FRANKLIN TEMPLETON

Templeton Foreign VIP Fund

Financial Statements and Other Important Information

Semi-Annual | June 30, 2026

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Financial Highlights

Templeton Foreign VIP Fund

	Six Months Ended June 30, 2026 (unaudited)	Year Ended December 31, 2025	2024	2023	2022	2021
Class 1						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$16.63	$14.08	$14.57	$12.44	$13.90	$13.57
Income from investment operations[a]:						
Net investment income[b]	0.24	0.32	0.32	0.33	0.30	0.23
Net realized and unrealized gains (losses)	2.32	3.67	(0.42)	2.27	(1.33)	0.39
Total from investment operations	2.56	3.99	(0.10)	2.60	(1.03)	0.62
Less distributions from:						
Net investment income	(0.46)	(0.41)	(0.39)	(0.47)	(0.43)	(0.29)
Net realized gains	(1.40)	(1.03)	—	—	—	—
Total distributions	(1.86)	(1.44)	(0.39)	(0.47)	(0.43)	(0.29)
Net asset value, end of period	$17.33	$16.63	$14.08	$14.57	$12.44	$13.90
Total return[c]	15.21%	29.51%	(0.79)%	21.09%	(7.39)%	4.44%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	0.82%	0.83%	0.81%	0.82%	0.79%	0.87%
Expenses net of waiver and payments by affiliates	0.81%	0.82%	0.80%	0.80%	0.78%	0.86%
Net investment income	2.64%	2.10%	2.18%	2.39%	2.41%	1.58%
Supplemental data						
Net assets, end of period (000's)	$136,299	$123,373	$101,005	$107,439	$95,961	$114,563
Portfolio turnover rate	18.51%	65.93%	25.29%	15.07%	19.38%	26.13%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.

Templeton Foreign VIP Fund (continued)

	Six Months Ended June 30, 2026 (unaudited)	Year Ended December 31, 2025	2024	2023	2022	2021
Class 2						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$16.22	$13.76	$14.24	$12.17	$13.59	$13.28
Income from investment operations[a]:						
Net investment income[b]	0.21	0.28	0.28	0.29	0.27	0.19
Net realized and unrealized gains (losses)	2.26	3.58	(0.41)	2.21	(1.31)	0.38
Total from investment operations	2.47	3.86	(0.13)	2.50	(1.04)	0.57
Less distributions from:						
Net investment income	(0.42)	(0.37)	(0.35)	(0.43)	(0.38)	(0.26)
Net realized gains	(1.40)	(1.03)	—	—	—	—
Total distributions	(1.82)	(1.40)	(0.35)	(0.43)	(0.38)	(0.26)
Net asset value, end of period	$16.87	$16.22	$13.76	$14.24	$12.17	$13.59
Total return[c]	15.03%	29.19%	(1.00)%	20.76%	(7.61)%	4.16%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.07%	1.08%	1.06%	1.07%	1.04%	1.11%
Expenses net of waiver and payments by affiliates	1.06%	1.07%	1.05%	1.05%	1.03%	1.11%[e]
Net investment income	2.37%	1.85%	1.96%	2.14%	2.17%	1.35%
Supplemental data						
Net assets, end of period (000's)	$723,504	$693,388	$618,695	$707,601	$691,189	$831,031
Portfolio turnover rate	18.51%	65.93%	25.29%	15.07%	19.38%	26.13%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Templeton Foreign VIP Fund (continued)

	Six Months Ended June 30, 2026 (unaudited)	Year Ended December 31, 2025	2024	2023	2022	2021
Class 4						
Per share operating performance (for a share outstanding throughout the period)						
Net asset value, beginning of period	$16.61	$14.07	$14.55	$12.42	$13.87	$13.54
Income from investment operations[a]:						
Net investment income[b]	0.20	0.27	0.27	0.28	0.26	0.18
Net realized and unrealized gains (losses)	2.33	3.65	(0.41)	2.27	(1.34)	0.39
Total from investment operations	2.53	3.92	(0.14)	2.55	(1.08)	0.57
Less distributions from:						
Net investment income	(0.40)	(0.35)	(0.34)	(0.42)	(0.37)	(0.24)
Net realized gains	(1.40)	(1.03)	—	—	—	—
Total distributions	(1.80)	(1.38)	(0.34)	(0.42)	(0.37)	(0.24)
Net asset value, end of period	$17.34	$16.61	$14.07	$14.55	$12.42	$13.87
Total return[c]	15.04%	28.97%	(1.08)%	20.69%	(7.75)%	4.10%
Ratios to average net assets[d]						
Expenses before waiver and payments by affiliates	1.17%	1.18%	1.16%	1.17%	1.14%	1.21%
Expenses net of waiver and payments by affiliates	1.16%	1.17%	1.15%	1.15%	1.12%	1.21%[e]
Net investment income	2.27%	1.76%	1.84%	2.03%	2.06%	1.22%
Supplemental data						
Net assets, end of period (000's)	$77,298	$75,531	$70,777	$77,354	$76,110	$91,428
Portfolio turnover rate	18.51%	65.93%	25.29%	15.07%	19.38%	26.13%

[a]The amount shown for a share outstanding throughout the period may not correlate with the Statement of Operations for the period due to the timing of sales and repurchases of the Fund's shares in relation to income earned and/or fluctuating fair value of the investments of the Fund.
[b]Based on average daily shares outstanding.
[c]Total return does not include fees, charges or expenses imposed by the variable annuity and life insurance contracts for which Franklin Templeton Variable Insurance Products Trust serves as an underlying investment vehicle. Total return is not annualized for periods less than one year.
[d]Ratios are annualized for periods less than one year.
[e]Benefit of waiver and payments by affiliates rounds to less than 0.01%.

