferred Stocks (Cost \$65,806,042)			45,451,175
		Principal Amount^e	
Corporate Bonds 39.2%			
Aerospace & Defense 1.9%			
Boeing Co. (The), Senior Note, 5.04%, 5/01/27	United States	11,500,000	11,534,311
Senior Note, 5.15%, 5/01/30	United States	25,000,000	24,668,111
^c Bombardier, Inc., Senior Note, 144A, 7.25%, 7/01/31	Canada	4,250,000	4,388,236
^c TransDigm, Inc., Senior Secured Note, 144A, 6.75%, 8/15/28	United States	5,000,000	5,049,869
Senior Secured Note, 144A, 6.625%, 3/01/32	United States	15,000,000	15,154,135
			60,794,662
Automobile Components 0.6%			
^c Dornoch Debt Merger Sub, Inc., Senior Note, 144A, 6.625%, 10/15/29	United States	11,945,000	9,688,397
Goodyear Tire & Rubber Co. (The), Senior Note, 5%, 7/15/29	United States	10,000,000	9,193,440
			18,881,837
Automobiles 0.9%			
Ford Motor Co., Senior Bond, 3.25%, 2/12/32	United States	3,000,000	2,495,897
Senior Bond, 6.1%, 8/19/32	United States	7,000,000	6,968,975
General Motors Co., Senior Bond, 5.6%, 10/15/32	United States	5,000,000	5,044,860
Senior Bond, 5.15%, 4/01/38	United States	13,500,000	12,433,933
			26,943,665

Franklin Income VIP Fund (continued)

	Country	Principal Amount ^a	Value
Corporate Bonds (continued)			
Banks 3.6%			
Bank of America Corp.,			
^d AA, Junior Sub. Bond, 6.1% to 3/16/25, FRN thereafter,			
Perpetual	United States	8,000,000	\$7,998,707
Senior Bond, 4.571% to 4/26/32, FRN thereafter, 4/27/33	United States	6,500,000	6,179,945
Barclays plc,			
Senior Bond, 5.746% to 8/08/32, FRN thereafter, 8/09/33	United Kingdom	15,000,000	15,019,257
Senior Bond, 7.437% to 11/01/32, FRN thereafter, 11/02/33	United Kingdom	10,000,000	11,006,745
Senior Note, 5.501% to 8/08/27, FRN thereafter, 8/09/28	United Kingdom	2,300,000	2,325,449
Citigroup, Inc., Senior Bond, 6.27% to 11/16/32, FRN thereafter, 11/17/33	United States	24,500,000	25,699,506
JPMorgan Chase & Co.,			
^d NN, Junior Sub. Bond, 6.875% to 5/31/29, FRN thereafter,			
Perpetual	United States	5,000,000	5,233,692
Senior Bond, 6.254% to 10/22/33, FRN thereafter, 10/23/34	United States	3,000,000	3,172,070
PNC Financial Services Group, Inc. (The), Senior Bond, 6.037% to 10/27/32, FRN thereafter, 10/28/33	United States	8,000,000	8,282,190
Truist Financial Corp., Sub. Bond, 4.916% to 7/27/32, FRN thereafter, 7/28/33	United States	4,000,000	3,780,830
US Bancorp, Senior Bond, 5.85% to 10/20/32, FRN thereafter, 10/21/33	United States	10,000,000	10,224,023
Wells Fargo & Co., Senior Bond, 5.557% to 7/24/33, FRN thereafter, 7/25/34	United States	15,500,000	15,485,365
			<u>114,407,779</u>
Building Products 0.6%			
^c Camelot Return Merger Sub, Inc., Senior Secured Note, 144A, 8.75%, 8/01/28	United States	6,900,000	6,619,434
^c EMRLD Borrower LP / Emerald Co-Issuer, Inc., Senior Secured Note, 144A, 6.625%, 12/15/30	United States	11,000,000	11,028,419
			<u>17,647,853</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	18,282,102
Morgan Stanley,			
Senior Bond, 6.342% to 10/17/32, FRN thereafter, 10/18/33	United States	8,650,000	9,153,123
Senior Bond, 5.25% to 4/20/33, FRN thereafter, 4/21/34	United States	5,700,000	5,614,925
Senior Bond, 6.627% to 10/31/33, FRN thereafter, 11/01/34	United States	6,000,000	6,450,080
			<u>39,500,230</u>
Chemicals 1.6%			
Celanese US Holdings LLC, Senior Note, 6.165%, 7/15/27	United States	12,000,000	12,182,818
^c Consolidated Energy Finance SA, Senior Note, 144A, 6.5%, 5/15/26	Switzerland	8,000,000	7,882,085
^c International Flavors & Fragrances, Inc., Senior Bond, 144A, 2.3%, 11/01/30	United States	10,000,000	8,497,090
^c Rain Carbon, Inc., Senior Secured Note, 144A, 12.25%, 9/01/29	United States	7,300,000	7,724,468
^c SCIH Salt Holdings, Inc.,			
Senior Note, 144A, 6.625%, 5/01/29	United States	5,500,000	5,227,801
Senior Secured Note, 144A, 4.875%, 5/01/28	United States	8,888,000	8,371,014
			<u>49,885,276</u>
Communications Equipment 0.7%			
^c CommScope LLC,			
Senior Note, 144A, 8.25%, 3/01/27	United States	7,500,000	7,181,601
Senior Note, 144A, 7.125%, 7/01/28	United States	9,846,000	8,677,789