Schedule of Investments (unaudited), June 30, 2026

Templeton Foreign VIP Fund

	Country	Shares	Value
Common Stocks 97.0%			
Automobiles 2.9%			
BYD Co. Ltd., H	China	940,000	$8,709,964
[a]Toyota Motor Corp., ADR	Japan	108,000	18,189,360
			26,899,324
Banks 13.1%			
HDFC Bank Ltd.	India	2,291,996	19,343,201
ING Groep NV	Netherlands	794,985	25,084,414
Japan Post Bank Co. Ltd.	Japan	761,100	14,485,522
Lloyds Banking Group plc	United Kingdom	6,844,504	10,017,123
Royal Bank of Canada	Canada	106,000	21,949,642
Standard Chartered plc	United Kingdom	816,655	22,084,454
Sumitomo Mitsui Financial Group, Inc.	Japan	253,500	9,936,961
			122,901,317
Beverages 3.5%			
[a]Diageo plc, ADR	United Kingdom	170,600	13,712,828
Heineken NV	Netherlands	228,360	19,173,699
			32,886,527
Broadline Retail 2.2%			
[b]Alibaba Group Holding Ltd.	China	784,200	9,401,344
[a,b]JD.com, Inc., ADR	China	435,483	11,096,107
			20,497,451
Building Products 1.6%			
Cie de Saint-Gobain SA	France	162,458	14,732,079
Capital Markets 5.6%			
Daiwa Securities Group, Inc.	Japan	1,126,900	11,176,307
[c]Euronext NV, 144A, Reg S	Netherlands	121,459	19,427,513
[a]UBS Group AG	Switzerland	439,909	21,801,890
			52,405,710
Chemicals 1.6%			
Akzo Nobel NV	Netherlands	224,812	15,288,539
Construction & Engineering 1.6%			
Vinci SA	France	100,874	14,732,459
Construction Materials 2.1%			
CRH plc	United States	181,255	19,394,285
Consumer Staples Distribution & Retail 1.4%			
Carrefour SA	France	716,305	13,298,190
Containers & Packaging 2.4%			
Smurfit Westrock plc	United States	483,615	22,372,030
Diversified Telecommunication Services 1.1%			
Deutsche Telekom AG	Germany	385,460	10,509,296
Electric Utilities 2.9%			
SSE plc	United Kingdom	848,816	27,384,951
Electrical Equipment 3.1%			
Mitsubishi Electric Corp.	Japan	460,800	16,899,614
Siemens Energy AG	Germany	63,076	12,024,904
			28,924,518
Household Durables 1.3%			
Barratt Redrow plc	United Kingdom	3,352,325	12,502,042

Templeton Foreign VIP Fund (continued)

	Country	Shares	Value
Common Stocks (continued)			
Insurance 3.1%			
AIA Group Ltd.	Hong Kong	1,459,200	$13,359,319
Manulife Financial Corp.	Canada	374,800	15,200,773
			28,560,092
Interactive Media & Services 1.0%			
[b]Tencent Holdings Ltd.	China	167,500	9,243,078
Machinery 5.9%			
[a]CNH Industrial NV.	United States	1,189,028	13,352,784
Daimler Truck Holding AG	Germany	295,983	14,274,984
[a]Ebara Corp.	Japan	460,800	18,046,092
IHI Corp.	Japan	553,200	9,339,802
			55,013,662
Metals & Mining 2.4%			
Norsk Hydro ASA	Norway	1,590,204	14,389,412
Rio Tinto plc	Australia	87,000	8,230,619
			22,620,031
Multi-Utilities 1.9%			
Veolia Environnement SA	France	429,683	17,905,434
Oil, Gas & Consumable Fuels 5.0%			
BP plc	United States	4,236,802	26,114,574
Shell plc	United States	535,944	20,824,100
			46,938,674
Personal Care Products 1.7%			
Unilever plc.	United Kingdom	268,892	16,151,700
Pharmaceuticals 7.7%			
AstraZeneca plc	United Kingdom	198,564	37,072,756
Novo Nordisk A/S, B	Denmark	327,106	15,709,906
Sanofi SA	United States	229,484	19,621,717
			72,404,379
Semiconductors & Semiconductor Equipment 10.4%			
Infineon Technologies AG	Germany	288,827	27,208,065
STMicroelectronics NV	Singapore	240,848	17,815,772
Taiwan Semiconductor Manufacturing Co. Ltd.	Taiwan	668,000	52,698,708
			97,722,545
Specialty Retail 1.2%			
JD Sports Fashion plc	United Kingdom	10,266,173	11,538,847
Technology Hardware, Storage & Peripherals 6.8%			
Samsung Electronics Co. Ltd.	South Korea	288,754	64,073,716
Textiles, Apparel & Luxury Goods 3.5%			
adidas AG.	Germany	119,009	24,424,170
LVMH Moet Hennessy Louis Vuitton SE	France	14,363	7,943,606
			32,367,776
Total Common Stocks (Cost $625,972,113)			**909,268,652**

Templeton Foreign VIP Fund (continued)

Short Term Investments 5.3%	Country	Shares	Value
Money Market Funds 2.4%			
[d,e]Franklin Institutional U.S. Government Money Market Fund, 3.597%	United States	21,949,312	$21,949,312
Total Money Market Funds (Cost $21,949,312)			**21,949,312**
[f]**Investments from Cash Collateral Received for Loaned Securities 2.9%**			
Money Market Funds 2.9%			
[d,e]Franklin Institutional U.S. Government Money Market Fund, 3.597%	United States	27,465,925	27,465,925
Total Investments from Cash Collateral Received for Loaned Securities (Cost $27,465,925)			**27,465,925**
Total Short Term Investments (Cost $49,415,237)			**49,415,237**
Total Investments (Cost $675,387,350) 102.3%			**$958,683,889**
Other Assets, less Liabilities (2.3)%			**(21,582,976)**
Net Assets 100.0%			**$937,100,913**

See Abbreviations on page 19.

[a] A portion or all of the security is on loan at June 30, 2026. See Note 1(c).
[b] Variable interest entity (VIE). See Note 6 regarding investments made through a VIE structure. At June 30, 2026, the aggregate value of these securities was $29,740,529, representing 3.2% of net assets.
[c] Security 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 June 30, 2026, the value of this security was $19,427,513, representing 2.1% of net assets.
[d] See Note 3(e) regarding investments in affiliated management investment companies.
[e] The rate shown is the annualized seven-day effective yield at period end.
[f] See Note 1(c) regarding securities on loan.

Statement of Assets and Liabilities

June 30, 2026 (unaudited)

	Templeton Foreign VIP Fund
Assets:	
Investments in securities:	
Cost - Unaffiliated issuers	$625,972,113
Cost - Non-controlled affiliates (Note 3e)	49,415,237
Value - Unaffiliated issuers (Includes securities loaned of $51,969,474)	$909,268,652
Value - Non-controlled affiliates (Note 3e)	49,415,237
Foreign currency, at value (cost $506,471)	506,472
Receivables:	
Investment securities sold	5,781,664
Capital shares sold	137,417
Dividends	2,933,505
European Union tax reclaims (Note 1d)	134,945
Total assets	968,177,892
Liabilities:	
Payables:	
Investment securities purchased	2,335
Capital shares redeemed	580,237
Management fees	606,957
Distribution fees	171,624
Trustees' fees and expenses	357
Payable upon return of securities loaned (Note 1c)	27,465,925
Deferred taxes on unrealized appreciation	2,160,091
Accrued expenses and other liabilities	89,453
Total liabilities	31,076,979
Net assets, at value	$937,100,913
Net assets consist of:	
Paid-in capital	$604,566,964
Total distributable earnings (losses)	332,533,949
Net assets, at value	$937,100,913

	Templeton Foreign VIP Fund
Class 1:	
Net assets, at value	$136,299,034
Shares outstanding	7,867,092
Net asset value and maximum offering price per share[a]	$17.33
Class 2:	
Net assets, at value	$723,503,569
Shares outstanding	42,883,367
Net asset value and maximum offering price per share[a]	$16.87
Class 4:	
Net assets, at value	$77,298,310
Shares outstanding	4,458,377
Net asset value and maximum offering price per share[a]	$17.34

[a]Net asset value per share may not recalculate due to rounding.