Franklin Income VIP Fund (continued)

	Country	Principal Amount ¹	Value
Corporate Bonds (continued)			
Communications Equipment (continued)			
°CommScope LLC, (continued)			
Senior Secured Note, 144A, 6%, 3/01/26	United States	7,000,000	\$6,973,750
			22,833,140
Consumer Finance 2.2%			
AerCap Ireland Capital DAC / AerCap Global Aviation Trust,			
Senior Bond, 5.3%, 1/19/34	Ireland	5,000,000	4,905,541
Capital One Financial Corp.,			
Senior Note, 4.927% to 5/09/27, FRN thereafter, 5/10/28	United States	10,398,356	10,368,198
Senior Note, 3.273% to 2/28/29, FRN thereafter, 3/01/30	United States	7,000,000	6,477,565
Senior Note, 5.247% to 7/25/29, FRN thereafter, 7/26/30	United States	6,070,000	6,053,540
Ford Motor Credit Co. LLC,			
Senior Note, 5.125%, 6/16/25	United States	20,000,000	19,993,118
Senior Note, 4.95%, 5/28/27	United States	15,000,000	14,869,784
Senior Note, 7.35%, 3/06/30	United States	1,500,000	1,589,099
General Motors Financial Co., Inc., Senior Bond, 6.4%, 1/09/33.	United States	5,000,000	5,185,073
			69,441,918
Consumer Staples Distribution & Retail 0.1%			
°7-Eleven, Inc., Senior Bond, 144A, 1.8%, 2/10/31	United States	3,000,000	2,423,003
Containers & Packaging 1.2%			
°Ardagh Packaging Finance plc / Ardagh Holdings USA, Inc.,			
Senior Note, 144A, 5.25%, 8/15/27	United States	10,700,000	6,127,733
Senior Secured Note, 144A, 4.125%, 8/15/26	United States	10,000,000	9,010,800
°Mauser Packaging Solutions Holding Co.,			
Secured Note, 144A, 9.25%, 4/15/27	United States	16,932,000	17,205,723
Senior Secured Note, 144A, 7.875%, 4/15/27	United States	7,000,000	7,150,220
			39,494,476
Diversified REITs 0.3%			
VICI Properties LP, Senior Bond, 5.125%, 5/15/32	United States	10,000,000	9,743,975
Diversified Telecommunication Services 0.4%			
°CCO Holdings LLC / CCO Holdings Capital Corp.,			
Senior Bond, 144A, 5.125%, 5/01/27	United States	3,000,000	2,950,395
Senior Bond, 144A, 5%, 2/01/28	United States	10,000,000	9,647,387
			12,597,782
Electric Utilities 1.8%			
NextEra Energy Capital Holdings, Inc., Senior Bond, 5.25%,			
3/15/34	United States	8,000,000	7,917,644
°NRG Energy, Inc., Senior Note, 144A, 5.75%, 7/15/29	United States	15,000,000	14,656,794
Pacific Gas and Electric Co., Senior Bond, 4.55%, 7/01/30	United States	5,000,000	4,842,478
Southern Co. (The), Senior Bond, 5.7%, 10/15/32	United States	10,000,000	10,299,052
°Vistra Operations Co. LLC,			
Senior Note, 144A, 4.375%, 5/01/29	United States	10,505,000	9,900,148
Senior Note, 144A, 7.75%, 10/15/31	United States	4,700,000	4,934,980
Senior Note, 144A, 6.875%, 4/15/32	United States	2,800,000	2,869,626
			55,420,722
Electrical Equipment 0.2%			
Regal Rexnord Corp., Senior Note, 6.4%, 4/15/33	United States	5,000,000	5,161,379
Energy Equipment & Services 0.5%			
°Weatherford International Ltd., Senior Note, 144A, 8.625%,			
4/30/30	United States	14,500,000	14,983,429

Franklin Income VIP Fund (continued)