Statement of Operations

for the six months ended June 30, 2026 (unaudited)

	Templeton Foreign VIP Fund
Investment income:	
Dividends: (net of foreign taxes of $1,132,268)	
Unaffiliated issuers	$15,261,597
Non-controlled affiliates (Note 3e)	385,535
Income from securities loaned:	
Unaffiliated entities (net of fees and rebates)	(460,595)
Non-controlled affiliates (Note 3e)	581,603
Other income (Note 1d)	734
Total investment income	15,768,874
Expenses:	
Management fees (Note 3a)	3,647,297
Distribution fees: (Note 3c)	
Class 2	889,607
Class 4	134,177
Custodian fees	26,626
Reports to shareholders fees	24,406
Professional fees	40,640
Trustees' fees and expenses	4,865
Other	22,093
Total expenses	4,789,711
Expenses waived/paid by affiliates (Note 3e)	(36,466)
Net expenses	4,753,245
Net investment income	11,015,629
Realized and unrealized gains (losses):	
Net realized gain (loss) from:	
Investments:	
Unaffiliated issuers	50,324,287
Foreign currency transactions	(9,765)
Net realized gain (loss)	50,314,522
Net change in unrealized appreciation (depreciation) on:	
Investments:	
Unaffiliated issuers	68,142,150
Translation of other assets and liabilities denominated in foreign currencies	(147,118)
Change in deferred taxes on unrealized appreciation	167,438
Net change in unrealized appreciation (depreciation)	68,162,470
Net realized and unrealized gain (loss)	118,476,992
Net increase (decrease) in net assets resulting from operations	$129,492,621

Statements of Changes in Net Assets

	Templeton Foreign VIP Fund	
	Six Months Ended June 30, 2026 (unaudited)	Year Ended December 31, 2025
Increase (decrease) in net assets:		
Operations:		
Net investment income	$11,015,629	$16,052,322
Net realized gain (loss)	50,314,522	76,238,951
Net change in unrealized appreciation (depreciation)	68,162,470	125,272,535
Net increase (decrease) in net assets resulting from operations	129,492,621	217,563,808
Distributions to shareholders:		
Class 1	(13,253,526)	(10,104,566)
Class 2	(70,670,730)	(59,153,220)
Class 4	(7,324,456)	(6,332,646)
Total distributions to shareholders	(91,248,712)	(75,590,432)
Capital share transactions: (Note 2)		
Class 1	7,723,964	3,453,138
Class 2	591,781	(35,770,142)
Class 4	(1,751,431)	(7,840,630)
Total capital share transactions	6,564,314	(40,157,634)
Net increase (decrease) in net assets	44,808,223	101,815,742
Net assets:		
Beginning of period	892,292,690	790,476,948
End of period	$937,100,913	$892,292,690

Notes to Financial Statements (unaudited)

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

The following summarizes the Fund's significant accounting policies.

a. Financial Instrument Valuation

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

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

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

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

Trading in securities on foreign securities stock exchanges and OTC markets may be completed before 4 p.m. Eastern time. In addition, trading in certain foreign markets may not take place on every Fund's business day. Events can occur between the time at which trading in a foreign security is completed and 4 p.m. Eastern time that might call into question the reliability of the value of a portfolio security held by the Fund. As a result, differences may arise between the value of the Fund's portfolio securities as determined at the foreign market close and the latest indications of value at 4 p.m. Eastern time. In order to minimize the potential for these differences, an independent pricing service may be used to adjust the value of the Fund's portfolio securities to the latest indications of fair value at 4 p.m. Eastern time. At June 30, 2026, certain securities may have been fair valued using these procedures, in which case the securities were categorized as Level 2 within the fair value hierarchy (referred to as "market level fair value"). See the Fair Value Measurements note for more information.

Templeton Foreign VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

a. Financial Instrument Valuation (continued)

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

b. Foreign Currency Translation

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

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

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

c. 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. Additionally, at June 30, 2026, the Fund held $26,832,831 in U.S. Government and Agency securities as collateral. These securities are held as collateral in segregated accounts with the Fund's custodian. The Fund cannot repledge or resell these securities held as collateral. As such, the non-cash collateral is excluded from the Statement of Assets and Liabilities. 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. Securities on loan outstanding at period end, if any, are listed in the Fund's Schedule of Investments.

d. Income and Deferred Taxes

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

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

Templeton Foreign VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

d. Income and Deferred Taxes (continued)

recorded based on the tax regulations and rates that exist in the foreign markets in which the Fund invests. In some cases, the Fund may be entitled to reclaim all or a portion of such taxes, and such reclaim amounts, if any, are reflected as a dividend receivable in the Statement of Assets and Liabilities and dividend income in the Statement of Operations. In many cases, however, the Fund may not receive such amounts for an extended period of time, depending on the country of investment. 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 June 30, 2026, 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.

e. Security Transactions, Investment Income, Expenses and Distributions

Security transactions are accounted for on trade date. Realized gains and losses on security transactions are determined on a specific identification basis. Estimated expenses are accrued daily. 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.

f. Accounting Estimates

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

Templeton Foreign VIP Fund (continued)

1. Organization and Significant Accounting Policies (continued)

g. Guarantees and Indemnifications

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

2. Shares of Beneficial Interest

At June 30, 2026, there were an unlimited number of shares authorized (without par value). Transactions in the Fund's shares were as follows:

	Six Months Ended June 30, 2026		Year Ended December 31, 2025	
	Shares	Amount	Shares	Amount
Class 1 Shares:				
Shares sold	64,447	$1,170,105	256,356	$3,969,081
Shares issued in reinvestment of distributions	754,327	13,253,526	674,988	10,104,566
Shares redeemed	(371,692)	(6,699,667)	(684,994)	(10,620,509)
Net increase (decrease)	447,082	$7,723,964	246,350	$3,453,138
Class 2 Shares:				
Shares sold	557,245	$9,666,992	2,745,025	$40,653,699
Shares issued in reinvestment of distributions	4,130,376	70,670,730	4,046,048	59,153,220
Shares redeemed	(4,562,147)	(79,745,941)	(8,994,562)	(135,577,061)
Net increase (decrease)	125,474	$591,781	(2,203,489)	$(35,770,142)
Class 4 Shares:				
Shares sold	177,792	$3,220,291	260,920	$3,899,300
Shares issued in reinvestment of distributions	416,636	7,324,456	422,740	6,332,646
Shares redeemed	(682,588)	(12,296,178)	(1,168,908)	(18,072,576)
Net increase (decrease)	(88,160)	$(1,751,431)	(485,248)	$(7,840,630)

3. Transactions with Affiliates

Effective August 17, 2026, Franklin Resources, Inc. was renamed Franklin Templeton, Inc. Franklin Templeton, Inc. is the holding company for various subsidiaries. Certain officers and trustees of the Fund are also officers and/or directors of the following subsidiaries:

Subsidiary	Affiliation
Templeton Investment Counsel, LLC (TIC)	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