	Country	Principal Amount ¹	Value
Corporate Bonds (continued)			
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	\$7,968,658
Pilgrim's Pride Corp., Senior Bond, 6.25%, 7/01/33	United States	4,000,000	4,080,471
			12,049,129
Ground Transportation 0.1%			
Ashtead Capital, Inc., Senior Note, 144A, 4.25%, 11/01/29	United Kingdom	4,500,000	4,269,130
Health Care Equipment & Supplies 0.9%			
GE HealthCare Technologies, Inc., Senior Note, 5.905%, 11/22/32	United States	7,500,000	7,795,759
Medline Borrower LP, Senior Note, 144A, 5.25%, 10/01/29	United States	4,000,000	3,864,056
Senior Secured Note, 144A, 3.875%, 4/01/29	United States	17,000,000	15,757,420
			27,417,235
Health Care Providers & Services 6.4%			
Centene Corp., Senior Note, 4.625%, 12/15/29	United States	10,000,000	9,465,451
CHS/Community Health Systems, Inc., Secured Note, 144A, 6.875%, 4/15/29	United States	39,750,000	30,070,240
Senior Note, 144A, 6.875%, 4/01/28	United States	25,000,000	18,249,788
Senior Secured Note, 144A, 8%, 12/15/27	United States	5,000,000	4,996,506
Senior Secured Note, 144A, 10.875%, 1/15/32	United States	25,500,000	26,340,940
CVS Health Corp., Senior Bond, 5.25%, 2/21/33	United States	5,000,000	4,795,379
DaVita, Inc., Senior Bond, 144A, 3.75%, 2/15/31	United States	2,500,000	2,165,525
Senior Note, 144A, 4.625%, 6/01/30	United States	20,000,000	18,403,703
HCA, Inc., Senior Bond, 5.5%, 6/01/33	United States	10,000,000	9,897,395
MPH Acquisition Holdings LLC, Senior Note, 144A, 5.75%, 11/01/28	United States	5,750,000	3,752,048
Senior Secured Note, 144A, 5.5%, 9/01/28	United States	8,890,000	7,631,010
Tenet Healthcare Corp., Secured Note, 6.25%, 2/01/27	United States	24,031,000	24,030,918
Senior Note, 6.125%, 10/01/28	United States	19,400,000	19,381,374
Senior Secured Note, 6.125%, 6/15/30	United States	12,500,000	12,417,100
UnitedHealth Group, Inc., Senior Bond, 5.35%, 2/15/33	United States	10,000,000	10,066,620
			201,663,997
Hotels, Restaurants & Leisure 1.8%			
Caesars Entertainment, Inc., Senior Secured Note, 144A, 7%, 2/15/30	United States	6,250,000	6,370,498
Carnival Corp., Senior Note, 144A, 7.625%, 3/01/26	United States	20,000,000	20,044,429
Senior Note, 144A, 10.5%, 6/01/30	United States	4,250,000	4,543,457
Fertitta Entertainment LLC / Fertitta Entertainment Finance Co., Inc., Senior Note, 144A, 6.75%, 1/15/30	United States	4,100,000	3,785,893
Senior Secured Note, 144A, 4.625%, 1/15/29	United States	7,000,000	6,520,184
Wynn Las Vegas LLC / Wynn Las Vegas Capital Corp., Senior Bond, 144A, 5.25%, 5/15/27	United States	6,000,000	5,939,566
Wynn Resorts Finance LLC / Wynn Resorts Capital Corp., Senior Note, 144A, 6.25%, 3/15/33	United States	8,250,000	8,131,414
			55,335,441
Independent Power and Renewable Electricity Producers 0.7%			
Calpine Corp., Senior Note, 144A, 5.125%, 3/15/28	United States	10,000,000	9,706,163
Senior Secured Note, 144A, 4.5%, 2/15/28	United States	5,000,000	4,799,595

Franklin Income VIP Fund (continued)