Templeton Foreign VIP Fund (continued)

3. Transactions with Affiliates (continued)

a. Management Fees

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

Annualized Fee Rate	Net Assets
0.800%	Up to and including $700 million
0.775%	Over $700 million, up to and including $1.2 billion
0.675%	In excess of $1.2 billion

For the period ended June 30, 2026, the annualized gross effective investment management fee rate was 0.794% of the Fund's average daily net assets.

b. Administrative Fees

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

c. Distribution Fees

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

d. Transfer Agent Fees

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

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 period ended June 30, 2026, the Fund held investments in affiliated management investment companies as follows:

Templeton Foreign VIP Fund (continued)

3. Transactions with Affiliates (continued)

e. Investments in Affiliated Management Investment Companies (continued)

	Value at Beginning of Period	Purchases	Sales	Realized Gain (Loss)	Net Change in Unrealized Appreciation (Depreciation)	Value at End of Period	Number of Shares Held at End of Period	Investment Income
Templeton Foreign VIP Fund								
Non-Controlled Affiliates								
								Dividends
Franklin Institutional U.S. Government Money Market Fund, 3.597%	$19,280,919	$134,446,193	$(131,777,800)	$—	$—	$21,949,312	21,949,312	$385,535
Non-Controlled Affiliates								
								Income from securities loaned
Franklin Institutional U.S. Government Money Market Fund, 3.597%	$49,944,756	$157,398,492	$(179,877,323)	$—	$—	$27,465,925	27,465,925	$581,603
Total Affiliated Securities	$69,225,675	$291,844,685	$(311,655,123)	$—	$—	$49,415,237		$967,138

4. Income Taxes

At June 30, 2026, the cost of investments and net unrealized appreciation (depreciation) for income tax purposes were as follows:

Cost of investments	$683,694,448
Unrealized appreciation	$314,919,676
Unrealized depreciation	(39,930,235)
Net unrealized appreciation (depreciation)	$274,989,441

Differences between income and/or capital gains as determined on a book basis and a tax basis are primarily due to differing treatments of wash sales and passive foreign investment company shares.

5. Investment Transactions

Purchases and sales of investments (excluding short term securities) for the period ended June 30, 2026, aggregated $167,386,707 and $245,146,313, respectively.

At June 30, 2026, in connection with securities lending transactions, the Fund loaned equity investments and received $27,465,925 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. Concentration of Risk

Investing in foreign securities may include certain risks and considerations not typically associated with investing in U.S. securities, such as fluctuating currency values and changing local, regional and global economic, political and social conditions, which may result in greater market volatility. Political and financial uncertainty in many foreign regions may increase market volatility and the economic risk of investing in foreign securities. In addition, certain foreign securities may

Templeton Foreign VIP Fund (continued)

6. Concentration of Risk (continued)

not be as liquid as U.S. securities. Ongoing or threatened military conflicts throughout the world may cause significant market disruptions and volatility. The hostilities and sanctions resulting from those conflicts may also have a significant impact on certain investments of the Fund as well as the Fund's performance and liquidity.

Certain investments in Chinese companies are made through a special structure known as a VIE. In a VIE structure, foreign investors, such as the Fund, will only own stock in a shell company rather than directly in the VIE, which must be owned by Chinese nationals (and/or Chinese companies) to obtain the licenses and/or assets required to operate in a restricted or prohibited sector in China. The value of the shell company is derived from its ability to consolidate the VIE into its financials pursuant to contractual arrangements that allow the shell company to exert a degree of control over, and obtain economic benefits arising from, the VIE without formal legal ownership. While VIEs are a longstanding industry practice and are well known by Chinese officials and regulators, the structure historically has not been formally recognized under Chinese law and it is uncertain whether Chinese officials or regulators will withdraw their implicit acceptance of the structure. It is also uncertain whether the contractual arrangements, which may be subject to conflicts of interest between the legal owners of the VIE and foreign investors, would be enforced by Chinese courts or arbitration bodies. Prohibitions of these structures by the Chinese government, or the inability to enforce such contracts, from which the shell company derives its value, would likely cause the VIE-structured holding(s) to suffer significant, detrimental, and possibly permanent losses, and in turn, adversely affect the Fund's returns and net asset value.

7. Credit Facility

The Fund, together with other U.S. registered and foreign investment funds (collectively, Borrowers), managed by Franklin Templeton, are borrowers in a joint syndicated senior unsecured credit facility totaling $2.995 billion (Global Credit Facility) which matures on January 29, 2027. This Global Credit Facility provides a source of funds to the Borrowers for temporary and emergency purposes, including the ability to meet future unanticipated or unusually large redemption requests.

Under the terms of the Global Credit Facility, the Fund may, in addition to interest charged on any borrowings made by the Fund and other costs incurred by the Fund, pay its share of fees and expenses incurred in connection with the implementation and maintenance of the Global Credit Facility, based upon its relative share of the aggregate net assets of all of the Borrowers, including an annual commitment fee of 0.15% based upon the unused portion of the Global Credit Facility. These fees are reflected in other expenses in the Statement of Operations. During the period ended June 30, 2026, 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)

Templeton Foreign VIP Fund (continued)

8. Fair Value Measurements (continued)

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

A summary of inputs used as of June 30, 2026, in valuing the Fund's assets carried at fair value, is as follows:

	Level 1	Level 2	Level 3	Total
Templeton Foreign VIP Fund				
Assets:				
Investments in Securities:[a]				
Common Stocks:				
Automobiles	$18,189,360	$8,709,964	$—	$26,899,324
Banks	21,949,642	100,951,675	—	122,901,317
Beverages	13,712,828	19,173,699	—	32,886,527
Broadline Retail	11,096,107	9,401,344	—	20,497,451
Building Products	—	14,732,079	—	14,732,079
Capital Markets	21,801,890	30,603,820	—	52,405,710
Chemicals	—	15,288,539	—	15,288,539
Construction & Engineering	—	14,732,459	—	14,732,459
Construction Materials	19,394,285	—	—	19,394,285
Consumer Staples Distribution & Retail	—	13,298,190	—	13,298,190
Containers & Packaging	22,372,030	—	—	22,372,030
Diversified Telecommunication Services	—	10,509,296	—	10,509,296
Electric Utilities	—	27,384,951	—	27,384,951
Electrical Equipment	—	28,924,518	—	28,924,518
Household Durables	—	12,502,042	—	12,502,042
Insurance	15,200,773	13,359,319	—	28,560,092
Interactive Media & Services	—	9,243,078	—	9,243,078
Machinery	13,352,784	41,660,878	—	55,013,662
Metals & Mining	—	22,620,031	—	22,620,031
Multi-Utilities	—	17,905,434	—	17,905,434
Oil, Gas & Consumable Fuels	—	46,938,674	—	46,938,674
Personal Care Products	—	16,151,700	—	16,151,700
Pharmaceuticals	—	72,404,379	—	72,404,379
Semiconductors & Semiconductor Equipment	—	97,722,545	—	97,722,545
Specialty Retail	—	11,538,847	—	11,538,847
Technology Hardware, Storage & Peripherals	—	64,073,716	—	64,073,716
Textiles, Apparel & Luxury Goods	—	32,367,776	—	32,367,776
Short Term Investments	49,415,237	—	—	49,415,237
Total Investments in Securities	$206,484,936	$752,198,953[b]	$—	$958,683,889

[a]For detailed categories, see the accompanying Schedule of Investments.
[b]Includes foreign securities valued at $752,198,953, which were categorized as Level 2 as a result of the application of market level fair value procedures. See the Financial Instrument Valuation note for more information.