	Country	Principal Amount ^c	Value
Corporate Bonds (continued)			
Independent Power and Renewable Electricity Producers (continued)			
^{c,d} Vistra Corp., Junior Sub. Bond, 144A, 7% to 12/14/26, FRN thereafter, Perpetual	United States	7,800,000	\$7,853,178
			22,358,936
Media 0.9%			
^c Clear Channel Outdoor Holdings, Inc., Senior Note, 144A, 7.75%, 4/15/28	United States	2,800,000	2,529,670
Senior Note, 144A, 7.5%, 6/01/29	United States	7,000,000	6,133,147
Senior Secured Note, 144A, 5.125%, 8/15/27	United States	5,582,436	5,379,839
^c Stagwell Global LLC, Senior Note, 144A, 5.625%, 8/15/29	United States	5,000,000	4,766,447
^c Univision Communications, Inc., Senior Secured Note, 144A, 6.625%, 6/01/27	United States	8,500,000	8,475,751
			27,284,854
Metals & Mining 1.3%			
^c Alcoa Nederland Holding BV, Senior Note, 144A, 4.125%, 3/31/29	United States	8,500,000	7,936,741
^c ArcelorMittal SA, Senior Bond, 6.8%, 11/29/32	Luxembourg	12,000,000	12,828,192
^c Cleveland-Cliffs, Inc., Senior Note, 144A, 7.375%, 5/01/33	United States	3,000,000	2,950,161
^c FMG Resources August 2006 Pty. Ltd., Senior Bond, 144A, 4.375%, 4/01/31	Australia	6,000,000	5,406,230
Senior Note, 144A, 5.875%, 4/15/30	Australia	5,000,000	4,918,381
Freeport-McMoRan, Inc., Senior Bond, 4.625%, 8/01/30	United States	8,000,000	7,761,157
			41,800,862
Oil, Gas & Consumable Fuels 2.6%			
^c Calumet Specialty Products Partners LP / Calumet Finance Corp., Senior Note, 144A, 11%, 4/15/26	United States	13,186,000	13,307,179
Senior Note, 144A, 8.125%, 1/15/27	United States	8,820,000	8,801,183
Senior Secured Note, 144A, 9.25%, 7/15/29	United States	5,500,000	5,706,184
^c Expand Energy Corp., Senior Note, 144A, 5.875%, 2/01/29	United States	9,500,000	9,429,481
^c Hilcorp Energy I LP / Hilcorp Finance Co., Senior Bond, 144A, 7.25%, 2/15/35	United States	4,000,000	3,764,062
Kinder Morgan, Inc., Senior Bond, 5.4%, 2/01/34	United States	8,000,000	7,883,023
^c Matador Resources Co., Senior Note, 144A, 6.25%, 4/15/33	United States	3,500,000	3,400,679
Occidental Petroleum Corp., Senior Bond, 6.625%, 9/01/30	United States	6,000,000	6,283,415
Senior Bond, 5.55%, 10/01/34	United States	3,000,000	2,919,987
^c Venture Global LNG, Inc., Junior Sub. Bond, 144A, 9% to 9/29/29, FRN thereafter, Perpetual	United States	10,250,000	10,733,072
Senior Secured Note, 144A, 8.125%, 6/01/28	United States	5,000,000	5,205,265
Williams Cos., Inc. (The), Senior Bond, 5.65%, 3/15/33	United States	5,000,000	5,047,296
			82,480,826
Passenger Airlines 1.4%			
^c American Airlines, Inc., Senior Secured Note, 144A, 8.5%, 5/15/29	United States	7,000,000	7,353,909
^c American Airlines, Inc. / AAdvantage Loyalty IP Ltd., Senior Secured Note, 144A, 5.5%, 4/20/26	United States	7,500,000	7,481,681
^c Delta Air Lines, Inc. / SkyMiles IP Ltd., Senior Secured Note, 144A, 4.75%, 10/20/28	United States	13,687,000	13,508,085
^c JetBlue Airways Corp. / JetBlue Loyalty LP, Senior Secured Note, 144A, 9.875%, 9/20/31	United States	7,000,000	7,444,761
^c United Airlines, Inc., Senior Secured Note, 144A, 4.625%, 4/15/29	United States	8,750,000	8,326,468
			44,114,904

Franklin Income VIP Fund (continued)