9. Operating Segments

The Fund operates as a single operating segment, which is an investment portfolio. The chief investment officer of the Fund's investment manager serves as the Chief Operating Decision Maker ("CODM") and is 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.

Templeton Foreign VIP Fund (continued)

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.

Abbreviations

Selected Portfolio	
ADR	American Depositary Receipt

Changes In and Disagreements with Accountants

For the period covered by this report

Not applicable.

Results of Meeting(s) of Shareholders

For the period covered by this report

Not applicable.

Remuneration Paid to Directors, Officers and Others

For the period covered by this report

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

Board Approval of Management and Subadvisory Agreements

For the period covered by this report

FRANKLIN TEMPLETON VARIABLE INSURANCE PRODUCTS TRUST
(unaudited)

Franklin Allocation VIP Fund
Franklin DynaTech VIP Fund
Franklin Global Real Estate VIP Fund
Franklin Growth and Income VIP Fund
Franklin Income VIP Fund
Franklin Large Cap Growth VIP Fund
Franklin Mutual Global Discovery VIP Fund
Franklin Mutual Shares VIP Fund
Franklin Rising Dividends VIP Fund
Franklin Small Cap Value VIP Fund
Franklin Small-Mid Cap Growth VIP Fund
Franklin Strategic Income VIP Fund
Franklin U.S. Government Securities VIP Fund
Templeton Emerging Markets VIP Fund
(formerly Templeton Developing Markets VIP Fund)
Templeton Foreign VIP Fund
Templeton Global Bond VIP Fund
Templeton Growth VIP Fund
(each a Fund)

At an in-person meeting held on April 14, 2026 (Meeting), the Board of Trustees (Board) of Franklin Templeton Variable Insurance Products Trust (Trust), including a majority of the trustees who are not "interested persons" as defined in the Investment Company Act of 1940 (Independent Trustees), reviewed and approved the continuance of the (i) investment management agreement between Franklin Advisers, Inc. (FAV) and the Trust, on behalf of each of Franklin Allocation VIP Fund, Franklin DynaTech VIP Fund, Franklin Global Real Estate VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Small-Mid Cap Growth

VIP Fund, Franklin Strategic Income VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Global Bond VIP Fund; (ii) the investment sub-advisory agreement between FAV and Franklin Templeton Institutional, LLC (FTIL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (iii) the investment sub-advisory agreement between FAV and Templeton Global Advisors Limited (TGAL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (iv) the investment sub-advisory agreement between FAV and Brandywine Global Investment Management, LLC (BGIM), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (v) the investment sub-advisory agreement between FAV and ClearBridge Investments, LLC (CIL), an affiliate of FAV, on behalf of Franklin Allocation VIP Fund; (vi) the investment management agreement between Franklin Mutual Advisers, LLC (FMA) and the Trust, on behalf of each of Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund and Franklin Small Cap Value VIP Fund; (vii) the investment management agreement between Templeton Asset Management Limited (TAML) and the Trust, on behalf of Templeton Emerging Markets VIP Fund; (viii) the investment sub-advisory agreement between TAML and Franklin Templeton Investment Management Limited (FTIML), on behalf of Templeton Emerging Markets VIP Fund; (ix) the investment management agreement between Templeton Investment Counsel, LLC (TICL) and the Trust, on behalf of Templeton Foreign VIP Fund; and (x) the investment management agreement between TGAL and the Trust, on behalf of Templeton Growth VIP Fund (each a Management Agreement) for an additional one-year period. The Independent Trustees received advice from and met separately with Independent Trustee counsel in considering whether to approve the continuation of each Management Agreement. Although the Management Agreements for the Funds were considered at the same Board meeting, the Board considered the information provided to it about the Funds together and with respect to each Fund separately as the Board deemed appropriate. BGIM, CIL, FAV, FMA, FTIL, FTIML, TAML, TGAL and TICL are each referred to herein as a Manager.

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

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

Nature, Extent and Quality of Services

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

FT's regular updates to the Board on strategic initiatives, ongoing attention to the service level quality of third-party service providers, ongoing efforts to modernize its mutual fund lineup, mutual fund to ETF conversions, integration of private market investments into existing mutual funds, creation of additional blockchain-compatible money market funds, and sharpening of its active, income-oriented offerings, along with the impact on FT of team integrations and staff reductions.

The Board also reviewed and considered the benefits provided to Fund shareholders of investing in a fund that is part of the FT family of funds. The Board noted the financial position of the Manager's parent, Franklin Templeton, Inc. (FTI), FTI's continued growth of its global, multi-asset franchise, and its commitment to the mutual fund business. The Board further noted FTI's continued reassessment of fund offerings in response to FT acquisitions and the market environment, FTI's focus on technology-driven transformation, expansion of its private market investment capabilities and global alternatives platform, and leveraging artificial intelligence (AI), blockchain and digital wealth platforms.

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

Fund Performance

The Board reviewed and considered the performance results of each Fund over various time periods ended December 31, 2025. The Board considered the performance returns for each Fund in comparison to the performance returns of mutual funds deemed comparable to the Fund included in a universe (Performance Universe) selected by Broadridge Financial Solutions, Inc. (Broadridge), an independent provider of investment company data. The Board received a description of the methodology used by Broadridge to select the mutual funds included in a Performance Universe. The Board also reviewed and considered Fund performance reports provided and discussions that occurred with portfolio managers at Board meetings throughout the year. A summary of each Fund's performance results is below.

Franklin Allocation VIP Fund - The Performance Universe for the Fund included the Fund and all mixed-asset target allocation growth funds underlying variable insurance products (VIPs). The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed the Fund's performance with management and management explained that the Fund was positioned defensively in 2023 with an underweight to equity securities relative to many of the funds in the Performance Universe, which adversely impacted the Fund's performance due to strong equity market performance that year. Management further explained that stock selection in equities and an underweight position to international equities in favor of US equities hindered relative performance for the one-year period. Management discussed with the Board the actions that are being taken/have been taken in an effort to improve the overall performance of the Fund, including, among others, ongoing review of manager holdings and ongoing enhancements to the Fund's investment processes. The Board noted that the annualized total return was positive for all periods and greater than 12% for the one- and three-year periods. The Board concluded that the Fund's Management Agreements should be continued for an additional one-year period, while management's efforts continue to be closely monitored.

Franklin DynaTech VIP Fund - The Performance Universe for the Fund included the Fund and all large-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and three-year periods was above the median of its Performance Universe, but for the five- and 10-year periods was below the median of its Performance Universe. The Board noted that the annualized total return for the one-year period was 18.13% and for the three-year period was 30.36%. The Board concluded that the Fund's performance was satisfactory.

Franklin Global Real Estate VIP Fund - The Performance Universe for the Fund included the Fund and all global real estate funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-year period was above the median of its Performance Universe, but for the three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed the Fund's performance with management and management explained that the Fund is intentionally oriented toward defensive growth, which management believes investors are seeking when investing into a real estate sector fund but proved to be a detractor of Fund performance during the three- and five-year periods as the economy remained more resilient than expected despite tighter monetary conditions. Management also explained that, during these time

periods, the Fund invested at least 40% of its assets in non-US domiciled securities pursuant to its investment strategy, which led to the Fund having an underweight position in US investments, which outperformed non-US investments by a substantial margin given the strength of the US dollar and relatively stronger earnings. Management discussed with the Board the actions that are being taken/have been taken in an effort to improve the overall performance of the Fund, including, among others, investment criteria amendments in May 2025 to provide the Fund with flexibility to invest more of its assets in US investments if market conditions warrant and ongoing enhancements to the Fund's investment team and processes. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, while management's efforts continue to be closely monitored.

Franklin Growth and Income VIP Fund - The Performance Universe for the Fund included the Fund and all equity income funds underlying VIPs. The Board noted that the Fund's annualized income return and annualized total return for the one-, three-, five- and 10-year periods were above the medians of its Performance Universe. The Board further noted management's view regarding the income-related attributes of the Fund (e.g., a fund's investment objective) as set forth in the Fund's registration statement and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given these attributes. The Board concluded that the Fund's performance was satisfactory.

Franklin Income VIP Fund - The Performance Universe for the Fund included the Fund and all flexible portfolio funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median and in the first quintile (best) of its Performance Universe. The Board also noted that the Fund's annualized total return for the five- and 10-year periods was above the median of its Performance Universe, but for the one- and three-year periods was below the median of its Performance Universe. The Board further noted management's view regarding the income-related attributes of the Fund (e.g., a fund's investment objective) as set forth in the Fund's registration statement and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given these attributes. The Board also noted that, although below the median, the Fund's annualized total return was 12.87% for the one-year period and 9.71% for the three-year period. The Board concluded that the Fund's performance was satisfactory.

Franklin Large Cap Growth VIP Fund - The Performance Universe for the Fund included the Fund and all large-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median and in the fifth quintile (worst) of its Performance Universe. The Board discussed the Fund's performance with management and management explained that the Fund has historically maintained a higher growth bias, lower average market cap and applied a broader investment universe relative to its benchmark, the S&P 500 Index, and Performance Universe, both of which have become increasingly concentrated in select mega-capitalization names such as the "Magnificent Seven." Management further explained that the Fund's underweight positioning compared to its Performance Universe peers in these mega-capitalization names adversely impacted the Fund's relative performance over the one-year period. Management also explained that a significant portion of the Fund's underperformance occurred in late 2021 and 2022 as high inflation and rising interest rates weighed on the performance of growth equities relative to blend or value-oriented equities. The Board noted that the Fund outperformed its benchmark for the three-year period. Management discussed with the Board the actions that are being taken/have been taken in an effort to improve the overall performance of the Fund, including, among others, the portfolio management team's continued focus on investing in high-quality growth companies and ongoing enhancements to the Fund's investment team and processes. The Board also noted that, although below the median, the Fund's annualized total return for the one-year period was 7.48% and for the three-year period was 24.20%. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, while management's efforts continue to be closely monitored.

Franklin Mutual Global Discovery VIP Fund - The Performance Universe for the Fund included the Fund and all global large-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Mutual Shares VIP Fund - The Performance Universe for the Fund included the Fund and all multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed the Fund's performance with management, and management explained that the Fund is more value oriented in comparison to its peers in the Performance Universe. Management also explained that this value orientation adversely impacted the Fund's relative performance over the one-, three- and five-year periods when value underperformed growth. Management further explained that, unlike its Performance Universe peers, the Fund uses special situations investments, including distressed/stressed debt and merger arbitrage, which occasionally may not be aligned with the broader equity market and peers. Management then discussed with the Board the actions that are being taken in an effort to improve the overall performance of the Fund, including enhancements to investment research coverage. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, while management's efforts continue to be closely monitored.

Franklin Rising Dividends VIP Fund - The Performance Universe for the Fund included the Fund and all large-cap core funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed the Fund's performance with management and management explained that the Fund's underperformance for the one-year period was largely due to the strong outperformance of a number of technology-oriented companies, collectively known as the "Magnificent Seven." Management further explained that the Fund seeks to invest at least 80% of its assets in companies that have paid consistently rising dividends and that the Fund was underweight the "Magnificent Seven" as most were non-dividend paying companies. Management noted that the Fund's performance was positively impacted by an underweight to the "Magnificent Seven" in 2022. Management discussed with the Board the actions that are being taken/have been taken in an effort to improve the overall performance of the Fund, including, among others, enhancements to its investment team and processes and a change in its benchmark that management believes better represents the Fund's investment universe. The Board noted that effective May 1, 2026, the Fund's tailored benchmark will change from the S&P 500 Index to the Nasdaq US Broad Dividend Achievers Index to provide shareholders with a more useful comparison that reflects the Fund's strategy of investing in companies that have paid consistently rising dividends. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, while management's efforts continue to be closely monitored.

Franklin Small Cap Value VIP Fund - The Performance Universe for the Fund included the Fund and all small-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Franklin Small-Mid Cap Growth VIP Fund - The Performance Universe for the Fund included the Fund and all mid-cap growth funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed the Fund's performance with management and management explained that a source of underperformance was due to stock selection, relative to its Performance Universe, and that the Fund was underweight the Information Technology sector, which posted higher returns than the Consumer Discretionary sector for the one-year period. Management further explained that stock selection in the Information Technology, Health Care, and Financials sectors was the primary driver of underperformance for the five-year period. Management discussed with the Board the actions that are being taken/have been taken in an effort to improve the overall performance of the Fund, including, among others, enhancements to its investment processes. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, while management's efforts continue to be closely monitored.

Franklin Strategic Income VIP Fund - The Performance Universe for the Fund included the Fund and all multi-sector income funds underlying VIPs. The Board noted that the Fund's annualized income return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the five-year period was above the median of its Performance Universe, but for the one-, three- and 10-year periods

was below the median of its Performance Universe. The Board further noted management's view regarding the income-related attributes of the Fund (e.g., a fund's investment objective) as set forth in the Fund's registration statement and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given these attributes. The Board concluded that the Fund's performance was satisfactory.