	Country	Principal Amount ^a	Value
Corporate Bonds (continued)			
Pharmaceuticals 0.7%			
^c 1375209 BC Ltd., Senior Secured Note, 144A, 9%, 1/30/28	Canada	6,374,000	\$6,390,841
^c Endo Finance Holdings, Inc., Senior Secured Note, 144A, 8.5%, 4/15/31	United States	4,000,000	4,243,132
Teva Pharmaceutical Finance Netherlands III BV, Senior Note, 6.75%, 3/01/28	Israel	10,000,000	10,219,250
			20,853,223
Semiconductors & Semiconductor Equipment 0.7%			
^c Broadcom, Inc., Senior Bond, 144A, 4.15%, 4/15/32	United States	10,000,000	9,381,024
Micron Technology, Inc., Senior Bond, 5.875%, 2/09/33	United States	4,000,000	4,098,487
Senior Note, 6.75%, 11/01/29	United States	8,000,000	8,521,107
			22,000,618
Software 0.9%			
Oracle Corp., Senior Bond, 2.875%, 3/25/31	United States	15,000,000	13,205,884
Senior Bond, 6.25%, 11/09/32	United States	6,750,000	7,156,121
Workday, Inc., Senior Bond, 3.8%, 4/01/32	United States	10,000,000	9,103,970
			29,465,975
Specialized REITs 0.3%			
American Tower Corp., Senior Bond, 5.65%, 3/15/33	United States	5,000,000	5,066,320
Crown Castle, Inc., Senior Bond, 3.3%, 7/01/30	United States	5,000,000	4,550,420
			9,616,740
Specialty Retail 0.4%			
Lowe's Cos., Inc., Senior Bond, 5%, 4/15/33	United States	13,000,000	12,803,969
Technology Hardware, Storage & Peripherals 0.5%			
Hewlett Packard Enterprise Co., Senior Bond, 5%, 10/15/34	United States	6,000,000	5,770,201
HP, Inc., Senior Bond, 5.5%, 1/15/33	United States	10,000,000	10,094,903
			15,865,104
Tobacco 0.2%			
BAT Capital Corp., Senior Bond, 6.421%, 8/02/33	United Kingdom	6,000,000	6,344,531
Trading Companies & Distributors 0.6%			
United Rentals North America, Inc., Senior Bond, 4.875%, 1/15/28	United States	12,800,000	12,467,498
^c Senior Secured Note, 144A, 6%, 12/15/29	United States	8,000,000	8,076,904
			20,544,402
Wireless Telecommunication Services 0.5%			
Sprint LLC, Senior Note, 7.625%, 3/01/26	United States	7,500,000	7,671,525
T-Mobile USA, Inc., Senior Bond, 5.2%, 1/15/33	United States	7,500,000	7,427,069
			15,098,594
Total Corporate Bonds (Cost \$1,226,011,275)			1,231,529,596
U.S. Government and Agency Securities 6.3%			
U.S. Treasury Bonds, 3%, 8/15/52	United States	40,000,000	28,709,593
3.625%, 5/15/53	United States	42,500,000	34,561,625
4.125%, 8/15/53	United States	21,000,000	18,710,081

Franklin Income VIP Fund (continued)

	Country	Principal Amount ^a	Value
U.S. Government and Agency Securities (continued)			
U.S. Treasury Notes, 2.875%, 5/15/32	United States	130,000,000	\$116,786,302
Total U.S. Government and Agency Securities (Cost \$219,676,941)			198,767,601
Asset-Backed Securities 0.3%			
Passenger Airlines 0.3%			
United Airlines Pass-Through Trust,			
2020-1, A, 5.875%, 10/15/27	United States	4,549,333	4,650,287
2023-1, A, 5.8%, 1/15/36	United States	6,159,239	6,303,347
			10,953,634
Total Asset-Backed Securities (Cost \$10,708,572)			10,953,634
Mortgage-Backed Securities 3.6%			
Federal Home Loan Mortgage Corp. (FHLMC) Fixed Rate 2.4%			
FHLMC Pool, 30 Year, 5%, 5/01/53	United States	16,279,779	15,737,540
FHLMC Pool, 30 Year, 5%, 11/01/54	United States	27,543,775	26,599,713
FHLMC Pool, 30 Year, 5.5%, 7/01/53 - 11/01/53	United States	16,297,818	16,112,559
FHLMC Pool, 30 Year, 5.5%, 11/01/54	United States	16,978,192	16,764,185
			75,213,997
Federal National Mortgage Association (FNMA) Fixed Rate 1.2%			
FNMA, 30 Year, 4%, 8/01/49	United States	1,317,330	1,225,384
FNMA, 30 Year, 5%, 5/01/53	United States	16,283,781	15,744,493
FNMA, 30 Year, 5%, 11/01/53	United States	13,827,302	13,375,973
FNMA, 30 Year, 5.5%, 11/01/54	United States	6,926,320	6,838,947
			37,184,797
Total Mortgage-Backed Securities (Cost \$113,352,876)			112,398,794
		Shares	
Escrows and Litigation Trusts 0.0%			
^{a,e,f} Endo, Inc., Escrow Account.	United States	12,929,000	—
Total Escrows and Litigation Trusts (Cost \$—)			—
Total Long Term Investments (Cost \$2,908,795,606)			3,044,862,773
Short Term Investments 2.4%			
	Country	Shares	Value
Money Market Funds 2.3%			
^{g,h} Institutional Fiduciary Trust - Money Market Portfolio, 4.183%	United States	71,500,603	71,500,603
Total Money Market Funds (Cost \$71,500,603)			71,500,603

Franklin Income VIP Fund (continued)

Short Term Investments (continued)

	Country	Shares	Value
Investments from Cash Collateral Received for			
Loaned Securities 0.1%			
Money Market Funds 0.1%			
^{g,h} Institutional Fiduciary Trust - Money Market Portfolio, 4.183%	United States	2,784,000	\$2,784,000
Total Investments from Cash Collateral Received for Loaned Securities			
(Cost \$2,784,000)			2,784,000
Total Short Term Investments (Cost \$74,284,603)			74,284,603
Total Investments (Cost \$2,983,080,209) 99.3%			\$3,119,147,376
Other Assets, less Liabilities 0.7%			23,077,260
Net Assets 100.0%			\$3,142,224,636

See Abbreviations on page 29.

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

^aNon-income producing.

^bSee Note 1(d) 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, 2024, the aggregate value of these securities was \$1,048,648,597, representing 33.4% of net assets.

^dPerpetual security with no stated maturity date.

^eA portion or all of the security is on loan at December 31, 2024. See Note 1(e).

^fFair valued using significant unobservable inputs. See Note 9 regarding fair value measurements.

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

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

ⁱSee Note 1(e) regarding securities on loan.

Statement of Assets and Liabilities

December 31, 2024

Franklin Income VIP Fund

Assets:

Investments in securities:

Cost - Unaffiliated issuers	\$2,908,795,606
Cost - Non-controlled affiliates (Note 3e)	74,284,603

Value - Unaffiliated issuers (Includes securities loaned of \$2,630,135)	\$3,044,862,773
Value - Non-controlled affiliates (Note 3e)	74,284,603

Cash	557
Foreign currency, at value (cost \$587)	557

Receivables:

Capital shares sold	3,880,940
Dividends and interest	23,744,606
European Union tax reclaims (Note 1f)	1,459,663

Total assets	3,148,233,699
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Liabilities:

Payables:

Capital shares redeemed	1,261,159
Management fees	1,217,250
Distribution fees	639,927
Trustees' fees and expenses	1,088

Payable upon return of securities loaned (Note 1e)	2,784,000
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Accrued expenses and other liabilities	105,639
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Total liabilities	6,009,063
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Net assets, at value	\$3,142,224,636
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Net assets consist of:

Paid-in capital	\$2,828,855,863
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Total distributable earnings (losses)	313,368,773
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Net assets, at value	\$3,142,224,636
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Franklin Income VIP Fund

Class 1:

Net assets, at value	\$308,491,393
Shares outstanding	20,400,619
Net asset value and maximum offering price per share ^a	\$15.12

Class 2:

Net assets, at value	\$2,463,454,238
Shares outstanding	171,590,987
Net asset value and maximum offering price per share ^a	\$14.36

Class 4:

Net assets, at value	\$370,279,005
Shares outstanding	24,917,791
Net asset value and maximum offering price per share ^a	\$14.86

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

Statement of Operations

for the year ended December 31, 2024

	Franklin Income VIP Fund
Investment income:	
Dividends: (net of foreign taxes of \$117,822)	
Unaffiliated issuers	\$31,985,939
Non-controlled affiliates (Note 3e)	3,016,776
Interest:	
Unaffiliated issuers	115,482,582
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	(186,768)
Non-controlled affiliates (Note 3e)	255,683
Other income (Note 1f)	109,875
Total investment income	150,664,087
Expenses:	
Management fees (Note 3a)	14,560,820
Distribution fees: (Note 3c)	
Class 2	6,295,161
Class 4	1,263,350
Custodian fees	17,552
Reports to shareholders fees	8,786
Professional fees	92,120
Trustees' fees and expenses	33,097
Other	117,725
Total expenses	22,388,611
Expenses waived/paid by affiliates (Note 3e)	(226,786)
Net expenses	22,161,825
Net investment income	128,502,262
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	66,837,206
Written options	2,209,176
Foreign currency transactions	(57,949)
Futures contracts	3,507,123
Net realized gain (loss)	72,495,556
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	28,086,887
Translation of other assets and liabilities denominated in foreign currencies	(53,238)
Written options	175,170
Futures contracts	(7,598,745)
Net change in unrealized appreciation (depreciation)	20,610,074
Net realized and unrealized gain (loss)	93,105,630
Net increase (decrease) in net assets resulting from operations	\$221,607,892

Statements of Changes in Net Assets

	Franklin Income VIP Fund	
	Year Ended December 31, 2024	Year Ended December 31, 2023
Increase (decrease) in net assets:		
Operations:		
Net investment income	\$128,502,262	\$128,052,802
Net realized gain (loss)	72,495,556	43,518,115
Net change in unrealized appreciation (depreciation)	20,610,074	81,603,814
Net increase (decrease) in net assets resulting from operations	221,607,892	253,174,731
Distributions to shareholders:		
Class 1	(16,729,510)	(30,336,593)
Class 2	(141,660,042)	(289,624,489)
Class 4	(19,161,630)	(36,680,873)
Total distributions to shareholders	(177,551,182)	(356,641,955)
Capital share transactions: (Note 2)		
Class 1	12,405,411	79,739,805
Class 2	(116,766,420)	86,181,715
Class 4	12,330,730	36,884,838
Total capital share transactions	(92,030,279)	202,806,358
Net increase (decrease) in net assets	(47,973,569)	99,339,134
Net assets:		
Beginning of year	3,190,198,205	3,090,859,071
End of year	\$3,142,224,636	\$3,190,198,205

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 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 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 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.