Franklin U.S. Government Securities VIP Fund - The Performance Universe for the Fund included the Fund and all intermediate US government funds underlying VIPs. The Board noted that the Fund's annualized income return for the three-, five- and 10-year periods was above the median of its Performance Universe, but for the one-year period was below the median of its Performance Universe. The Board also noted that the Fund's annualized total return for the one-, three- and five-year periods was above the median of its Performance Universe, but for the 10-year period was 0.01% below the median of its Performance Universe. The Board noted management's view regarding the income-related attributes of the Fund (e.g., a fund's investment objective) as set forth in the Fund's registration statement and that the evaluation of the Fund's performance relative to its peers on an income return basis was appropriate given these attributes. The Board concluded that the Fund's performance was satisfactory.

Templeton Emerging Markets VIP Fund - The Performance Universe for the Fund included the Fund and all retail and institutional emerging markets funds. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was above the median of its Performance Universe. The Board also noted that, effective June 1, 2026, the Fund changed its name from the Templeton Developing Markets VIP Fund to the Templeton Emerging Markets VIP Fund. The Board concluded that the Fund's performance was satisfactory.

Templeton Foreign VIP Fund - The Performance Universe for the Fund included the Fund and all international multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-, three-, five- and 10-year periods was below the median and in the fifth quintile (worst) of its Performance Universe. The Board discussed the Fund's performance with management and management explained that, relative to its Performance Universe, the Fund was overweight in weaker defensive sectors such as Health Care and Utilities, which negatively impacted performance. Management further explained that the Fund's one- and three-year underperformance versus its Performance Universe was primarily attributable to stock selection in the Materials, Utilities, and Communication Services sectors. Management discussed with the Board the actions that are being taken/have been taken in an effort to improve the overall performance of the Fund, including, among others, enhancements to its investment processes. The Board noted that, although below the median, the annualized total return for each period was positive, and 29.51% for the one-year period and 15.87% for the three-year period. The Board concluded that the Fund's Management Agreement should be continued for an additional one-year period, while management's efforts continue to be closely monitored.

Templeton Global Bond VIP Fund - The Performance Universe for the Fund included the Fund and all global income funds underlying VIPs. The Board noted that the Fund's annualized total return for the one-year period was above the median and in the first quintile (best) of its Performance Universe, but for the three-, five- and 10-year periods was below the median of its Performance Universe. The Board discussed the Fund's performance with management and management explained that the funds in the Performance Universe generally maintained substantially greater US dollar exposures and longer developed market duration than the Fund which adversely impacted the Fund's performance over each time period. Management also noted that the Fund's underperformance relative to its benchmark, the JP Morgan Global Government Bond Index, and Performance Universe over the three- and five-year periods was largely attributable to underperformance specifically in calendar years 2023 and 2024, as a result of the Fund's currency positioning in non-USD assets as the US dollar reached historical highs compared to many currencies in recent years. Management discussed with the Board the actions that are being taken/have been taken in an effort to improve the overall performance of the Fund, including, among others, enhancements to its investment team and processes and the investment team's view that the Fund is well positioned to benefit from its outlook expectations. The Board noted that the Fund outperformed its benchmark for the one-year period. The Board also noted that the annualized total return was 16.09% for the one-year period. The Board concluded that the Fund's performance was acceptable.

Templeton Growth VIP Fund - The Performance Universe for the Fund included the Fund and all global multi-cap value funds underlying VIPs. The Board noted that the Fund's annualized total return for the one- and three-year periods was above the median of its Performance Universe, but for the five- and 10-year periods was below the median of its Performance Universe. The Board concluded that the Fund's performance was satisfactory.

Comparative Fees and Expenses

The Board reviewed and considered information regarding each Fund's actual total expense ratio and its various components, including, as applicable, management fees; transfer agent expenses; underlying fund expenses; Rule 12b-1 and non-Rule 12b-1 service fees; and other non-management fees. The Board also noted the quarterly and annual reports it receives on all marketing support payments made by FT to financial intermediaries. The Board considered the actual total expense ratio and, separately, the contractual management fee rate, without the effect of fee waivers, if any (Management Rate) of each Fund in comparison to the median expense ratio and median Management Rate, respectively, of other mutual funds deemed comparable to and with a similar expense structure to the Fund selected by Broadridge (Expense Group). Broadridge fee and expense data is based upon information taken from each fund's most recent annual or semi-annual report, which reflects historical asset levels that may be quite different from those currently existing, particularly in a period of market volatility. While recognizing such inherent limitation and the fact that expense ratios and Management Rates generally increase as assets decline and decrease as assets grow, the Board believed the independent analysis conducted by Broadridge to be an appropriate measure of comparative fees and expenses. The Broadridge Management Rate includes administrative charges. The Board received a description of the methodology used by Broadridge to select the mutual funds included in an Expense Group.

Franklin Allocation VIP Fund, Franklin DynaTech VIP Fund, Franklin Growth and Income VIP Fund, Franklin Income VIP Fund, Franklin Small Cap Value VIP Fund, Franklin U.S. Government Securities VIP Fund and Templeton Global Bond VIP Fund - The Expense Group for the Franklin Allocation VIP Fund included the Fund and eight other mixed-asset target allocation growth funds underlying VIPs. The Expense Group for the Franklin DynaTech VIP Fund included the Fund and six other large-cap growth funds underlying VIPs. The Expense Group for the Franklin Growth and Income VIP Fund included the Fund and 13 other equity income funds underlying VIPs. The Expense Group for the Franklin Income VIP Fund included the Fund and eight other flexible portfolio funds underlying VIPs. The Expense Group for the Franklin Small Cap Value VIP Fund included the Fund and seven other small-cap value funds underlying VIPs. The Expense Group for the Franklin U.S. Government Securities VIP Fund included the Fund and six other intermediate US government funds underlying VIPs. The Expense Group for the Templeton Global Bond VIP Fund included the Fund and eight other global income funds underlying VIPs. The Board noted that the Management Rates and actual total expense ratios for the Funds were below the medians of their respective Expense Groups. The Board further noted that the Franklin Allocation VIP Fund's sub-advisers are paid by FAV out of the management fee FAV receives from the Fund and that the allocation of the fee between FAV and each sub-adviser reflected the services provided by each to the Fund. The Board also noted that the Franklin Allocation VIP Fund's, Franklin DynaTech VIP Fund's and Franklin Growth and Income VIP Fund's actual total expense ratio reflected an expense cap on operating expenses. The Board concluded that the Management Rate charged to each Fund and the sub-advisory fee paid to each sub-adviser of the Franklin Allocation VIP Fund are reasonable.