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

Franklin Income 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.

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.

The Fund entered into exchange traded futures contracts primarily to manage and/or gain exposure to interest rate risk. A futures contract is an agreement between the Fund

Franklin Income VIP Fund (continued)

1. Organization and Significant Accounting Policies

(continued)

c. Derivative Financial Instruments (continued)

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 purchased or wrote exchange traded option contracts primarily to manage and/or gain exposure to equity price/equity volatility risk. An option is a contract entitling the holder to purchase or sell a specific amount of shares or units of an asset or notional amount of a swap (swaption), at a specified price. When an option is purchased or written, an amount equal to the premium paid or received is recorded as an asset or liability, respectively. Upon exercise of an option, the acquisition cost or sales proceeds of the underlying investment is adjusted by any premium received or paid. Upon expiration of an option, any premium received or paid is recorded as a realized gain or loss. Upon closing an option other than through expiration or exercise, the difference between the premium received or paid and the cost to close the position is recorded as a realized gain or loss. Option contracts outstanding at period end, if any, are listed in the Fund's Schedule of Investments.

See Note 7 regarding other derivative information.

d. 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.

e. 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. Any cash collateral received is deposited into a joint cash account with other funds and is used to invest in a money market fund managed by Franklin Advisers, Inc., an affiliate of the Fund. 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 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.

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.

Franklin Income VIP Fund (continued)**1. Organization and Significant Accounting Policies**
(continued)**f. Income and Deferred Taxes** (continued)

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, 2024, 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.

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. Dividend income is 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.

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

At December 31, 2024, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Year Ended December 31, 2024		Year Ended December 31, 2023	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	1,183,735	\$17,865,510	4,435,576	\$69,037,803
Shares issued in reinvestment of distributions	1,152,170	16,729,510	2,131,876	30,336,593
Shares redeemed	(1,472,487)	(22,189,609)	(1,343,537)	(19,634,591)
Net increase (decrease)	863,418	\$12,405,411	5,223,915	\$79,739,805
Class 2 Shares:				
Shares sold	9,812,811	\$141,106,886	15,216,333	\$219,586,688
Shares issued in reinvestment of distributions	10,265,220	141,660,042	21,342,998	289,624,489
Shares redeemed	(27,814,220)	(399,533,348)	(30,047,143)	(423,029,462)
Net increase (decrease)	(7,736,189)	\$(116,766,420)	6,512,188	\$86,181,715
Class 4 Shares:				
Shares sold	3,067,878	\$45,695,339	3,250,508	\$47,488,287
Shares issued in reinvestment of distributions	1,339,974	19,161,630	2,614,460	36,680,873
Shares redeemed	(3,540,719)	(52,526,239)	(3,259,803)	(47,284,322)
Net increase (decrease)	867,133	\$12,330,730	2,605,165	\$36,884,838

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

Franklin Income VIP Fund (continued)**3. Transactions with Affiliates** (continued)**a. Management Fees** (continued)

For the year ended December 31, 2024, the gross effective investment management fee rate was 0.458% of the Fund's average daily net assets.

b. Administrative Fees

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

c. Distribution Fees

The Board has adopted distribution plans for Class 2 and Class 4 shares pursuant to Rule 12b-1 under the 1940 Act. Under the Fund's compensation distribution plans, the Fund pays Distributors for costs incurred in connection with the servicing, sale and distribution of the Fund's shares up to 0.35% 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 paid directly or indirectly by each affiliate. During the year ended December 31, 2024, 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
Institutional Fiduciary Trust - Money Market Portfolio, 4.183%	\$104,664,771	\$816,145,047	\$(849,309,215)	\$—	\$—	\$71,500,603	71,500,603	\$3,016,776
Non-Controlled Affiliates								
								Income from securities loaned
Institutional Fiduciary Trust - Money Market Portfolio, 4.183%	\$—	\$68,701,000	\$(65,917,000)	\$—	\$—	\$2,784,000	2,784,000	\$255,683
Total Affiliated Securities . . .	\$104,664,771	\$884,846,047	\$(915,226,215)	\$—	\$—	\$74,284,603		\$3,272,459

Franklin Income VIP Fund (continued)

4. Income Taxes

The tax character of distributions paid during the years ended December 31, 2024 and 2023, was as follows:

	2024	2023
Distributions paid from:		
Ordinary income	\$172,403,325	\$161,446,155
Long term capital gain	5,147,857	195,195,800
	<u>\$177,551,182</u>	<u>\$356,641,955</u>

At December 31, 2024, 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	<u>\$2,987,560,142</u>
Unrealized appreciation.	\$275,498,928
Unrealized depreciation.	(143,911,694)
Net unrealized appreciation (depreciation).	<u>\$131,587,234</u>
Distributable earnings:	
Undistributed ordinary income.	\$159,973,687
Undistributed long term capital gains.	20,282,432
Total distributable earnings	<u>\$180,256,119</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 EU reclaims, bond discounts and premiums and equity-linked securities.

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the year ended December 31, 2024, aggregated \$1,232,434,766 and \$1,315,786,631, respectively.

At December 31, 2024, in connection with securities lending transactions, the Fund loaned corporate bonds and received \$2,784,000 of cash collateral. The gross amount of recognized liability for such transactions is included in payable upon return of securities loaned in the Statement of Assets and Liabilities. The agreements can be terminated at any time.

6. Credit Risk

At December 31, 2024, the Fund had 20.3% of its portfolio invested in high yield 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.

Franklin Income VIP Fund (continued)**7. Other Derivative Information**

For the year ended December 31, 2024, 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 Year	Statement of Operations Location	Net Change in Unrealized Appreciation (Depreciation) for the Year
Franklin Income VIP Fund				
	Net realized gain (loss) from:		Net change in unrealized appreciation (depreciation) on:	
Interest rate contracts				
	Futures contracts	\$3,507,123	Futures contracts	\$(7,598,745)
Equity contracts				
	Written options	2,209,176	Written options	175,170
Total		<u>\$5,716,299</u>		<u>\$(7,423,575)</u>

For the year ended December 31, 2024, the average month end notional amount of futures contracts and options represented \$58,034,788 and \$227,308, respectively.

See Note 1(c) regarding derivative financial instruments.

8. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling \$2.675 billion (Global Credit Facility) which matured on January 31, 2025. 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 31, 2025, the Borrowers renewed the Global Credit Facility for a one-year term, maturing January 30, 2026, for a total of \$2.995 billion.

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, 2024, the Fund did not use the Global Credit Facility.

9. 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.)

Franklin Income VIP Fund (continued)

9. Fair Value Measurements (continued)

- Level 3 – significant unobservable inputs (including the Fund's own assumptions in determining the fair value of financial instruments)

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

A summary of inputs used as of December 31, 2024, 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	\$1,005,682,722	\$—	\$—	\$1,005,682,722
Equity-Linked Securities	—	440,079,251	—	440,079,251
Convertible Preferred Stocks:				
Aerospace & Defense	14,613,600	—	—	14,613,600
Capital Markets	2,752,000	—	—	2,752,000
Chemicals	9,358,700	—	—	9,358,700
Electric Utilities	2,280,000	—	—	2,280,000
Financial Services	—	16,446,875	—	16,446,875
Corporate Bonds	—	1,231,529,596	—	1,231,529,596
U.S. Government and Agency Securities	—	198,767,601	—	198,767,601
Asset-Backed Securities	—	10,953,634	—	10,953,634
Mortgage-Backed Securities	—	112,398,794	—	112,398,794
Escrows and Litigation Trusts	—	—	— ^b	—
Short Term Investments	74,284,603	—	—	74,284,603
Total Investments in Securities	\$1,108,971,625	\$2,010,175,751	\$—	\$3,119,147,376

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

^bIncludes financial instruments determined to have no value.

A reconciliation in which Level 3 inputs are used in determining fair value is presented when there are significant Level 3 assets and/or liabilities at the beginning and/or end of the year.

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.

Franklin Income VIP Fund (continued)

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 other than those already disclosed in the financial statements.

Abbreviations

Selected Portfolio

ADR	American Depositary Receipt
FHLMC	Federal Home Loan Mortgage Corp.
FNMA	Federal National Mortgage Association
FRN	Floating Rate Note
REIT	Real Estate Investment Trust

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, 2024, the related statement of operations for the year ended December 31, 2024, the statements of changes in net assets for each of the two years in the period ended December 31, 2024, including the related notes, and the financial highlights for each of the five years in the period ended December 31, 2024 (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, 2024, 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, 2024 and the financial highlights for each of the five years in the period ended December 31, 2024 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, 2024 by correspondence with the custodian and transfer agent. We believe that our audits provide a reasonable basis for our opinion.

/s/PricewaterhouseCoopers LLP
San Francisco, California
February 20, 2025

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, 2024:

	Pursuant to:	Amount Reported
Long-Term Capital Gain Dividends Distributed	§852(b)(3)(C)	\$5,147,857
Income Eligible for Dividends Received Deduction (DRD)	§854(b)(1)(A)	\$27,872,047
Interest Earned from Federal Obligations	Note (1)	\$14,555,705

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.

Board Approval of Management and Subadvisory Agreements

For the period covered by this report

Not applicable.

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