Franklin Global Real Estate VIP Fund, Franklin Large Cap Growth VIP Fund, Franklin Mutual Global Discovery VIP Fund, Franklin Mutual Shares VIP Fund, Franklin Rising Dividends VIP Fund, Franklin Strategic Income VIP Fund and Templeton Growth VIP Fund - The Expense Group for the Franklin Global Real Estate VIP Fund included the Fund and eight other global real estate funds underlying VIPs. The Expense Group for the Franklin Large Cap Growth VIP Fund included the Fund and eight other large-cap growth funds underlying VIPs. The Expense Group for the Franklin Mutual Global Discovery VIP Fund included the Fund, two other global large-cap value funds underlying VIPs and four global large-cap core funds underlying VIPs. The Expense Group for the Franklin Mutual Shares VIP Fund included the Fund and 11 other multi-cap value funds underlying VIPs. The Expense Group for the Franklin Rising Dividends VIP Fund included the Fund and 13 other large-cap core funds underlying VIPs. The Expense Group for the Franklin Strategic Income VIP Fund included the Fund and seven

other multi-sector income funds underlying VIPs. The Expense Group for the Templeton Growth VIP Fund included the Fund, currently classified as a global multi-cap value fund underlying VIPs, two global multi-cap core funds underlying VIPs and one global multi-cap growth fund underlying VIPs. The Board noted that the Management Rates and actual total expense ratios for the Funds were above the medians of their respective Expense Groups. The Board further noted:

Franklin Global Real Estate VIP Fund - management's explanation that the current investment process requires a more differentiated core-plus strategy with selective idiosyncratic exposure, supported by deeper country-level research. Management further explained the Fund is among the smallest funds within the Expense Group with most Expense Group peers more than two times as large with respect to assets under management (AUM), noting that the Expense Group peers with the largest AUM realize greater operating efficiencies, contributing to lower overall expenses. The Board also noted that the Fund's actual total expense ratio reflected an expense cap on operating expenses.

Franklin Large Cap Growth VIP Fund - management's explanation that the Fund's AUM is less than $100 million, meaningfully below the Expense Group median AUM. Management further explained that the Expense Group peers with larger AUM benefit from their larger scale and stronger operating leverage. Management also explained that of the two funds in the Expense Group with less than $100 million in AUM, the Fund had the lowest total expenses.

Franklin Mutual Global Discovery VIP Fund - management's explanation that, unlike other funds in the Fund's Expense Group, the Fund utilizes special situations such as merger arbitrage, restructurings and distressed credit in pursuit of its investment objective. Management further explained that identifying such opportunities requires a more in-depth analysis and a more rigorous research due diligence process. The Board also noted that the Fund's actual total expense ratio was approximately four basis points above the median.

Franklin Mutual Shares VIP Fund - management's explanation that the Fund's Management Rate was approximately three basis points above the median of the Fund's Expense Group and the actual total expense ratio was one basis point above the median of the Fund's Expense Group. Management further explained that the portfolio management team has taken steps to enhance its investment process, including the development of additional quantitative tools, refining the focus of research efforts, and realigning research coverage.

Franklin Rising Dividends VIP Fund - management's explanation that the Fund's Management Rate and actual total expense ratio were each only 0.5 basis points above the respective median of the Fund's Expense Group. Management further explained that it believes the Fund is priced in line with peers considering the Fund's asset size and the breadth of research, portfolio construction, and risk-management resources supporting the strategy.

Franklin Strategic Income VIP Fund - management's explanation that the Fund's Management Rate was only 0.2 basis points above the median of the Fund's Expense Group.

Templeton Growth VIP Fund – management's explanation regarding the small size of the Fund's Expense Group (four funds) and that therefore no quintile information was provided for the Fund. The Board also noted management's explanation that two of the peers in the Expense Group had significantly higher AUM compared to the Fund, which can provide these larger peers with cost advantages through better economies of scale and more favorable expense ratios. Management further explained that in this context, the Fund's expenses reflect both its size and the research-intensive nature of its global, value-oriented investment approach. The Board also noted that the Fund's actual total expense ratio reflected an expense cap on operating expenses.

The Board concluded that the Management Rate charged to each Fund is reasonable.

Franklin Small-Mid Cap Growth VIP Fund - The Expense Group for the Franklin Small-Mid Cap Growth VIP Fund included the Fund and 13 other mid-cap growth funds underlying VIPs. The Board noted that the Management Rate for the Fund was equal to the median of its Expense Group and the actual total expense ratio for the Fund was below the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Templeton Emerging Markets VIP Fund - The Expense Group for the Fund included the Fund and 12 other emerging markets funds. The Board noted that the Management Rate for the Fund was five basis points above the median of its Expense Group and the actual total expense ratio for the Fund was below the median and in the second quintile of its Expense Group. The Board further noted that the Fund's sub-adviser is paid by TAML out of the management fee TAML receives from the Fund and that the allocation of the fee between TAML and the sub-adviser reflected the services provided by each to the Fund. The Board concluded that the Management Rate charged to the Fund and the sub-advisory fee paid to the Fund's sub-adviser are reasonable.

Templeton Foreign VIP Fund - The Expense Group for the Fund included the Fund, five other international multi-cap value funds underlying VIPs and three international large-cap value funds underlying VIPs. The Board noted that the Management Rate for the Fund was approximately five basis points above the median of its Expense Group and the actual total expense ratio for the Fund was equal to the median of its Expense Group. The Board concluded that the Management Rate charged to the Fund is reasonable.

Profitability

The Board reviewed and considered information regarding the profits realized by the Managers and their affiliates in connection with the operation of each Fund. In this respect, the Board considered the Fund profitability analysis that addresses the overall profitability of FT's US fund business, as well as its profits in providing investment management and other services to each of the individual funds during the 12-month period ended September 30, 2025, being the most recent fiscal year-end for FTI. The Board noted that although management continually makes refinements to its methodologies used in calculating profitability in response to organizational and product-related changes, the overall methodology has remained consistent with that used in the Funds' profitability report presentations from prior years. The Board also noted that an independent registered public accounting firm has been engaged to periodically review and assess the allocation methodologies to be used solely by the Funds' Board with respect to the profitability analysis.

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

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

Economies of Scale

The Board reviewed and considered the extent to which each Manager may realize economies of scale, if any, as each Fund grows larger and whether each Fund's management fee structure reflects any economies of scale for the benefit of shareholders. With respect to possible economies of scale, the Board noted the existence of management fee breakpoints for each Fund (except for the Franklin Allocation VIP Fund), which operate generally to share any economies of scale with a Fund's shareholders by reducing the Fund's effective management fees as the Fund grows in size. The Board considered each Manager's view that any analyses of potential economies of scale in managing a particular fund are inherently limited in light of the joint and common costs and investments each Manager incurs across the FT family of funds as a whole. The Board noted that the Franklin DynaTech VIP Fund, Franklin Global Real Estate VIP Fund, Franklin Growth and Income VIP Fund

and Franklin Large Cap Growth VIP Fund do not currently have an asset size that would likely enable these Funds to achieve economies of scale. The Board also noted that the Franklin U.S. Government Securities VIP Fund and Templeton Global Bond VIP Fund had experienced a significant decrease in assets and would not be expected to demonstrate additional economies of scale in the near term. The Board concluded that to the extent economies of scale may be realized by each Manager and its affiliates, each Fund's management fee structure provided a sharing of benefits with the Fund and its shareholders as the Fund grows.

Conclusion

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



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